

**CEREBRA INTEGRATED TECHNOLOGIES LIMITED  
BANGALORE**

**NOMINATION AND REMUNERATION POLICY**

**1. OBJECTIVE:**

Nomination and Remuneration Policy herein is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“**Listing Regulations**”). The Key Objectives of the Policy is:

- To assist Nomination and Remuneration Committee (NRC) in identifying 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 specify the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out by the Board or the Nomination and Remuneration Committee or by an Independent External Agency and review its implementation and compliance;
- To 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;
- To ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- 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 and recommend to the Board, all remuneration, in whatever form, payable to Senior Management;
- To provide for Board diversity;

**2. DEFINITIONS:**

- “**Act**” means the Companies Act, 2013 as may be applicable and Rules framed thereunder, as amended from time to time.
- “**Board**” means Board of Directors of the Company.
- “**Company**” means Cerebra Integrated Technologies Limited or “Cerebra”.

- **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing Regulations.
- **“Directors”** means Directors of the Company.
- **“Executive Directors”** means Whole-Time Directors of the Company
- **“Independent Director”** means a Director referred to in Section 149(6) of the Companies Act, 2013 and the rules made thereunder.
  
- **Key Managerial Personnel (‘KMP’)** means
  - Chief Executive Officer or the Managing Director or the Manager;
  - Whole-Time Director;
  - Chief Financial Officer;
  - Company Secretary;
  - Senior Management Personnel designated as such by the Board; and
  - Such other officer as may be prescribed.
  
- **Senior Management Personnel means** officers/personnel of Cerebra 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 functional head and shall specifically include Company Secretary and Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations as may be amended from time to time shall have the same meaning assigned to them therein.

### **3. ROLE OF COMMITTEE:**

- **Matters to be dealt with, perused and recommended to the Board by the NRC**

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- 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/ Board Skill Matrix as approved by the Board.

- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel in accordance with the criteria laid/ Board Skill Matrix.
  - Formulate Policy on remuneration of the Directors, Key Managerial Personnel and Senior Management
- **Policy for appointment and removal of Director, KMP and Senior Management**
  - **Appointment criteria and qualifications**
    - a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in accordance with the criteria laid/ Board Skill Matrix and recommend to the Board his/her appointment.

Appointment and Remuneration of KMP or Senior Management Personnel is in accordance with the Policy of the Company as approved by the Committee. The Company is committed to acquire, develop and retain a pool of high caliber talent, establish systems and practices for maintaining transparency, fairness and equity and provides for payment of competitive pay packages matching industry standards.

- b. The Company shall not appoint or continue the employment of any person as Director, who has attained the retirement age unless approved by the Board/Shareholders pursuant to the requirement of the Act/ Listing Regulations.

- **Term/Tenure**

- a. **Executive Directors**

The Company shall appoint or re-appoint any person as its 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.

- b. **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 or be associated with the Company in any other capacity, either directly or indirectly.

- At the time of appointment or re-appointment of Independent Director, compliance with requirements laid under the Act and Listing Regulations *inter-alia* for meeting independence criteria, directorship in listed entities and performance evaluation, shall be ensured.

- **Evaluation**

The Committee shall carry out an annual performance evaluation of the Board/Committee, Chairman and Individual Directors, by itself or through the Board or an Independent External Agency and review implementation thereof.

- **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 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.

- **Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act or as per the prevailing Policy of the Company. The Board will have the discretion to retain a Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the age of superannuation, for the benefit of the Company, subject to compliance with the applicable provisions of law.

- **Policy relating to the Remuneration for the Executive Director, KMP and Senior Management Personnel**

**General:**

- a. The remuneration/ compensation/ commission etc. to the Executive Director will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the Company.
- b. The remuneration and commission to be paid to the Executive Director shall be in accordance with the percentage/ limits/ conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

- c. Increments to the existing remuneration/ compensation structure in the case of Executive Director may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders and in accordance with the provisions of Schedule V of the Companies Act, 2013.
- d. Where any insurance is taken by the Company or its Holding Company on behalf of the Company's Executive Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary 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.
- e. Remuneration of other KMP or Senior Management Personnel shall be as per the policy of the Company as duly approved by the Committee.
- f. **Reimbursement of Expenses:** The Directors would be entitled to reimbursement of expenses incurred for attending the Board/ Committee meetings and other meetings.

