

UFO MOVIEZ INDIA LIMITED

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NOMINATION AND REMUNERATION POLICY

1. Preface:

- a) The Company considers human resources as one of its most valuable assets. Its objective is to pay such remuneration to its employees as is commensurate with the employees' role and responsibilities and the performance of each of its employees in the Company.
- b) This Nomination and Remuneration Policy (this “**NR Policy**”) has been formulated, inter alia, for nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management Personnel and Other Employees of UFO Moviez India Limited (hereinafter referred to as the “**Company**”), in accordance with the requirements of the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.

2. Objectives of this NR Policy:

- a) To lay down criteria for identifying persons who are qualified to become Directors, KMPs, Senior Management Personnel and Other Employees of the Company.
- b) To lay down criteria to carry out evaluation of every Director's performance.
- c) To formulate criteria for determining qualification, positive attributes and independence of a Director.
- d) To determine the composition and level of remuneration, including reward linked with the performance, which is reasonable and sufficient to attract, retain and motivate Directors, KMPs, Senior Management Personnel and Other Employees to work towards the long term growth and success of the Company.

3. Definitions:

- a) “**Board**” means the Board of Directors of the Company.
- b) “**Companies Act, 2013**” means the Companies Act, 2013 and the rules thereunder, as amended.
- c) “**Company**” means UFO Moviez India Limited.

- d) **“Directors”** means the directors of the Company.
- e) **“Key Managerial Personnel”** or **“KMP”** means:
 - (i) Managing Director; or Chief Executive Officer; or Manager;
 - (ii) Company Secretary;
 - (iii) Whole-time Director;
 - (iv) Chief Financial Officer; and
 - (v) Such other officers as may be prescribed under the Companies Act, 2013.
- f) **“Listing Agreement”** means the listing agreement entered into/to be entered into by the Company with the stock exchanges, as amended.
- g) **“NR Committee”** means the nomination and remuneration committee of the Company as constituted or reconstituted by the Board from time to time.
- h) **“Other Employees”** means all the employees of the Company other than the Directors, KMPs and the Senior Management Personnel.
- i) **“Senior Management Personnel”** means the personnel of the Company who are members of its core management team excluding the Directors and KMPs comprising of all members of the 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, chief financial officer and functional heads.

4. NR Policy: This NR Policy is divided into three parts as follows:

A. The criteria for identifying persons who are qualified to be appointed as Directors / Committee Members / KMPs / Senior Management Personnel / Other Employees of the Company:

- i. **Directors:** Section 164 of the Companies Act, 2013 specifies the disqualifications for appointment of director of any company. Any person who in the opinion of the Board is not disqualified to become a Director, and in the opinion of the Board, possesses the ability, integrity and relevant expertise and experience, can be appointed as a Director of the Company.

NR Committee of the Board of Directors of the Company shall identify the persons who are qualified to become directors and recommend to the board their appointment / re-appointment.

- ii. **Independent Directors:** For appointing any person as an independent Director, he/she should possess qualifications as mentioned in Section 149 of the Companies Act, 2013, Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Listing Agreement.

NR Committee of the Board of Directors of the Company shall identify the persons who are qualified to become independent directors and recommend to the board their

appointment / re-appointment.

- iii. **Committees of the Board:** The NR Committee shall determine the criteria for selection of the Board Committee members and recommend to the board the members to be appointed to various committees.
- iv. **KMPs, Senior Management Personnel and Other Employees:** The Company has an Organogram displaying positions of Senior Management Personnel including KMP and other positions, in accordance with the minimum qualifications and experience requirements and any other criteria that have been laid down by the Committee for each such position. Any new employee in the Company has to match the requirements prescribed in the Organogram of the Company.

The selection of KMPs and Senior Management Personnel shall be done by the Human Resource Department of the Company after obtaining approval of the Managing Director / Joint Managing Director.

The details of appointment and cessation of KMPs and Senior Management Personnel shall be placed before the Committee periodically.

The selection of other employees shall be done by the Human Resource Department of the Company after obtaining approval of the functional head of the respective department.

The term/tenure of Directors / KMPs / Senior Management Personnel / Other Employees shall be as per the provisions of the Companies Act, 2013, the Listing Agreement, any prevailing policies of the Company, and the terms of any appointment letters issued to them by the Company.

B. Determination of the composition and level of remuneration:

- i. **Structure of remuneration for the Executive Directors, KMPs and Senior Management Personnel:**
 - a. The Executive Directors, KMPs and Senior Management Personnel (other than non-executive Directors) receive Basic Salary and other Allowances/Perquisites/Benefits such as leave travel concession, medical reimbursement, club fees, company car and driver and fuel and maintenance for company car. They are also entitled to provident fund, gratuity, group term life insurance, group mediclaim insurance and group personal accident insurance. The total salary includes fixed and variable components.
 - b. The Company's policy is that the total fixed salary should be fair and reasonable after taking into account the following factors:
 - i. The scope of duties, the role and nature of responsibilities.
 - ii. The level of skill, knowledge and experience of individuals.
 - iii. Core performance requirements and expectations of individuals.
 - iv. The Company's performance and strategy.
 - v. Legal and commercial obligations and considerations.

