



**NOMINATION AND REMUNERATION POLICY**

**FOR**

**THE BOARD OF DIRECTORS & KEY MANGERIAL PERSONNEL**



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**1. PREAMBLE:**

**Cybele Industries Limited** (hereinafter referred to as “**the Company**”) believes in conducting the affairs of the Company in a fair and transparent manner by adopting the highest standards of professionalism and good Corporate Governance Practices.

The Company is committed to ensure that remuneration paid to all directors and employees of the Company is commensurate with their role and responsibilities. In order to attract and retain properly qualified and best talent at all levels, it is the Company’s endeavor to maintain fair and competitive remuneration consistent with industry standards and practices.

Pursuant to the Companies Act, 2013 (“hereinafter referred to as “the Act”), the Company is required to constitute a Nomination and Remuneration Committee which shall formulate the Nomination and Remuneration Policy (“hereinafter referred to as “the Policy”) and review the HR policies and the overall appointment and remuneration of Directors and Key Managerial Personnel of the Company. The Board may upon recommendation of the Nomination and Remuneration Committee, amend and/or modify this Policy as and when necessary.

**2. APPLICATION OF THE POLICY:**

The appointment and remuneration of Directors and Key Managerial Personnel of the Company will be reviewed and considered by the Nomination and Remuneration Committee with recommendations to the Board of Directors (hereinafter referred to as “the Board”) in accordance with the policy and the provisions of the Companies Act, 2013 (“the Act”).

**3. CATEGORIES OF EMPLOYEES COVERED UNDER THIS POLICY:**

- a) Directors including Whole Time/ Executive Directors and Non-Executive Directors.
- b) Key Managerial Personnel as defined under Section 2(51) of the Act.



#### **4. GENERAL POLICY STATEMENT:**

The Remuneration Policy of the Company is performance driven and is structured to motivate directors and employees, recognize their merits and achievements and promote excellence in their performance. Individual performance pay is determined by business performance and the performance of the individuals is measured through an appropriate appraisal process. Through compensation program, the Company endeavors to attract, retain, develop and motivate a high performance workforce that will ensure the long term sustainability of the Company and create a competitive advantage in the industry. For the whole time directors and employees, the Company follows a compensation mix of fixed and variable pay.

The remuneration of the Board members and Key Managerial Personnel is based on the Company's size and market presence, its economic and financial position, industrial trends, compensation paid by the peer companies etc. Compensation reflects the responsibility and performance of the Board members and Key Managerial Personnel.

#### **5. TERMS OF REFERENCE:**

- a) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in Schedule I of this policy and recommend to the Board their appointment and removal.
- b) To carry out evaluation of every director's performance based upon the criteria as laid down in Schedule I of this policy
- c) 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 and Key Managerial Personnel.
- d) To review the overall compensation policy, service agreement and other employment conditions of Whole Time Directors and Key Managerial Personnel.
- e) To monitor the implementation of Employees Stock Option Scheme which includes:
  - the quantum of option to be granted under ESOS per employee and in aggregate
  - the conditions under which options shall vest in employees and may lapse in case of termination of employment or misconduct or otherwise
  - the exercise period within which the employee should exercise the vested option and the conditions under which the option would lapse either on failure to exercise within the exercise period or on termination or on resignation or otherwise



- the right of an employee to exercise all the options vested in him/her at one time or at various points of time within the exercise period
  - the procedure for making a fair and reasonable adjustment to the number of options
  - the grant, vest and exercise of option in case of employees who are on long leave and any other matter which may be relevant for administration of ESOS Scheme from time to time
- f) To deal with other matters as the Board may refer to the Nomination and Remuneration Committee (“the Committee”) from time to time.

## **6. REMUNERATION:**

### **Role and Type of Remuneration:**

The Company recognizes the competitive nature of the market and this requires the Company to provide competitive remuneration to its directors and employees to ensure that we attract and retain efficient employees.

The remuneration of Whole-time directors/ Executive Directors and Key Managerial Personnel of the Company is decided based on the criteria stated in Schedule I of this policy and as per the recommendation of the Committee.

The Company shall pay remuneration to Whole-time directors/ Executive Directors and Key Managerial Personnel by way of salary, retirement benefits, perquisites, allowances (fixed component), incentives and commission (variable component) based on the recommendation of the Committee and approval of the Board of Directors and shareholders, if applicable. Annual increments may be decided by the Committee within the salary scale approved by the members, in case of Whole-time directors/ Executive Directors.

**Guaranteed Portion of Remuneration:**

Whole-time directors/ Executive Directors and employees are receiving guaranteed portion of their total package on a monthly basis. The total package includes both monthly compensation and guaranteed benefits such as employer's contribution to retirement funds i.e. provident fund, pension and gratuity, group Medclaim etc.

