

Consolidated Finvest & Holdings Limited

POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL & SENIOR EMPLOYEES.

BACKGROUND.

Consolidated Finvest & Holdings Limited (hereinafter referred as the 'Company') has always worked with an objective to provide a sustainable social environment to move human society towards a sustainable future. In addition, its deep understanding and commitment to responsibilities, has enabled Consolidated Finvest & Holdings Limited to ensure constant improvement upon its delivery systems, innovate action and endeavours to exceed the expectations of its customers, employees, shareholders and all partners.

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BRIEF OVERVIEW UNDER COMPANIES ACT 2013.

{Section 178 & Companies [Meetings of Board and its Powers] Rules 2014}

- 1. Constitution of the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors.*
- 2. The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.*
- 3. The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and senior management personnel i.e. employees at one level below the Board including functional heads.*

4. *The Nomination and Remuneration Committee shall, while formulating the policy ensure that:—*
- A. *the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;*
- B. *relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.*
- C. *Such policy shall be disclosed in the Board's report.*

BRIEF OVERVIEW OF THE REGULATION 19 AND PART D OF THE SCHEDULE II OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENT) REGULATIONS, 2015

IV. Nomination and Remuneration Committee

- A. The Board of directors shall constitute the Nomination and Remuneration committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least half shall be independent. Chairman of the committee shall be an independent director.

Provided that the chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee. The Chairperson of the nomination and remuneration committee may be present at the Annual General Meeting, to answer the shareholder's queries, however it shall be up to the chairperson to decide who shall answer the queries.

- B. *The role of the committee shall, inter-alia, include the following:*
- *Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key Managerial personnel and other employees;*
 - *Formulation of criteria for evaluation of Independent Directors and the Board of directors;*
 - *Devising a policy on diversity of board of directors;*
 - *Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.*

- *Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.*

PRESENT POSITION OF DIRECTORS & KMP OF THE COMPANY

- *The Company has constituted a Nomination and Remuneration Committee of the Board of Directors (Board).*
- *At present there are total five directors on the Board of which two are Non-Executive and Independent, two are Non-Executive Directors and the remaining one (1) is Executive Director.*
- *Key Managerial Personnel (KMP) consists of Managing Director (designated as KMP) and Chief Financial Officer and Company Secretary who are employees.*

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE

- *Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.*
- *Act as Selection and Compensation Committee to evaluate suitability of candidates for various senior positions and determine appropriate compensation package for them. Selection of related persons whether or not holding place of profit in the Company to be carried out strictly on merit and where applicable, be subjected to review by the Audit Committee of and/or the Board with approval at each stage being obtained by disinterested Independent Directors only.*
- *Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.*
- *Removal should be strictly in terms of the applicable law/s and in compliance of principles of natural justice.*
- *Formulation of criteria for evaluation of Independent Directors and the Board.*
- *Devising a policy on the Board diversity.*

- *Recommend to the Board, remuneration including salary, perquisite and commission to be paid to the Company's Executive Directors on an annual basis or as may be permissible by laws applicable.*
- *Recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits such as Commission, if any, payable to the Non- Executive Directors.*
- *Setting the overall Remuneration Policy and other terms of employment of Directors, wherever required.*

OBJECTIVE AND PURPOSE OF THE POLICY

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

DEFINITIONS:

- Board means Board of Directors of the Company.
- Directors means Directors of the Company.
- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- Company means Consolidated Finvest & Holdings Limited.
- Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.

KEY MANAGERIAL PERSONNEL (KMP) MEANS-

- (i) Executive Director /Managing Director;
- (ii) Whole-time Director;
- (iii) Chief Financial Officer;
- (iv) Company Secretary;
- (v) Such other officer as may be prescribed under the applicable statutory provisions regulations.

• **SENIOR MANAGEMENT** means personnel of the Company occupying the position of Chief Executive Officer (CEO) of any unit / division or Vice President including Vice President of any unit / division of the Company. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

APPLICABILITY:

The Policy is applicable to Directors (Executive and Non-Executive), Key Managerial Personnel and Senior Management Personnel.

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment:

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his / her appointment.
- The candidate for a position at KMP or Senior Management level is met by the Head – HR and the interview is targeted at assessing the candidate on his/her functional and leadership capabilities and cultural fitment to the organization.
- The HR head ensures that the person possess adequate qualification, expertise and experience for the position he / she is considered for appointment.
- The Whole-time Director/designated head assesses the shortlisted candidates for the position of KMP or Senior Management Level.
- The selected candidate's details and the proposed compensation is shared with the Nomination and Remuneration Committee for their review and suggestions. The same is shared with the Board at the next Board Meeting.

Term / Tenure:

- The tenure for Directors shall be governed by the terms defined in the Companies Act, 2013.
- The tenure for other KMP and Senior Management Personnel will be governed by Consolidated Finvest & Holdings Ltd HR Policy.

EVALUATION OF THE PERFORMANCE OF DIRECTORS:

The Committee shall evaluate the performance of each Board of Directors of the Company with reference of the authority under the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of section 178 of the Companies Act, 2013 and based on their functions as mentioned in the Code of Conduct of the Directors.

Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director getting evaluated.

Based on the performance evaluation of each and every Director and the Chairman of the Company, the Committee shall provide the ratings based the criteria.

Following criteria are to be considered:-

- *Responsibilities and duties ;*
- *Time & efforts devoted;*
- *Value addition;*
- *Profitability of the Company & growth of its business;*
- *Analysing each and every position and skills for fixing the remuneration yardstick ;*
- *Standards for certain functions where there is a scarcity of qualified resources.*
- *Ensuring tax efficient remuneration structures.*
- *Ensuring that remuneration structure is simple and that the cost to the Company (CTC) is not shown inflated and the effective take home Remuneration is not low.*
- *Other criteria as may be applicable.*

Consistent application of remuneration parameters across the Organisation. Provisions of law with regard making payment of remuneration, as may be Applicable, are complied.

Whenever, there is any deviation from the Policy, the justification /reasons should also be indicated / disclosed adequately.

EMPLOYEE ENTITLEMENTS

The Company will comply with all legal and industrial obligations in determining the appropriate entitlement to long service, annual, personal and other leave.

HUMAN RESOURCES

The Human resources department of the company will monitor the day to day compliance with this policy.

MODIFICATION

The Nomination & Remuneration Committee or the Board of Directors of Consolidated Finvest & Holdings Limited can modify this Policy unilaterally at any time without notice. Modification may be necessary, among other reasons, to maintain compliance with the regulations and / or accommodate organizational changes within the Company.