

CMS Info Systems Limited

NOMINATION AND REMUNERATION POLICY

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees as defined in the Companies Act, 2013.

Policy Statement

We have a well-defined Compensation policy for Managing Director, Whole Time Director, Manager, Key Managerial Personnel and all employees, of the Company. The overall compensation philosophy which guides us is that in order to maintain leadership in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for the business.

In order to effectively implement this, we have built our compensation structure by annual benchmarking over the years with relevant players in the industry that operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the shareholders resolution.

Executive Directors:

The remuneration to Whole Time Directors and Executive Director(s) shall be recommended by NRC to the Board, keeping in view the existing contractual arrangements. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options



(where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually/ half yearly/ quarterly by the NRC based on their performance and terms of respective employment agreement.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) and Company Secretary (CS) and other Key Management personnel, if any, shall be determined by the Nomination and Remuneration Committee from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry, company policy and their qualifications, experience, roles and responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs 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.

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we have a benchmark with a set of comparators from the same industry.
- b. For strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which for differs for different level of manpower, which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

Sr. No.	Criterion	Sr. No.	Criterion
1	Performance	3	Criticality
2	Potential	4	Longevity in grade



Remuneration for new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant stock options to the employees and directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme, if any, of the Company and subject to the compliance of the applicable statutes and regulations.

AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of the Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the Policy would be subject to revision / amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time.


Policy Governance

Policy Sponsor Chairman of Nomination & Remuneration Committee

Date Approved

Approved & adopted by the Board of Directors of the Company in its meeting held on 27th day of July 2016 at Mumbai

For **CMS Info Systems Limited**


Jimmy Mahtani
Chairman



PLACE: Mumbai