

CMS FINVEST LIMITED

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Phone: (033) 4002 2880, Fax: (033) 2237 9053
CIN: L67120WB1991PLC052782

CRITERIA AND REMUNERATION POLICY LAID DOWN BY NOMINATION AND REMUNERATION COMMITTEE

(in compliance with applicable provisions of Companies Act, 2013 and rules thereof and revised Clause 49 of the listing agreement)

1. PREAMBLE

- A. The remuneration policy provides a framework for remuneration paid to the members of the Board of Directors (Board) and for Key Managerial Personnel (KMP) and other employees. The expression KMP shall have the same meaning as defined under Companies Act, 2013. This policy also provides a framework for identification of persons who are qualified to become directors and who may be appointed as senior management for recommendation of their appointment to the Board.
- B. This policy has been framed by the Nomination and Remuneration Committee of the Board of Directors and based on its recommendation, approved by the board of directors of the Company.
- C. The policy may be reviewed by the Nomination and Remuneration Committee of the Board of Directors.

2. CRITERIA FOR DETERMINING QUALIFICATION:

The Board may expect qualified directors to have ample experience and the highest level of personal and professional ethics, integrity and values. The Board shall also consider whether each director possesses the following:

- The highest level of personal and professional ethics, reputation, integrity and values;
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- The ability to exercise objectivity and independence in making informed business decisions;
- The willingness and commitment to devote extensive time necessary to fulfill his/her duties;
- The ability to communicate effectively and collaborate with other board members to contribute effectively to the diversity of perspectives that enhances Board and Committee deliberations, including a willingness to listen and respect the views of others;
- The skills, knowledge and expertise relevant to the Company's business.

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3. INDEPENDENCE REVIEW CRITERIA

Determination of director independence will be made by the Board for each director on an annual basis upon the recommendation of the Committee. Independent directors have three key roles, namely, governance, control and guidance. Some of the performance indicators, based on which the independent directors shall be evaluated are:-

- Independence from management.
- Independence from Promoter Group.
- No substantial shareholding.
- Ability to contribute to and monitor our corporate governance practices.
- Ability to contribute by introducing international best practices to address top management issues.
- Active participation in long term strategic planning.
- Commitment to the fulfilment of a director obligations and fiduciary responsibilities - this include participation and attendance.
- Other significant relationship which may cause a conflict of interest.

4. PRINCIPLES OF REMUNERATION

Company considers that the remuneration system is a key element in creating value. It thus has an advanced remuneration scheme based on the reciprocity of value for employees and for the Company in line with the interests of shareholders. The Company's remuneration system is informed by the following principles:

- Long-term value creation.
- Remunerate achievement of results on the basis of prudent, responsible risk bearing.
- Attract and retain the best professionals.
- Reward the level of responsibility and professional path.
- Ensure equity in the Company and competitiveness outside it.
- Ensure transparency in its remuneration policy

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5. REMUNERATION TO NON-EXECUTIVE DIRECTORS

Non Executive directors may be paid remuneration by way of sitting fees and reimbursement of expenses for participation in the Board and other meetings and such other payments as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

6. REMUNERATION TO EXECUTIVE DIRECTOR

At the time of appointment or re-appointment, the Managing Director shall be paid such remuneration as may be mutually agreed between the Company and the Managing Director within the overall limits prescribed under the Companies Act, 2013. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

7. REMUNERATION TO OTHER KEY MANAGERIAL PERSONNEL EXCLUDING EXECUTIVE DIRECTOR & OTHER EMPLOYEES

Other Key Managerial Personnel excluding Executive Director and other employees shall be paid such remuneration as per term and condition of appointment letter/contract within the range approved by and ratified by the Remuneration Committee. Annual increments effective 1st April each year, as recommended by the Remuneration Committee, shall be approved by the Board.

8. EVALUATION OF INDEPENDENT DIRECTORS AND THE BOARD

The Independent Directors shall have a separate meeting during the year without the attendance of Non-Independent Directors and members of management. All Independent Directors shall strive to be present at the meeting. The meeting shall review the performance of Non-Independent Directors and the Board as a whole. The meeting shall also review the performance of the Chairman, if any of the Company, taking into account the views of the Executive Directors and the Non-Executive Directors.

The performance evaluation of the Independent Directors shall be done by the entire Board, excluding the Director being evaluated. The performance evaluation of the Independent Directors and the Board as a whole shall be in context of the Company's performance and governance perspective.

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Criteria for Performance Evaluation are as under:

For Board-

- degree of fulfillment of key responsibilities
- Composition
- Committees of Board
- Board & Committee Meetings
- Team work
- understanding the role
- effectiveness and quality of decision making

For Directors-

- attendance at the meeting
- participation and contribution
- responsibility towards Stakeholders
- compliance and governance
- maintaining confidentiality

In addition to the above Managing Director also being evaluated on –

- leadership
- relationships
- communication
- conduct of meeting
- utilization of resources

Committee-

- degree of fulfillment of key responsibilities
- adequacy of Committee composition
- relationship
- communication
- understanding of regulatory environment
- interaction with the Board

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9. AMENDMENTS TO THIS POLICY

This Policy may be amended or substituted by Nomination & Remuneration Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.