



PRIME FOCUS LIMITED

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

This 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time.

In pursuance of the Company’s policy to consider human resources as its most valuable assets, ensure equitable remuneration to all viz. Directors, Key Managerial Personnel (KMP) and other employees of the Company, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management Members and other employees has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors.

2. DEFINITIONS

- **Director:** means a Director who is appointed by the Board of the Company;
- **Key Managerial Personnel (KMP):** Key Managerial Personnel means:
 - 1) Chief Executive Officer or the managing director or the manager;
 - 2) Whole-time Director;
 - 3) Chief Financial Officer;
 - 4) Company Secretary and
 - 5) 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; and
 - 6) such other officer as may be prescribed under the applicable statutory provisions or regulations;

“**Senior Management**” shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.”

- “**Managing Director**” (**MD**): MD shall have the meaning as defined under the Companies Act, 2013 read with relevant Rules made thereunder, as amended from time to time and any other applicable provisions for the time being in force.



- **“Whole-time Directors” (WTD):** WTD includes a Director in the whole-time employment of the Company.

Words and definitions not defined herein, shall have the same meaning as provided in the Companies Act, 2013 (“Act”) read with relevant Rules thereunder and the Listing Regulations or other relevant provisions; as may be applicable, as amended from time to time.

3. OBJECTIVE AND PURPOSE OF THE POLICY:

The objective and purpose of this policy are:

- To formulate the criteria and terms to determine qualifications, attributes and independence of Directors;
- To identify the qualification, key attributes and profile required of persons who may be appointed in Senior Management and Key Managerial positions;
- To determine remuneration of the Directors, Key Managerial Personnel and Senior Management employees and other employees based on the Company’s size of business, financial position and trends and practices prevailing in similar companies in the industry;
- To devise mechanism and carry out evaluation of the performance of Directors;
- To devise and achieve diversity on the composition of Board, an essential element to support quality of performance;
- To retain, motivate and promote talent and create a sense of participation and ownership.

Accordingly, the following policy formulated by the Nomination and Remuneration Committee and applicable to Directors (Executive and Non-Executive), Key Managerial Personnel and Senior Management Personnel and other employees was recommended for adoption to the Board of Directors. The key features of the Remuneration policy and the evaluation criteria followed shall be disclosed in the Annual Report of the Company.

4. RELEVANT PARTICULARS

Nomination and Remuneration Committee:

The Board has changed the nomenclature of the Company’s existing Remuneration Committee by renaming it as Nomination and Remuneration Committee on May 12, 2014 pursuant to the requirements of the Companies Act, 2013 and the amended Listing Regulations.

The Board has the power to reconstitute the Committee consistent with the Company’s policy and in compliance with the applicable statutory requirements.



General

This Policy is divided in three parts:

Part – A covers the matters to be dealt with and recommended by the Committee to the Board

Part – B covers the appointment criteria and nomination

Part – C covers remuneration criteria.

PART – A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall, based on the requirement from time to time:

- Identify and formulate criteria to determine qualifications, positive attributes and independence of a Director.
- Formulate criteria to identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions.
- Recommend to the Board, appointment of Director, KMP and Senior Management Personnel and other employees.

PART – B

APPOINTMENT CRITERIA

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, professional qualifications, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and other employees and recommend to the Board his/her appointment. While doing this the Committee shall also take into account the mandatory requirement for the composition of the Board, Audit Committee, the Stakeholders' Relationship Committee. The Committee shall lay emphasis on a diverse Board composition based on a range of diversity perspectives such as gender, age, educational background, skills, experience etc. The ultimate decision shall be based on merit.
2. The Committee has discretionary power to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position as a KMP or Senior management personnel.
3. The Committee shall not recommend for appointment or continuation of any person as Director who:
 - Is of unsound mind and so declared by a competent court;
 - Is an undischarged insolvent;
 - Has applied to be adjudicated as an insolvent and his application is pending;



