

NOMINATION, REMUNERATION AND EVALUATION POLICY

INTRODUCTION

The Board of Directors (the “Board”) on the recommendation of the Nomination & Remuneration Committee (the “Committee”) has approved and adopted the Nomination and Remuneration Policy (the “Policy”) in compliance with the provisions of Section 178 of the Companies Act, 2013 (“the Act”) and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (as amended from time to time)

The Board based on the recommendation of the Nomination and Remuneration Committee may amend this Policy from time to time to incorporate any subsequent amendment(s)/modification(s) in the Companies Act, 2013 with respect to matters covered under this Policy or otherwise.

OBJECTIVE

The objective of this Policy is:

1. To formulate the criteria for determining qualifications, positive attributes required for appointment of Directors, Key Managerial Personnel and Senior Management and also the criteria for determining the independence of a Director.
2. To provide the framework for tenure, removal/retirement of Directors, Key Managerial Personnel and Senior Management.
3. To provide the framework for determining remuneration (fixed and performance linked) payable to the Directors, Key Managerial Personnel and Senior Management.
4. To provide the framework for evaluation of the performance of the Board and its constituents.

APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the candidate for appointment as Director, KMP or at Senior Management level and recommend to the Board their appointment.

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 Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director who is below the age of 21 years or has attained the age of 70 years. Provided that the term of the person holding this position may be extended

beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Term/Tenure

Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term. (Sec: 196)

Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. Independent Directors shall not be liable to retire by rotation.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after the expiration of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

An Independent Director shall not serve in more than seven listed companies as an Independent Director and not more than three listed companies if he/she is Whole-time Director in any listed company.

Non-Executive Director

Non-Executive Director who is not considered as Independent Director shall hold office as per the applicable provisions of the Companies Act, 2013 as amended from time to time

EVALUATION

Board Evaluation is the most effective way to ensure Board members understand their duties and to adopt effective good governance practices. To be effective, boardroom appraisals need to have specific, clearly defined steps and practices, and a special commitment from the Board.

Evaluation of the performance of the Directors shall be done at yearly intervals as per the prescribed provisions.

REMOVAL

Due to reasons of disqualification mentioned in the section 164 Companies Act, 2013 or under any other applicable Act, rules and regulations there under or otherwise, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Reference to the provisions of Listing Agreement

replaced with reference to the provisions of Listing Regulations on June 09, 2016 Personnel subject to the provisions and compliance of the applicable Act, rules & regulations

RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and this policy. Based on the recommendations of the Committee, the Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

REMUNERATION PAYABLE TO THE MANAGING DIRECTOR/WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

The remuneration/commission etc. to the Managing Director/Whole-time Director, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration/commission etc. of the Directors shall be subject to the approval of the Shareholders of the Company, wherever required as per the provisions of the Companies Act, 2013 read with applicable clauses of the Listing Regulations, if any.

Increments to the existing remuneration structure of Managing Director, Wholetime Director as recommended by the Committee can be approved by the Board if it is within the slabs approved by the Shareholders otherwise Board shall place the same to the Shareholders for approval. With regard to KMP and Senior Management Personnel, the Board shall approve the same based on the recommendation of the Committee.

Where any insurance is taken by the Company on behalf of its Managing Director/Whole-time Director, Non-Executive Directors (including Independent Directors), for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to them. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

REMUNERATION STRUCTURE OF MANAGING DIRECTOR/WHOLE TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

Fixed Pay

The Managing Director/Whole-time Director/KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board/Shareholders as the case may be on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F., pension scheme, medical expenses, club fees, etc. shall be decided and approved by the Board/the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Reference to the provisions of Listing Agreement replaced with reference to the provisions of Listing Regulations on June 09, 2016 The Committee while recommending the remuneration shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate such person of the quality required to run the Company successfully.

Variable Pay/Commission

The remuneration payable to the Managing Director/Whole-time Director/KMP and Senior Management may have optimum balance between fixed and incentive pay/commission as may be recommended by the Committee considering the short and long term performance objectives appropriate to the working of the Company and its goals. The Committee shall ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

Minimum Remuneration

If, in any financial year, the Company has no profits or profits are inadequate, the Company shall pay remuneration to its Managing Director/Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, shall pay it only with the prior approval of the Central Government.

Provisions for excess remuneration

If the Managing Director/Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

REMUNERATION TO NON-EXECUTIVE /INDEPENDENT DIRECTOR.**Remuneration/Commission**

The remuneration/commission shall be fixed within the limits prescribed under the Companies Act, 2013 and approved by the Shareholders.

Sitting Fees

Subject to the provisions of the Companies Act, 2013 the NonExecutive/Independent Director may receive sitting fees for attending meetings of Board or Committee thereof as may be approved by the Board. Provided that the amount of such fees shall not exceed Rs. One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Commission

Commission to the Non-executive Directors (including Independent Directors) may be paid by the Board based on the recommendation of the Committee within the monetary limit approved by shareholders subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

Stock Options

Independent Directors shall not be entitled to any stock option of the Company. However, they can exercise the stock options already granted to them prior to commencement of the Companies Act, 2013.

PERFORMANCE EVALUATION OF BOARD AND ITS CONSTITUENTS**EVALUATION CRITERIA**

The Independent and Executive Directors' performance shall be evaluated on the basis of the following criteria:

Accomplishment of the organization's mission, objectives and strategic results for which the Executive Director is responsible.

Adherence by Executive Directors to operational policies approved by the Board.

Ability to contribute to and monitor Company's Corporate Governance practices.

Ability to contribute by introducing best practices to address top management issues.

Active participation in long-term strategic planning.

Commitment to the fulfillment of a Director's obligation and fiduciary responsibilities-including participation and attendance.

EVALUATION MECHANISM

The performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the Director being evaluated).

Independent Directors in their separate meeting shall review the performance of non-independent directors and the Board as a whole.

Independent Directors in their separate meeting shall review the performance of the Chairperson after taking into account the views of executive and non-executive directors.

EVIDENCE OF PERFORMANCE

The Committee and the Director(s) under evaluation will agree in advance on how information on the above criteria will be collected and provided. The means of gathering this information or demonstrating accomplishment may include: Independent verification of data gathered by the Committee in relation to the evaluation criteria mentioned hereinabove.

FINDINGS AND RECOMMENDATIONS

The Committee shall collate the evaluation results and report the same to the Board along with its recommendation regarding actions required to be taken including adjustments in the salary or other conditions of employment of the Independent and Executive Director(s). The Committee's report will be communicated to the said Director for comment before it is



sent to the Board. The Committee's findings may include a judgment, based on the evaluation criteria and the evidence examined, whether the Director's performance is excellent, very good, satisfactory, poor or unacceptable. Except where this performance is judged as very good, areas for improvement should be identified. Recommendations, if any, for an adjustment in salary or conditions of employment shall take into account the standards or levels in comparable organizations.

REVIEW AND MONITORING

The Nomination and Remuneration Committee will review and monitor from time to time the implementation of this Policy to ensure its effectiveness and may also recommend changes, if any, to the Board for effectiveness of this Policy.

DISCLOSURES

The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report

**By order of the Board
For CIL Securities Limited**

Sd/-

**K.K. Maheshwari
Managing Director
00223241**

Place: Hyderabad

Date: 27th January, 2024