



NOMINATION, REMUNERATION & PERFORMANCE EVALUATION POLICY

Nomination, Remuneration & Performance Evaluation Policy

I. INTRODUCTION

The Board of Directors (the “Board”) of Picturehouse Media Limited (the “Company” or “PML”), has adopted the following policy and procedures with regard to appointment, remuneration and evaluation of performance of Directors, Key Managerial Personnel and Senior management. The Board/ Audit Committee will review and may amend this policy from time to time.

This policy will be applicable to the Company effective from date of approval of the Board i.e., May 29, 2015.

II. TITLE

This policy with regard to Performance Evaluation and Remuneration shall be called the Picturehouse Media Limited – Nomination, Remuneration & Performance Evaluation Policy (herein after referred to as the “Policy”).

III. SCOPE

This Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

IV. DEFINITIONS

- a) **Act** means Companies Act, 2013
- b) **Board** means Board of Directors of the Company
- c) **Committee** means Nomination and Remuneration Committee of the Company.
- d) **Company** means Picturehouse Media Limited
- e) **Employee** means any employee of the Company (whether working in India or abroad)

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- f) **Independent Director** means a director who meets the criteria of Independence laid down under Section 149 of the Companies Act, 2013 read with the rules made there under and the Listing Agreement entered with the stock exchanges.
- g) **Key Managerial Personnel** means:
 - i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - ii) Chief Financial Officer;
 - iii) Company Secretary; and
 - iv) such other officer who is reporting to Managing Director/CEO.
- h) **Nomination and Remuneration 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 Clause 49 of the Listing Agreement.
- i) **Senior Managerial Personnel** mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

V. OBJECTIVE

The objective of the policy is to ensure that

- a) 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;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) 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. COMPOSITION OF THE COMMITTEE

The composition of the Committee is / shall be in compliance with the Act, Rules made thereunder and the Clause 49, as amended from time to time.

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VII. ROLE OF THE COMMITTEE

The role of the NRC will be the following:

- a) To formulate criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and other employees.
- b) To formulate criteria for evaluation of Independent Directors and the Board.
- c) To identify 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 the appointment and removal of Directors and Senior Management.
- d) To carry out evaluation of Director's performance.
- e) To devise a policy on Board diversity, composition, size.

VIII. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- 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.
- 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.
- 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

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- appointed meets the criteria of independence as laid down by the Companies Act, 2013 and 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.

IX. REMUNERATION TO EXECUTIVE DIRECTORS, KMPs, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES OF THE COMPANY

- a) The Executive Directors, KMPs 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., medical expenses, LTA and other expenses 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) The Managing Director of the Company may decide the remuneration of KMP (other than Managing / Whole time Director) and Senior Management based on the standard market practice and prevailing HR policies of the Company.
- c) If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Director/KMPs in accordance with the provisions of Schedule V to the Companies Act, 2013 or prior approval of the Central Government as the case may be.
- d) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- e) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.
- f) The Incentive pay 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.

X. REMUNERATION TO NON- EXECUTIVE / INDEPENDENT DIRECTOR:

- a) The Non- Executive / Independent Director may receive sitting fees, accommodation, travelling and other expenses incidental thereto for attending meetings of Board or Committee thereof.

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- b) Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- c) 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.
- d) An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and the Clause 49, as amended from time to time.

XI. EVALUATION

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

Each year the Board of the Company will carry out an evaluation of its own performance. The Board performance evaluation is designed to:

- a) review the pre-determined role of the Board collectively and individual Directors in discharge of duties as set out in the Company from time to time.
- b) annually assess how well directors are discharging their responsibilities; collectively by assessing the Board's effectiveness; and individually by assessing the quality of a Director's contribution to general discussions, business proposals and governance responsibilities;
- c) annually assess the performance of directors in discharging their responsibilities;
- d) regularly evaluate the Directors' confidence in the integrity towards the Company, the quality of the discussions at Board meetings, the credibility of the reports and information they receive, the level of interpersonal cohesion between Board members and the degree of Board knowledge; and
- e) enable Board members, individually and collectively, to develop the key skills required to meet foreseeable circumstances with timely preparation, agreed strategies and appropriate development goals.

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This can be achieved by collectively assessing the Board's effectiveness and by individually assessing the quality of a Director's contribution to general discussions, business proposals and governance responsibilities.

Criteria for Evaluation of Performance:

The Nomination and Remuneration Committee has laid down the criteria for evaluation of performance of Independent Directors and the Board.

- a) Attendance and contribution at Board and Committee meetings
- b) His/her stature, appropriate mix of expertise, skills, behavior, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.
- c) His/her knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes and Corporate Governance.
- d) His/her ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
- e) Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency.
- f) Open channels of communication with executive management and other colleague on Board to maintain high standards of integrity and probity.
- g) Recognize the role which he/she is expected to play, internal Board Relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board.
- h) His/her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.
- i) Quality of decision making on source of raw material/procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc.
- j) His/her ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
- k) His/her contribution to enhance overall brand image of the Company.

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Procedure for Board Performance Evaluation

- a) The Chairperson will meet with the directors either collectively or separately, as he may deem fit, seeking input in relation to the performance of the Board, each Board Committee, other Whole time Directors and his own performance.
- b) Performance should be assessed quantitatively and qualitatively, as appropriate, based on the strategic plans and the roles/position description.
- c) The Chairperson will collect the input and provide an overview report for discussion by the Board.
- d) The Board as a whole will discuss and analyse the performance collectively of each director individually and its own performance during the year including suggestions for change or improvement, as well as any skills, education or development required over the forthcoming year.

Procedure for Board Performance Evaluation of Managing Directors and Key Executive of the Company

The Board will ensure that the Managing Directors and other key executives will execute the Company's strategy through the efficient and effective implementation of the business objectives. In order to accomplish this:

- a) Each year the Board reviews the Company's strategy.
- b) Following such a review the Board sets the organization performance objectives based on qualitative and quantitative measures.
- c) These objectives are reviewed periodically to ensure that they remain consistent with the Company's priorities and the changing nature of the Company's business.
- d) These objectives form part of the performance targets as assigned to the Managing Directors.
- e) Performance against these objectives is reviewed annually by the Board.
- f) The Managing Directors are responsible for assessing the performance of the key executives and a report is provided to the Board for review.

XII. 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

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diversity in its Board of Directors (the “Board”) and is devised in consultation with the Nomination and Remuneration Committee (the “Committee”) of the Board.

- b) The Policy applies to the Board of Picturehouse Media 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 compliance with revised Clause 49 of the Equity Listing Agreement (the “Clause 49”).

XIII. FRAMEWORK FOR SEPARATE MEETING OF INDEPENDENT DIRECTORS

- a) 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.
- b) The meeting shall:
 - i. review the performance of Non-independent Directors and the Board as a whole;
 - ii. review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-executive Directors;

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- iii. 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.
- c) This meeting could be held prior or after the Board Meeting as desired.

XIV. IMPLEMENTATION

- a) The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- b) The Committee may Delegate any of its powers to one or more of its members.

XV. DISCLOSURE

In accordance with the requirement under the Companies Act, 2013, Rules made thereunder and Listing Agreement, disclosures will be made in the Board Report regarding the manner in which the performance evaluation has been done by the Board of Directors of its own performance, performance of various Committees of Directors and individual Directors.

The Company shall disclose the same in its Annual Report.

This Policy will upload this policy on the website of the Company at www.pvpcinema.com. The provisions of this Policy can be amended/modified by the Board of Directors of the Company from time to time and all such amendments/modifications shall take effect from the date stated therein.

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