- Has been convicted by a Court of any offence whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;
- Has been convicted of any offence and sentenced in respect thereof to imprisonment for seven years;
- An order disqualifying him for appointment as Director has been passed by a Court or Tribunal and the order is in force;
- Has not paid any calls in respect of the shares of the Company held by him and six months have elapsed from the last day fixed for the payment of the call;
- Has been convicted of the offence dealing with related party transactions under Section 188 at any time during the last preceding 5 years;
- Has not been allotted the DIN under Section 152 of the Companies Act 2013;
- Has not completed the age of twenty-one years and has attained the age of 70 years. If any Director who has completed the age of 70 years and the appointment is approved by special resolution passed by the Company in General Meeting, no further approval of the Central Government shall be required;
- Is a managerial person in more than one company and draws remuneration from one or more companies above the ceiling provided in Section V of Part II of Schedule V of the Companies Act, 2013.
- Further no person who has been a Director of the Company shall be eligible to be reappointed as Director of that Company or appointed as Director in any other Company for a period of five years from the date on which the Company fails to:
 - File financial statements or annual returns for any continuous period of three financial years
 - Repay deposits accepted or pay interest thereon or redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure continues for one year.
 - No person can be appointed as Director in more than twenty companies and maximum number of public companies in which he can be a Director shall not exceed ten. Similarly a person cannot be a Managing Director in more than two companies.
 - There shall be a minimum of three Directors and a maximum of fifteen in a Company. The Company can appoint a higher number of Directors on approval by Members vide special resolution.

Term and Tenure

1. Managing Director/Whole-time Director:

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

2. Independent Director:

As per Companies Act, 2013 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 for another term of five years 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 of five years and thereafter he shall be eligible for appointment after expiry of three years (cooling period) 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 the number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director but only three listed companies as an Independent Director in case such person is also serving as a Whole-time Director of a listed company.

3. Key Managerial Personnel:

In terms of the provisions of Section 203 of the Companies Act 2013, a Whole-time Key managerial personnel (KMP) shall not hold office in more than one Company except in its subsidiary company at the same time.

However, the KMP can be a Director in any other Company (which may or may not be a subsidiary) with the approval of the Board.

Any remuneration payable to a Managing Director/Whole-time Director/ Executive Director who is also drawing remuneration in another Company in a similar position shall be subject to the highest maximum limit admissible from any one Company calculated in such manner as provided in Schedule V and other applicable provisions of the Companies Act 2013.

Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular intervals (yearly or such other interval as the Committee deems fit).

PART – C

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

A) General:

1. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel and other employees 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 and Central Government, wherever required.



2. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage/slabs/conditions laid down under Section 197, 198 and other applicable provisions of the Companies Act, 2013, read with Schedule V and rules 4 and 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 made thereunder.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the ceiling limit slabs approved by the Shareholders in the case of Whole-time Director.

B) Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

1. Fixed pay:

The Whole-time 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 break-up 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 on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

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 Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or the prior sanction of the Central Government, where required, is not obtained, he/she shall refund such sums to the Company 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 it is approved by the Central Government.

C) Remuneration to Non- Executive/Independent Director:

1. Remuneration/Commission:

The remuneration/commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.



2. 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. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. 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 Companies Act, 2013.

4. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

SUCCESSION PLAN:

The Company recognizes the need of a formal, proactive process, which can assist in building a leadership pipeline / talent pool to ensure continuity of leadership for all critical positions. Succession Planning involves assessment of challenges and opportunities facing the Company, and an evaluation of skills and expertise that would be required in future.

The NRC will work with the Board to develop plans and processes for orderly succession to the Board and Senior Management. The Committee shall endeavor to develop a diverse pool of candidates who may be considered to fill the gap in Board positions or Senior Management in case of any eventuality. The Committee would ensure that the Company is prepared for changes in Senior Management, either planned or unplanned. Succession Planning Process would cover identification of internal candidates, development plans for internal candidates, and identification of external candidates. The Committee would also assist in formulating an emergency succession contingency plan for unforeseen events like death, disability etc. The Board will periodically monitor the review and monitor the succession planning process.

REVIEW OF THE POLICY

This Policy shall be reviewed by the NRC on annual basis (unless an earlier review is required) to ensure that it meet the requirements of latest market requirements and trends and the committee shall make recommendations to the Board on required amendments. The policy shall be placed on the website of the company, and the salient features of the policy and changes therein, if any, along with the web address of the policy shall be disclosed in the Board's Report. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.