- vi. The table below depicts the standard components of remuneration package.

Fixed Component		
Basic Salary	Allowances /Perquisites / Benefits such as leave travel concession, medical reimbursement, club fees, company car and driver, fuel and maintenance for company car, group term life insurance, group mediclaim insurance and group personal accident insurance.	Superannuation/ statutory contributions to provident fund and group gratuity scheme.

The Executive Directors, KMPs and Senior Management Personnel may also hold and be entitled to stock options of the Company.

- c. The Committee shall recommend the remuneration of Executive Directors to the Board for its approval.
- d. The Committee shall recommend the remuneration of KMPs and Senior Management to the Board for its approval.

ii. **Structure of Remuneration for Non-executive Directors**

- a. Non-executive Directors other than the Independent Directors are not currently paid any remuneration by the Company.
- b. Independent Directors are paid remuneration in recognition of the responsibilities, accountability and associated risks of Directors. The total remuneration of Independent Directors may include all, or any combination of following elements:
1. Fees for attending meetings of the Board as permissible under Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and decided at the meeting of the Board.
 2. Fees for attending meetings of committees of the Board as permissible under Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and decided at the meeting of the Board.
 3. Commission on net profits as permissible under Section 197 of the Companies Act, 2013 and decided by the Board/shareholders from time to time to be payable to any of the Independent Directors.
 4. Independent Directors are also entitled to payment of travel and other expenses they incur for attending to the Company's affairs, including attending and

returning from general meetings of the Company or meetings of the Board or committees.

Independent Directors shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Companies Act, 2013 and the Listing Agreement.

- iii. The managerial remuneration payable by the Company shall be subject to the conditions specified under the Companies Act, 2013 and the Listing Agreement, including in terms of monetary limits, approval requirements and disclosure requirements. Any increase in the maximum aggregate remuneration payable beyond the permissible limit under the Companies Act, 2013 shall be subject to the approval of the shareholders of the Company at a General Meeting by special resolution and/or of the Central Government, as may be applicable.
- iv. Structure of Remuneration for Other Employees: The power to decide the structure of remuneration for Other Employees has been delegated to the HR Department of the Company.
- v. Employees of the Company (excluding Managing Director or Whole-time Director) may be paid salary advance and loans etc. as per the Company's HR policies.

C. Criteria for evaluating performance of Board members, Key Managerial Personnel, Senior Management Personnel

- i. **Criteria for evaluating performance of Board members:** Section 149 of the Companies Act, 2013 read with Schedule IV of the Act states that (i) the independent directors shall, at their separate meeting, review the performance of non-independent directors and the Board as a whole and (ii) the performance evaluation of independent directors shall be done by the entire Board excluding the director(s) being evaluated. The performance evaluation of the Managing Director and the Joint Managing Director is carried out by the Board on the basis of performance management system and development plan of the Company. Framework for performance evaluation of the Board members, including independent directors, Board committee is specified in “Annexure A” to this NR Policy.
- ii. **Criteria for evaluating performance of Key Managerial Personnel and Senior Management Personnel:** The performance evaluation of KMP (excluding board members) and Senior Management Personnel is carried out by the Managing Director or the Joint Managing Director on the basis of performance management system and development plan of the Company.
- iii. **Criteria for evaluating performance of Other Employees:** The power to decide criteria for evaluating performance of Other Employees has been delegated to the HR Department of the Company.

- 5. Communication of this NR Policy:** A copy of this NR Policy shall be handed over to all Directors within one month from the date of approval by the Board. This NR Policy shall also be posted on the website of the Company and the details of this NR Policy, including the evaluation criteria, shall be mentioned in the Annual Report of the Company.

- 6. Amendment:** Any change in this NR Policy shall, on recommendation of NR Committee, be approved by the Board. The Board shall have the right to withdraw and / or amend any part of this NR Policy or the entire NR Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

ANNEXURE A
FRAMEWORK FOR PERFORMANCE EVALUATION

The performance evaluation of all Directors, Chairman, Committees of the Board and Board as whole shall be conducted in the form set out below.

The duly completed performance evaluation forms are required to be submitted to the company secretary of the Company, who shall prepare a summary of the duly completed evaluation forms and submit such summary to the Chairman of the NR Committee.

PERFORMANCE EVALUATION OF DIRECTORS OF THE COMPANY: MR.

