



NOMINATION & REMUNERATION POLICY

1. Introduction

The Nomination & Remuneration Policy (“Policy”) of CONTINENTAL SECURITIES LIMITED (“CSL”) is formulated under the requirements of applicable laws, including the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”).

The Policy is intended to set out criteria to pay equitable remuneration to the Whole time Directors and Non-Executive Directors including Independent Directors, and Key Managerial Personnel (KMP), and Senior Management Personnel (SMP) or other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company.

The Board has constituted the “Nomination and Remuneration Committee”. This is in line with the requirements under the Companies Act, 2013 (“Act”).

2. Key areas of the policy

- Framework for payment of remuneration to the directors (Executive and Non-Executive), Key Managerial Personnel, Senior Management Personnel and other employees;
- Laying 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 cadres and to determine their remuneration.
- To determine remuneration based on the Company’s size and financial position and trends and practices on remuneration prevailing in peer companies & industry.
- To ascertain the fit and proper criteria in respect of the Directors at the time of appointment and on a continuing basis as per the policy of the company in the same regard.
- To carry out evaluation of the performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- To grant reward linked directly to their effort, performance, dedication and achievement relating to Company’s operations and the results expected therefrom.
- To ensure that the remuneration of whole-time directors, Key Managerial Personnel and Senior Management Personnel involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and aligned with the regulatory requirements;
- Ensure that the level and composition of remuneration is reasonable and sufficient to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

3. Definitions

- “Act” means “The Companies Act, 2013” and Rules framed thereunder, as amended from time to time
- “Company” means Continental Securities Limited.
- “Board” means Board of Directors of the Company.
- “Directors” mean Directors of the Company.



CONTINENTAL SECURITIES LIMITED

- “Committee” means Nomination and Remuneration Committee of the Company as constituted by the Board, in accordance with the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- “Key Managerial Personnel” means:
 - A. Chief Executive Officer or the Managing Director or the Manager;
 - B. Whole-time director;
 - C. Chief Financial Officer;
 - D. Company Secretary; and
 - E. Such other officer as may be prescribed under the statutory applicable regulations /provisions.
- Independent Directors means Directors who has been appointed by Company in terms of Section 149 of Companies Act, 2013 and Regulation 16 of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.
- Other Employees means employees of the Company as may be identified by the Nomination and Remuneration Committee for purpose of this policy.
- Senior Management Personnel (SMP) means Officers /personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) including the functional heads.
- Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any other applicable law/regulation/rules.

4. Constitution of the nominations and remuneration committee

The Nomination and Remuneration committee of the Company shall be comprised of at least three non-executive directors out of which at least 2/3rd of the directors shall be independent directors, as may be re-constituted by the Board from time to time.

5. General

This Policy is divided in three parts: -

Part – A covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B covers the appointment and Nomination and

Part – C covers remuneration and perquisites etc.

Part – A

Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee:

The role of the nomination and remuneration are as follows:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director;
- For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
- Use the services of an external agencies, if required;



CONTINENTAL SECURITIES LIMITED

- Consider candidates from a wide range of backgrounds, having due regard to diversity; and
- Consider the time commitments of the candidates.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy;
- Formulate the criteria for evaluation for performance of Independent directors and the board of directors;
- Devising on diversity of board of directors; to achieve success, a diverse board of directors must include a variety of perspectives, skills, ages, genders, cultures, and ethnicities.
- 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;
- Recommend to the Board, appointment, reappointment and removal of Director and KMP and Senior Management Personnel;
- Oversee the framing, review and implementation of Remuneration policy.
- Recommend to the board, all remuneration, in whatever form, payable to Directors, KMPs and SMPs.
- Framing suitable policies and systems to ensure that there is no violation by any Employee of any applicable laws, or Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended by the Nomination and Remuneration Committee.

Part-B

Policy for appointment including re-appointment and removal of director, KMPs and senior management:

1. Criteria for determining qualifications, positive attributes and independence of a director for appointment / reappointment:

Directors

In order to streamline and bring in uniformity in the process of due diligence, while appointing Directors, the Company shall ensure that the procedures mentioned below are followed and minimum criteria fulfilled by the persons before they are appointed on the Boards:

Appointment criteria and qualifications

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP, and recommend to the Board his / her 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 Whole-time Director who has attained the age of seventy 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.
- The Company should obtain annually as on 31st March, a simple declaration from the Directors Under Companies Act 2013.



CONTINENTAL SECURITIES LIMITED

Independence of director

The candidate shall be evaluated based on the criteria provided under the applicable laws including Companies Act, 2013 read with Rules thereon and the SEBI Listing Regulations, 2015 with the Stock Exchanges. Each director has an affirmative obligation to inform the Board of any change in circumstances that may put his/her independence at issue.

The director's independence for the independent director will be determined by the Board on an annual basis upon the declarations made by such director as per the provisions of the Companies Act, 2013 read with Rules thereon and the SEBI Listing Regulations, 2015.

