



## **CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED**

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## **PERFORMANCE EVALUATION, NOMINATION & REMUNERATION POLICY**

## **I. Title:**

This policy with regard to Performance Evaluation and Remuneration shall be called the Cambridge Technology Enterprises Limited – Performance Evaluation and Remuneration Policy (herein after referred to as the “Policy”).

## **II. Introduction**

This Performance Evaluation, Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Regulations”), as amended from time to time. This policy has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

## **III. DEFINITIONS**

- a) **Act** means the Companies Act, 2013 and the rules made thereunder.
- b) **Board** means Board of Directors of the Company
- c) **Committee** means Nomination and Remuneration Committee of the Company.
- d) **Company** means Cambridge Technology Enterprises Limited
- e) **Employee** means any employee of the Company (whether working in India or abroad)
- f) **Independent Director** means a director who meets the criteria of Independence laid down under Section 149 of the Companies Act, 2013 (“the Act”) read with the rules made there under and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, from time to time.
- g) **Key Managerial Personnel** means:
  - i) the Chief Executive Officer or the managing director or the manager;
  - ii) the Whole-time Director
  - iii) the Chief Financial Officer;
  - iv) the Company Secretary; and
  - v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board;
  - vi) such other officer as may be prescribed under Companies Act, 2013 read with the rules made thereunder from time to time.
- h) **Nomination and Remuneration Committee (“the Committee”)**, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Regulations .

- i) **Senior Managerial Personnel** shall mean officers/personnel of the listed entity 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) and shall specifically include company secretary and chief financial officer.

#### **IV. Objective**

The Objective and purpose of this policy are:

- To carry out formal evaluation by the Board of its own performance and that of its committees and individual directors
- To establish a framework for the remuneration of directors, key managerial personnel and other employees.
- To lay down criteria for identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommending to the Board their appointment and removal.
- To attract, retain and motivate the Directors, KMPs and Senior Management Personnel.

#### **V. Role of the Committee:**

The Role of Nomination and Remuneration Committee together with its powers/functions as specified in Part D of Schedule II of SEBI Listing Regulation, 2015 and Companies Act, 2013 shall inter-alia, include the following:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- (5) specifying 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.
- (6) 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.
- (7) recommend to the board, all remuneration, in whatever form, payable to senior management.

(8) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

(9) Other roles and responsibilities/Carrying out additional functions, if any, as is contained in Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], as may be amended from time to time or other regulatory requirements applicable to the Company or in the terms of reference of the Nomination and Remuneration Committee or as requested by the Board of Directors or as the Committee may deem fit.

f) The Committee shall, while formulating the policy under Section 178(3) ensure that—

- i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii. 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.

## **VI. General:**

This Policy is divided in five parts:

Part – A: Appointment & Remuneration

Part – B: Performance Evaluation

Part – C: Framework for Separate meeting of Independent Directors

Part – D: Familiarisation Programme for Independent Directors

Part – E: Policy on Board Diversity

## **PART - A**

### **Appointment & Remuneration**

#### **1. Appointment criteria and qualification**

a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy. A proposed appointee shall fulfill all the requirements prescribed, from time to time, under the Companies Act 2013, Listing Agreement and other relevant laws

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

c. Appointment of Directors, KMP's and Senior Management Personnel are subject to compliance of provisions of the Companies Act, 2013 and compliance of clause 49 of the Listing Agreement. The Director/ Independent Director/Senior Management Personnel/KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, Listing Agreement or any other enactment for the time being in force.

d. While appointing Independent Directors, the Committee shall ensure that the person proposed to be appointed possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales & marketing, administration, research, corporate governance, technical operations, other disciplines related to the Company's business and such other criteria as may be specified by any law amended from time to time.

e. It shall also ensure that Directors proposed to be appointed are not disqualified under any law. In case of Independent Director, it shall ensure that person proposed to be appointed meets the criteria of independence as laid down by the Companies Act, 2013 and Clause 49 of the Listing Agreement as amended from time to time.

f. The appointment as recommended by the Nomination and Remuneration Committee further requires the approval of the Board.

#### **2. Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons to be recorded in writing, removal of a director, KMP or senior management personnel, subject to the provisions and compliance of the Act, rules and regulations.

#### **3. Remuneration**

The level and composition of remuneration to be paid to the CMD/ Managing Director, Whole-Time Director(s), KMPs, Senior Management Personnel and other employees shall be reasonable

and sufficient to attract, retain and motivate directors, KMPs, Senior Management and other employees of the company. The relationship of remuneration to performance should be clear and should encourage meeting of appropriate performance benchmarks. The remuneration may also involve a balance between fixed and incentive / performance related pay reflecting achievement of short and long-term performance objectives appropriate to the working of the company and meeting its goals.