S. No.	Criteria of Evaluation	Rating						Comments
		0	1	2	3	4	5	
I	Strategic							
1.	Understands the Company's strategic direction.							
2.	Understands the critical issues affecting the Company.							
3.	Stays abreast of trends impacting our Industry.							
4.	Translates wider experiences to the Company's context.							
5.	Prompts Board discussion on strategic issues.							
6.	Understands the Company's strategic direction.							
II	Knowledgeable:							
1.	Understands his role, duties and responsibilities as a Director.							
2.	Brings relevant experience to the Board and uses it effectively.							
3.	Is up-to-date with Governance issues.							
4.	Understands, evaluates and questions financials.							
5.	Understands and evaluates the risk environment of the organisation.							
III	Diligent:							
1.	Is well-prepared for meetings and a valuable contributor to Board.							
2.	Devotes adequate time to his responsibilities.							
3.	Attends Meetings regularly.							
4.	When absent from meetings, acquires information to stay informed.							
5.	Probes issues before the Board.							
IV	Ethical and values-driven:							
1.	Is committed to the Company's values, beliefs and ethics.							
2.	Manages conflicts of interest in the best interests of the Company.							
3.	Maintains confidentiality, where required.							
V	Team player:							
1.	Seeks to establish and maintain good personal relations with his co-directors and management.							
2.	Is co-operative and shares information willingly.							
3.	Listens attentively to the contribution of others.							
4.	Explores differences of opinion in a positive way.							
5.	Maintains objectivity in the face of difficult decisions.							
6.	Is respected by other Directors.							
VI	Personal development:							
1.	Seeks opportunities for self-development							
2.	Is open to feedback about his performance							
3.	Takes action to rectify any shortcomings.							
4.	Feels satisfaction and accomplishment through serving on the Board.							

Ratings	0	1	2	3	4	5
Description	Insufficient Knowledge	Strongly Disagree	Somewhat Disagree	Somewhat Agree	Agree	Strongly Agree

Fulfilment of the independence criteria and independence from the management (To be fill up for only independent directors)				
S. No.	Criteria of Evaluation	Rating (Yes/No)		Comments
		YES	NO	
	Criteria of independence set out SEBI Listing Regulations and the Companies Act, 2013			
1.	Person of integrity and possesses relevant expertise and experience and is above 21 years of age			
2.	who is or was not a promoter of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity			
3.	who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;			
4.	who, apart from receiving director's remuneration, has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;			
5.	none of whose relatives (i) holds any security in or has or had pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year; (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii) above.			
6.	who, neither himself, nor whose relative(s) — holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed; Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.			
7.	who, neither himself, nor whose relative(s) — is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of — (1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or (2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;			

8.	who, neither himself, nor whose relative(s) — holds together with his relatives two per cent or more of the total voting power of the listed entity; or			
9.	who, neither himself, nor whose relative(s) — is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;			
10.	who, neither himself, nor whose relative(s) — is a material supplier, service provider or customer or a lessor or lessee of the listed entity;			
11.	who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director			

Any other comments:

Signature: _____

Name of the Director
evaluating other Board
Member:

PERFORMANCE EVALUATION OF CHAIRMAN OF THE COMPANY

S. No.	Criteria of Evaluation	Rating						Comments
		0	1	2	3	4	5	
I	The Chairman:							
1.	Invests sufficient time towards Company's working and for the Meetings.							
2.	Gives strategic directions, vision and mission for the Company as a whole.							
3.	Is risk-taking and forward looking.							
4.	Takes keen interest in overall Supervision and Management of the Organisation.							
5.	Is open to new ideas, thoughts and feedback.							

Key to Ratings	0	1	2	3	4	5
Description	Insufficient Knowledge	Strongly Disagree	Somewhat Disagree	Somewhat Agree	Agree	Strongly Agree

Any other comments:

Signature: _____

Name of the Board Member:

PERFORMANCE EVALUATION OF BOARD COMMITTEES

S. No.	Criteria of Evaluation	Rating						Comments
		0	1	2	3	4	5	
I	Degree of fulfilment of key responsibilities							
1.	The committees effectively performs the responsibilities as outlined in the charter.							
2.	The mandate of the committees are sufficient in addressing the objectives for which it was set up by the Board.							
II	Adequacy of Committees Composition							
1.	The Committees are staffed adequately (in terms of size, skills/ expertise, experience) to carry out the responsibilities.							
III	Effectiveness of meetings							
1.	The frequency of committee meetings is adequate.							
2.	The agenda discussed in the meetings is clear and realistic in terms of number and nature of items to be covered.							
3.	Time allotted for every meeting is adequate to cover most of the agenda items.							
4.	Information provided for the meeting is adequate, timely and presented in a way that facilitates productive discussion (i.e. material is relevant with the right amount of detail and is “reader-friendly”).							
5.	There is an effective system for monitoring and driving closure of critical post meeting actions/ decisions.							
IV	Committee dynamics							
1.	All members have clarity of their role and responsibilities.							
2.	All members feel free to speak their mind and contribute effectively on key issues.							
3.	There is adequate dialogue and participation from members on critical issues/ issues of strategic importance.							
4.	Members are respectful to each other.							
V	Quality of relationship of the committee with the Board and the management							
1.	There is clarity between the Board, management and committee with respect to the role played by the committees.							
2.	There is good coordination and cohesiveness in the working of the Board, management and the committees.							
3.	Committee members are accessible to senior management employees.							
4.	The Board and the management shows a high degree of responsiveness/ acceptance of the guidance/ direction provided by the committee.							