Key managerial personnel ('KMPs') & senior management ('SMPs')

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as KMP recommend to the Board his / her appointment and the Committee shall lay down the manner of appointment of senior management and recommend the same to the board for its approval on the basis of which the appointment of senior management shall be done.

A person should possess adequate qualification, expertise and experience for the position for which he / she is being considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.

2.Term / Tenure

Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as Managing Director or Whole time Director for a term not exceeding five years at a time in terms of applicable provisions of Companies Act, 2013.

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.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry 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.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole Time Director of a listed Company.

Key Managerial Personnel / Senior Management

Upon recommendation of Nomination and Remuneration Committee and based on the criteria laid down by said committee for appointment of senior management, the KMPs or senior management may be appointed for such period and on such term as may be approved by the Board or as per criteria approved by the board, respectively.

3.Evaluation



CONTINENTAL SECURITIES LIMITED

The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

The Evaluation process may be carried out as per the SEBI guidelines vide SEBI CIRCULAR NO. SEBI/HO/CFD/CMD/CIR/P/2017/004, Dated January 5, 2017 on Guidance Note on Board Evaluation or by such other procedure as the Committee may deem fit for evaluation process.

Below Matrix to be follow while performance evaluation of the Directors and the Board as a whole:

MATRIX FOR THE EVALUATION OF BOARD AND THE DIRECTORS –

A) Criteria for the Evaluation of a Board as a whole:-

1. Board Composition & Quality;
2. Board and Management Relations;
3. Board Meeting & Procedures;
4. Board Strategy and Risk Management;
5. Grievance Redressal for Investors;
6. Conflict of Interest;
7. Stakeholder Value and responsibility;
8. Corporate Cultures & Values;
9. Review of Board Evaluation;
10. Facilitation of Independent Directors;

B) Criteria for the Evaluation of Board Committee :-

1. Structure of the Committee and meetings;
2. Mandate & Composition;
3. Effectiveness of the committee;
4. Independence of the Committee from the Board;
5. Contribution to decisions of the Board;

C) Criteria for Non- Executive Directors :-

1. Knowledge & Skill
2. Diligence & participation
3. Leadership
4. Managing Relationship

D) Criteria for Independent Directors :-

1. Independence
2. Knowledge & Participation

E) Criteria MD & WTD :-

1. Leadership
2. Performance
3. Value Creation
4. Governance & Compliance

4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the



CONTINENTAL SECURITIES LIMITED

Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act. 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, subject to necessary compliances.

Part – C

Policy relating to the remuneration for the director, KMPs, SMPs and other employees:

Principles of remunerations:

a) The remuneration structure will be determined by the Nomination and Remuneration Committee who will ensure that:

- The level of remuneration is supported by the need to retain earnings of the company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Procedure (ICAAP);
- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, KPMs and SMPs of the quality required to efficiently run the company successfully;

b) NRC may revisit the principles basis industry and regulatory context, company context and emerging best practices from time to time.

Remuneration of managing director / whole time director, key managerial personnel and senior management personnel:

The remuneration / compensation / commission etc. to the Managing Director / Whole-time Director, shall be recommended by the Nomination and Remuneration Committee to the Board for approval and further recommendation to the Shareholder's for their approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

The remuneration and commission to be paid to the Managing Directors /Whole-time Director shall be as per approval of shareholders of Company or Central Government, if required in terms of the provisions of the Companies Act, 2013, and the rules and Schedule made thereunder, as applicable from time to time.

Where any insurance is taken by the Company on behalf of its Directors, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Components of remuneration:



CONTINENTAL SECURITIES LIMITED

- The Managing Director / Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.
- The Fixed Pay should typically consist of elements like Basic Salary, Allowances, Perquisites, contribution etc.
- In addition to the various cash components (salary, allowances, etc.) it will also include certain reimbursable perquisites with monetary ceiling and certain non-monetary perquisites. The perquisites extended would be in the nature of but not limited to Company Car, Company Leased Accommodation, Club Memberships and such other benefits or allowances in lieu of such perquisites/benefits.
- 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 on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- The remuneration and commission to be paid to the Managing Director / Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

Provisions for excess remuneration:

If any 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 of non- executive directors and independent directors:

1. Sitting Fees

The Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof provided that the amount of such fees shall not exceed such amount as may be recommended by Nomination and Remuneration Committee and approved by the Board from time to time.

2. Commission

The Directors may receive Commission 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 and rules made thereunder.

Review of the policy

The Nomination and Remuneration Committee ('the Committee') shall review and assess Board composition on behalf of the Board and recommend the appointment of new Directors, whenever the need for the same arises.



CONTINENTAL SECURITIES LIMITED

- a) This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of Listing Regulations with the Stock Exchanges.
- (b) In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- (c) This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.