- **Remuneration to Executive Director/ KMP and Senior Management Personnel:**

- a. **Fixed pay:**

The Executive Director, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board 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. The monthly remuneration of Senior Management Personnel shall be as per the policy of the Company duly approved by the Committee.

- b. **Commission:**

Commission may be paid to the Executive Director, as may be applicable, within the monetary limit approved by shareholders, subject to the limits prescribed under the applicable provisions of the Act.

- c. **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Director in accordance with the provisions Schedule V of the Act.

**d. Provisions for excess remuneration:**

If any Executive 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 approval required under the Act, he/ she shall refund such sums to the Company as prescribed under the Act 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 approved by the shareholder as prescribed under the Act.

• **Remuneration to Non-Executive/ Independent Director:**

**a. Remuneration/ Commission:**

The remuneration/ commission shall be fixed as per the limits and conditions mentioned in the Articles of Association of the Company, the Act and the Listing Regulations.

In case the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, it shall be subject to the approval of shareholders by special resolution.

**b. Sitting Fees:**

The Non-Executive/ Independent Director 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 Rs. 1 Lakh per Meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**c. Commission:**

Commission may be paid 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 Act and as per the criteria approved by the Board from time to time. The Board of Directors will fix the Commission payable to Directors on the basis of number of Board/Committee meetings attended during the year, Chairmanships of Committees and based on contribution and participation of Directors of the Company and their involvement in Company's strategic matters.

d. **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company. Non-Executive Directors are eligible for Stock options in accordance with Schemes formulated by the Company.

**4. MEMBERSHIP:**

- The Committee shall consist of a minimum 3 non-executive directors, half of them being independent.
- Minimum two (2) members or one-third of the members whichever is greater including atleast one Independent Director shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

**5. CHAIRPERSON:**

- Chairperson of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a Member of the Committee but shall not be a Chairman of the Committee.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- Chairman of the Committee meeting may be present at the Annual General Meeting or may nominate some other member to answer the Shareholders' queries.

**6. FREQUENCY OF MEETINGS:**

The Meeting of the Committee shall be held atleast once in a year and at such regular intervals as may be required under law.

**7. COMMITTEE MEMBERS' INTERESTS:**

- A Member of the Committee is not entitled to participate in discussion and vote, when his or her own remuneration is discussed at a Meeting or when his or her performance is being evaluated.
- The Committee may invite such executives, as it considers appropriate, to be present at the Meetings of the Committee.

**8. SECRETARY:**

The Company Secretary of the Company shall act as the Secretary of the Committee.

## **9. VOTING:**

Matters arising for determination at Committee Meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

## **10. NOMINATION DUTIES:**

The duties of the Committee in relation to nomination matters include:

- Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the guidelines provided under the Act or listing regulations;
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

## **11. BOARD DIVERSITY:**

The Board shall have an optimum composition of Directors related to gender, age, expertise from different fields i.e., Finance, Law, Management, Sales, Marketing or any other areas related to the Company's business. The balance of Skills and experience along with diversity of thought, knowledge and perspective and gender will help the Company in attainment of its objectives.

## **12. REMUNERATION DUTIES:**

The duties of the Committee in relation to remuneration matters include:

- To consider and determine the Remuneration Policy, based on the performance, that the remuneration is reasonable and sufficient to attract, retain and motivate



members of the Board and such other factors as the Committee shall deem appropriate including all elements of the remuneration of the members of the Board.

- To ensure the remuneration to the members of the Board, KMP 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.
- To delegate any of its powers to one or more of its members or the Secretary of the Committee.
- To consider any other matters as may be requested by the Board.
- Ensuring that Professional indemnity and liability insurance cover for Directors and senior management is in place.

### **13. REVIEW AND AMENDMENT:**

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Committee has the right to change/amend the Policy as may be expedient taking into account the law for the time being in force. In case of any subsequent changes in the provisions of the Companies Act, 2013 or Listing regulations or other applicable regulations which makes any of the provisions in the Policy inconsistent with the Act or Listing regulations or other applicable regulations, then the provisions of the Act or such regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

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