Key to Ratings	0	1	2	3	4	5
Description	Insufficient Knowledge	Strongly Disagree	Somewhat Disagree	Somewhat Agree	Agree	Strongly Agree

Any other comments:

Signature: _____

Name of the Board Member:

PERFORMANCE EVALUATION OF BOARD AS A WHOLE

S. No.	Criteria of Evaluation	Rating						Comments
		0	1	2	3	4	5	
I	Degree of fulfilment of key responsibilities							
1.	Satisfactorily meets the key criteria for long term value creation for all stakeholders (as established by the Board and specific to the Company).							
2.	Effectively performs the responsibilities as required by law (i.e. as provided in the Companies Act and Clause 49).							
3.	Effectively reviews and approves the Annual Operating Plan (including the strategy and the resources plan).							
4.	Shows effective oversight of maintenance of high standards of Values and ethical conduct of business.							
5.	Takes adequate actions towards the protection and enhancement of the company.							
II	Board structure and composition							
1.	Is staffed adequately (in terms of size, skills/ expertise, experience and gender) to carry out the responsibilities.							
2.	Has a composition of directors aligned to the needs and strategy of the Company.							
III	Establishment and delineation of responsibilities to committees							
1.	The Board committees established by the Board are effective in terms of their number and scope.							
2.	There is clarity between the Board and every committee with respect to the role played by the committee.							
3.	The committees are effective in fulfilment of responsibilities delegated to them by the Board.							
IV	Effectiveness of Board processes, information and functioning							
1.	The frequency of Board meetings is adequate.							
2.	The agenda discussed in the meetings is clear and realistic in terms of number and nature of items to be covered.							
3.	Time allotted for every meeting is adequate to cover most of the agenda items.							
4.	Information provided for the meeting is adequate and presented in a way that facilitates productive discussion (i.e. material is relevant with the right amount of detail and is “reader-friendly”).							
5.	The Board is able to add value in matters of critical significance for the Company.							
6.	The minutes of the meeting effectively capture the discussion / decisions taken and the post meeting actions.							
7.	There is an effective system for monitoring and driving closure of critical post meeting actions/ decisions.							
V	Board Culture and Dynamics							
1.	All directors have clarity of their role and responsibilities.							
2.	All directors feel free to speak their mind and contribute effectively on key issues.							
3.	There is cohesiveness in the overall working of the Board.							
4.	Directors are respectful to each other.							
VI	Quality of relationship between the Board and the Management							
1.	There is clarity between the Board and the management with respect to the role played by each of them.							
2.	Board members are accessible to senior management employees and vice-versa.							
3.	Adequate opportunities are availed by the Board to be exposed to the Company’s management and to understand the Company’s products and operations.							

4.	The management shows a high degree of responsiveness to the guidance/ direction provided by the Board.								
5.	There is mutual trust between Board members and senior management.								
VII	Efficacy of communication with external stakeholders								
1.	The Board is adequately involved in communication with various external stakeholders/ public constituencies such as the media, financial community, employees, shareholders, agents, franchisees, dealers, distributors and importers.								
VIII	Board Accountability and Oversight								
1.	The Board knows and understands the Company’s values, mission and strategic and business plans well enough to provide critical oversight and reflects this understanding when addressing issues throughout the year.								
2.	The Board gives adequate attention to the capital and operating budgets and strategic plans, and regularly monitors progress throughout the year using appropriate financial indicators and benchmarks.								
3.	The Board encourages open communication between: a. The Board and senior management b. Board members								
IX	Oversight of the Financial Reporting Process, including Internal Controls								
1.	The Board considers the quality and appropriateness of financial accounting and reporting, including the transparency of disclosures to be good.								
2.	The Board/ Audit Committee appropriately considers Statutory and internal audit reports, management’s responses and steps toward improvement.								
3.	The Board scrutinizes the performance of Management in meeting the agreed goals and objectives.								

Ratings	0	1	2	3	4	5
Description	Insufficient Knowledge	Strongly Disagree	Somewhat Disagree	Somewhat Agree	Agree	Strongly Agree

Any other comments:

Signature: _____

Name of the Board Member: