



Shemaroo Entertainment Limited

Nomination and Remuneration Policy

(Pursuant to Section 178 of the Companies Act, 2013 and Reg. 19(4) – Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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1. INTRODUCTION:

In terms of Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, entered into by the Company with Stock Exchanges, as amended from time to time, this policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

2. OBJECTIVE:

The policy is framed with the objective(s):

- To lay down criteria for appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel.
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
- That the remuneration to Directors, Key Managerial Personnel (KMP), and other employees of the Company 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 retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- Devise a policy on Board diversity.

3. DEFINITIONS:

- a. “**Act**” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- b. “**Board**” means Board of Directors of the Company.
- c. “**Directors**” mean Directors of the Company.
- d. “**Key Managerial Personnel**” means
 - Chief Executive Officer or the Managing Director or the Manager;
 - Whole-time director;
 - Chief Financial Officer;
 - Company Secretary; and
 - such other officer as may be prescribed.
- e. “**Senior Management**” mean personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

4. NOMINATION AND REMUNERATION COMMITTEE:

4.1 Committee Members:

The Nomination and Remuneration Committee comprises of the following Directors:

NAME	CATEGORY	DESIGNATION
Mr. VasANJI Mamania	Independent Director	Chairman
Mr. Shashidhar Sinha	Independent Director	Member
Mr. Jai Maroo	Non-Executive Director	Member

4.2 Frequency of Meetings:

The meeting of the Committee shall be held at such regular intervals as may be required.

4.3 Nomination Duties:

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

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- 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.

4.4 Remuneration Duties:

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

- To consider and determine the Remuneration Policy, based on the performance and also bearing in mind 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 all elements of the remuneration of the members of the Board.
- To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- To delegate any of its powers to one or more of its members or the Secretary of the Committee.
- Professional indemnity and liability insurance for Directors and senior management.

4.5 Secretary:

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

5. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:

5.1 Appointment Criteria and Qualifications:

- 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 to the Board his / her appointment.
- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

5.2 Term / Tenure:

I. Managing Director / Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or 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.

II. 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 in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

III. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, 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.

IV. Retirement:

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

5.3 Performance Evaluation:

The Nomination and Remuneration Committee performs the evaluation of performance of KMP and Senior Management Personnel at regular intervals (yearly).

- **Non- Independent Directors/ Executive Directors:**

Some of the specific issues and questions that should be considered in a performance evaluation of Non-Independent Director / Executive Directors are set out below.

SR. NO.	ASSESSMENT CRITERIA
1.	Attendance and participations in the Meetings.
2.	Contribution towards growth of the Company including actual vis-à-vis budgeted performance.
3.	Leadership initiative, like new ideas and planning towards growth of the Company and steps initiated towards Branding of the Company.
4.	Adherence to ethical standards & code of conduct of Company.
5.	Compliance with policies, Reporting of frauds, violation etc. and disclosure of interest.
6.	Safeguarding of interest of whistle blowers under vigil mechanism and Safeguard of confidential information.
7.	Quality and value of their contributions at board meetings.
8.	Contribution to development of strategy and to risk management.
9.	Assistance in implementing corporate governance practices.

- **Independent Directors:**

Some of the specific issues and questions that should be considered in the performance evaluation of an Independent Director, (the exercise in which the concerned director being evaluated shall not be included) are set out below:

SR. NO.	ASSESSMENT CRITERIA
1.	Attendance and participations in the Meetings.
2.	Adherence to ethical standards & code of conduct of Company and disclosure of non – independence, as and when it exists and disclosure of interest.
3.	Interpersonal relations with other directors and management.
4.	Objective evaluation of Board's performance and rendering independent and unbiased opinion.
5.	Qualifications, experience and leadership qualities.
6.	Safeguard of stakeholder's interest and confidential information.
7.	Compliance with policies, Reporting of frauds, violation etc.
8.	Assistance in implementing corporate governance practices.

- **Key Managerial Personnel/ Senior Management Personnel:**

Criteria for evaluating performance of KMP and Senior Management Personnel shall be as per the HR Guideline on Performance Management System and Development Plan of the Company.

6. POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR & MANAGING DIRECTOR:

- a. At the time of appointment or re-appointment, the Managing Director & Whole Time Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the Whole Time Director & Managing Director within the overall limits prescribed under the Companies Act.
- b. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- c. The remuneration of the Managing Director & Whole Time Director is broadly divided into fixed and variable component. The fixed compensation shall comprise salary, allowances, perquisites, commission, amenities and retiral benefits. The variable component shall comprise of performance bonus.
- d. In determining the remuneration (including the fixed increment and performance bonus) the Nomination & Remuneration Committee shall consider the following:

- the relationship of remuneration and performance benchmarks is clear;
 - balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
 - responsibility required to be shouldered by the Managing Director & Whole Time Director and the industry benchmarks and the current trends;
- e. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

7. REMUNERATION TO NON- EXECUTIVE / INDEPENDENT DIRECTOR:

- a. A Non-Executive Director / Independent Director may receive remuneration by way of sitting fees for each meeting of the Board or Committee of the Board attended by him of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies Managerial Remuneration Rule, 2014;
- b. A Non-Executive Director / Independent Director may be entitled to receive commission on an annual basis of such sum as may be approved by the Board on the recommendation of the Nomination & Remuneration Committee;
- c. The total commission payable to the Non-Executive Director / Independent Director shall not exceed 1% of the net profit of the Company computed as per the applicable provisions of the Act;
- d. The Commission shall be payable on pro-rata basis to those Directors who occupy office for part of the year;
- e. The Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company, if any, introduced by the Company;

8. REMUNERATION TO KEY MANAGERIAL PERSONNEL / SENIOR MANAGEMENT EMPLOYEES:

In determining the remuneration of the Senior Management employees (i.e. KMPs and Executive Committee Members) the Nomination & Remuneration Committee shall consider the following:

- a. the relationship of remuneration and performance benchmark is clear;
- b. balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;

- c. the remuneration is divided into two components viz. fixed component of salaries, perquisites and retirement benefits and variable component of performance based incentive;
- d. the remuneration including annual increment and performance incentive is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis industry benchmark and current compensation trends in the market;

9. DISSEMINATION:

The details of the Policy shall be disclosed in the Annual Report as part of Board's report therein.

10. GENERAL:

- The Nomination and Remuneration Committee and Board shall have the power to modify, amend or replace this Policy in part or full as may be thought fit from time to time in their absolute discretion as far as it is not in contravention of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- In the event of any conflict between the provisions of the Listing Regulation / Companies Act, 2013, or in case of any omission of any of the provisions of the Listing Regulation / Companies Act, 2013, the provisions of the Listing Regulation / Companies Act, 2013, as amended shall prevail or be applicable, as the case may be.
- Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations or any other applicable law or regulation to the extent applicable to the Company.