**Variable Portion of Remuneration:**

Performance Incentive to reward employees for performance is variable. These rewards are based on individuals, business unit or Company's performance including related pre-defined targets. Performance is measured over a 12 months' period. The remuneration policy should accordingly be considered in the greater human resource context.

**Remuneration of Non-Executive Directors:**

Non-Executive Directors are paid remuneration by way of sitting fees for attending Board and Audit Committee Meetings. The Company pays a sitting fee per meeting of the Board and Audit Committees to the Non-Executive Directors for attending the meeting within the limit prescribed under the Act. Commission, if any, may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% p.a. of the profits of the Company (computed in accordance with the Act).

An Independent Director shall not be entitled to any stock option and may receive remuneration by way of fees provided under sub-section (5) of Section 197 of the Act, re-imbursment of expenses for participation in the Board and other meetings and profit related commission, if any, as may be approved by the members of the Company.

**7. COST MANAGEMENT:**

The objective of remuneration cost management is the importance of the directors and employee's role, thereby reflecting their relative work to the Company. Cost management does not necessarily imply a reduction of overall salary and bill but rather the correct allocation thereof. The Finance department in conjunction with Human Resource department should manage remuneration costs within budgetary constraints, while ensuring the remuneration levels of competent, exceptional performers and key employees are positioned competitively against the market.

Any amount paid in excess to director other than prescribed under the Act shall be refunded by the director and the company cannot waive the same.



**8. RETIREMENT POLICY:**

The Company has adopted the guidelines for retirement age of whole-time directors and employees. Any whole-time director who is retained on the Company's Board beyond the age limit decided by the management for special reasons may continue as a director at the discretion of the Board. The Company has adopted policy for offering retirement benefits including pension, ex-gratia, gratuity, medical etc. to its whole-time directors and employees of the Company.

**9. REPORTING REQUIREMENTS:**

This policy shall be disclosed every year in the Board's Report to the shareholders of the Company



## Schedule 1

### **Criteria for appointment, related remuneration for Directors and Key Managerial Personnel of the Company.**

- At the time of selection of a Director and Key Managerial Personnel, the Company must examine the integrity of the person and possession of relevant expertise, positive attributes, qualifications and experience.
- In case of appointment of Independent Director, the Company must observe the pecuniary relationship of such Director and their relatives with the promoters and group companies including the criteria of independence and other conditions as prescribed by the Act. The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- The level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate Directors and Key Managerial Personnel to run the Company successfully.
- Relationship of remuneration to performance should be clear and meet appropriate performance benchmarks [refer schedule II].
- Remuneration of directors and Key Managerial Personnel 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.
- **External Competitiveness:** The quantum and nature of the total offering to Directors and Key Managerial Personnel should commensurate with the industry standards and benchmarks and the ability of the Company in recruiting and retaining them. The appropriate mix of guaranteed cash benefits and incentives should enhance the Company's ability to motivate them in a manner that will improve the Company's competitiveness.
- Remuneration should be compatible with risk policies and systems.
- The Independent Directors shall review the performance of the non-independent directors.
- The Independent Directors shall assess the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.



**Schedule II**  
**PERFORMANCE MANAGEMENT**

**INTRODUCTION**

Performance Management at Cybele is an ongoing process that enables individuals to clearly understand what is expected of them, how they are performing against those expectations and how this supports the overall goals of the business & organization.

Performance Management is how one work with their manager and peers throughout the year to help improve one’s performance – agreeing on expectations through goal setting, providing regular & on-going feedback, quarterly /half yearly/ midyear reviews and finally a year-end review process.

**EVALUATION CRITERIA**

| <b>Sl. No</b> | <b>Evaluation Criteria</b> | <b>Far Exceeded</b> | <b>Exceeds</b> | <b>Met</b> | <b>Partially Met</b> | <b>Not Met</b> |
|---------------|----------------------------|---------------------|----------------|------------|----------------------|----------------|
| 1             | Compliance                 |                     |                |            |                      |                |
| 2             | Growth                     |                     |                |            |                      |                |
| 3             | Operational Efficiency     |                     |                |            |                      |                |
| 4             | Talent Development         |                     |                |            |                      |                |

**Process**

- Step 1: Finalization of the Strategy by the Group CEO & MD
- Step 2: Flow down of goals around Revenue and Growth Initiatives

**Measurement**

All goals and objectives are rated on a 5-point scale. Every line item is given weightage in the beginning of the performance cycle which is then evaluated on the progress made every quarter.

The following are the details:

- Far exceeded - 110 to 125% of the allotted marks
- Exceeded – 100 to 110 % of the allotted marks
- Met expectations – 90 to 100% of the allotted marks
- Partially met – 60% of the allotted marks
- Not met – 0 marks

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