**i. Remuneration to Executive Directors, KMP's & Senior Management Personnel.**

a. Besides the above Criteria, The Executive Directors, KMPs and Senior Management Personnel shall be eligible for a remuneration/Commission/Bonus/Performance Related Pay/Incentive/Fees, etc., as may be approved by the Board on the recommendation of the Committee and shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force and also by Company policy. The breakup of the pay scale and quantum of perquisites shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Director(s) in accordance with the provisions of Schedule V to the Companies Act, 2013 or with the approval of the company in general meeting in the manner as prescribed under Companies Act, 2013.

c. Nomination & Remuneration Committee shall recommend to the board, all remuneration, in whatever form, payable to senior management. The Chairman/Executive Director of the Company shall, as the case may be and as authorized by the Board or Committee or any other employee of the company, if any, authorized by the Board, decide the remuneration of KMP (other than Chairman / Whole time Director) and Senior Management based on the experience, qualification, expertise, standard market practice and prevailing HR policies of the Company.

d. The Incentive pay, if any, shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

**ii. Non – Executive Directors / Independent Directors:**

a. The Non-Executive / Independent Directors may receive sitting fees, travelling, accommodation and other expenses incidental thereto for attending meetings of Board or Committee thereof. Provided that the amount of fees and expenses, if any, shall be such as determined by the Board of Directors from time to time subject to provisions of the Companies Act, 2013 and rules made thereof.

b. Remuneration /Commission, if applicable, may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

c. An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and the Regulations, as amended from time to time.

## **PART – B**

### **Performance Evaluation**

#### **4. Framework for Performance Evaluation of Board, Committees & Independent Directors**

a. Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, an annual evaluation of performance of the Board, its Committees and of individual Directors shall be carried out in the manner as specified below.

i. The Nomination & Remuneration Committee shall evaluate performance of the Directors including Independent Directors for the financial year based on the performance rating document submitted by individual directors and recommend its report to the Board of Directors.

ii. Thereafter, the Board shall review performance of its own, its committees and of individual directors including independent Directors based on the performance rating document submitted by individual directors and also report of the Nomination & Remuneration Committee.

iii. The assessment shall be carried out by means of a structured questionnaire with ranking.

iv. The criteria for performance evaluation of the Board may include aspects like experience, proper mix of qualifications, skills and competencies to conduct its affairs effectively, diversity, its roles and responsibilities, its functions, evaluation of risks, setting up of corporate culture and values, conduct of board meetings and its effectiveness, corporate strategy, business plans, corporate performance, etc.

v. The criteria for performance evaluation of the Committees may include aspects like structure, mandate, composition, independence, working procedures and functions of committees and effective contribution to the board, etc.

vi. The criteria for performance evaluation of the individual Directors (including Independent Directors) include aspects like qualifications, experience, competency, professional conduct, sufficient understanding and knowledge of the entity, fulfilling of functions, active initiation with respect to various areas, attendance at the meetings, contribution to the company and board meetings, commitment to the Board, integrity, etc., In addition, the performance of Independent Directors is evaluated on aspects such as his/her independence from the company and other directors, exercise of judgement and expression of opinion, etc. In addition, the performance of the Chairman is also evaluated on key aspects of his leadership, decisiveness, commitment to the Board, roles and responsibilities, etc.

b. In terms of Section 134 of the Act, the Directors' Report should include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.

## **PART C**

### **Framework for Separate meeting of Independent Directors**

5. As required by the provisions of Schedule IV to the Act and the provisions of Clause 49, the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management.

The meeting shall:

- (a) Review the performance of Non-independent Directors and the Board as a whole;
- (b) Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-executive Directors;
- (c) Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

This meeting could be held prior or after the Board Meeting. The Independent Directors are free to call such meeting at any point of time, as desired.



## **PART D**

### **6. Familiarisation Programme for Independent Directors**

The Familiarization Programme for Independent Directors of Cambridge Technology Enterprises Limited (“the Company”) has been adopted by the Board of Directors and is stated under this part D of the Performance Evaluation, Nomination & Remuneration Policy of the Company.

i. As required by the provisions of Schedule IV to the Companies Act, 2013 and the provisions of Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to develop a Familiarisation Programme for the Independent Directors of the Company.

ii. The Company will impart Familiarisation Programmes to the Independent Directors inducted on the Board of the Company.

iii. The Independent Directors will be afforded every opportunity to familiarize themselves with the Company, its management and its operations and above all the Industry perspective & issues. They are required to be made to interact with business heads and senior management personnel and to be given all the documents, reports and internal policies as sought by them for enabling a good understanding of the Company, its various operations and the industry of which it is a part which enable the Directors to contribute significantly to the Company.

iv. The Familiarisation Programme of the Company will provide information relating to the Company, IT industry, business model of the Company, geographies in which Company operates, statutory and regulatory changes, development of business of the company, role, functions, duties, responsibilities and liabilities of Independent Directors under corporate, securities laws and also Code for Independent Directors, financial results of the Company and that of its subsidiary companies, overview of Board Evaluation process and procedures, etc.

v. The details of familiarization programme imparted to independent directors during the financial year shall be made available on the website of the company.

vi. The Program will be reviewed and changes made as and when deemed necessary.

## PART E

### 7. Policy on Board Diversity

- a) This Policy on Board Diversity (the “Policy”) forms part of Performance Evaluation and Remuneration Policy and it sets out the Company’s approach to ensuring adequate diversity in its Board of Directors (the “Board”) and is devised by Nomination and Remuneration Committee (the “Committee”) of the Board.
- b) The Policy applies to the Board of Cambridge Technology Enterprises Limited (the “Company”). It does not apply to employees generally.
- c) The Company recognizes and embraces the benefits of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage in the complex business that it operates. It is recognised that a Board composed of appropriately qualified people with broad range of experience relevant to the business of the Company is important to achieve effective corporate governance and sustained commercial success of the Company. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions amongst Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. At a minimum, the Board of the Company shall consist of at least one woman Director. All Board appointments are made on merit, in the context of the skills, experience, independence, knowledge and integrity which the Board as a whole requires to be effective.
- d) The Board and the Committee will review this Policy on a regular basis to ensure its effectiveness and also in compliance with the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.