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**NOMINATION AND REMUNERATION POLICY**

**IMAGINE MARKETING LIMITED**



## 1. **INTRODUCTION:**

The Remuneration Policy of Imagine Marketing Limited (“**Company**”) is formulated in line with terms of prevailing provisions of Section 178 of The Companies Act, 2013 (“**Companies Act**”) and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) and is intended to set out criteria for the remuneration for Directors, Key Managerial Personal (“**KMP**”) and other employees.

## 2. **OBJECTIVE:**

Our remuneration program is designed to attract, retain, and reward talent who will contribute to our long-term success and thereby build value for our shareholders and overall build a high performance culture in the Company. It is intended to:

- 2.1 To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (executive/non-executive/independent) of the Company (“**Director**”); and
- 2.2 To recommend policy relating to the remuneration of the Directors, KMP and Senior Management to the Board of Directors of the Company (“**Board**”). This includes reviewing and approving corporate goals and objectives relevant to the compensation of the executive Directors, evaluating their performance in light of those goals and objectives and either as a committee or together with the other independent Directors (as directed by the Board), determine and approve executive Directors’ compensation based on this evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation and recommending incentive-compensation and equity-based plans that are subject to approval of the Board.

## 3. **CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:**

The Board has constituted the “Nomination and Remuneration Committee” (“**NRC**”) in line with the requirements under the Act. The Board has authority to reconstitute NRC from time to time.

## 4. **SCOPE:**

Our Remuneration Philosophy/Policy applies to the following:

1. Directors of the Company
2. KMP & other employees

## 5. **POLICY OVERVIEW**



NRC has laid down this Policy to ensure compliance with Section 178 (4) of the Company Act which states that:

1. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors to run the company successfully.
2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
3. Remuneration to Directors, KMP and Employees 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.

## **6. REMUNERATION PHILOSOPHY:**

As a company, we expect our team to foster a culture of growth and high performance. Our Policy supports the design of programs that align rewards – including incentive programs, retirement benefit programs, promotion and advancement opportunities – with the long-term success of our stakeholders. The Policy enables and encourages employees to live by and demonstrate the Company's values in its true spirit. The remuneration guidelines drive meritocracy.

## **7. POLICY GUIDELINES:**

We aim to provide competitive remuneration opportunities to our employees. We recognize the size and scope of the role and the market standing, skills and experience of incumbents while positioning our employees. Principally, we believe that total remuneration packages should reflect the typical cost of comparable talent available in the industry.

### **7.1 Criteria for Selection/ Appointment of Non-Executive Directors:**

- i. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, technology, marketing, finance, taxation, law, governance and general management.
- ii. In case of appointment of Independent Directors, the NRC shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its functions and duties effectively.
- iii. The NRC shall ensure that the candidates identified for appointment as a Director are not disqualified for appointment under Section 164 of the Companies Act.
- iv. The NRC shall consider the following attributes/ criteria for recommendation of candidature for appointment as a Director:



- a. diversity of the Board;
  - b. integrity, personal, professional or business standing;
  - c. qualification, expertise and experience; and
  - d. other positive attributes of the candidate.
- v. In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Directors, engagement level and contribution in the deliberations of the Board.

## **7.2 Criteria for Selection/ Appointment of Managing Director/Chief Executive Officer/Executive Director:**

For the purpose of selection of the Managing Director (“MD”)/Chief Executive Officer (“CEO”)/ Executive Director (“ED”), the NRC shall identify person of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration the human resource policy of the Company.

The Company shall appoint or re-appoint any person as its Executive Chairman, MD or ED 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.

The NRC will also ensure that the incumbent fulfils such other criteria with regard to age and qualifications as laid down under the Companies Act or other applicable laws.

## **7.3 Remuneration to Directors:**

- i. Executive Directors shall be eligible for remuneration as may be approved by the Board on recommendation of NRC. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Act, and the rules made thereunder.
- ii. In determining the remuneration, the NRC shall consider the following:
  - a. industry benchmarks of remuneration;
  - b. the relationship of remuneration and performance benchmarks is clear;
  - c. company performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the key performance indicators;
  - d. balance between fixed and variable components reflecting short and long term performance objectives of the Company;
  - e. responsibilities required to be shouldered by the MD and ED and the industry benchmarks and the current trends;
  - f. The NRC may revise the remuneration/ vary the terms of remuneration based on a request received from Managing Director/Whole-time Director or the prevailing human resource policies of the Company, within the overall remuneration approved by the Board and the shareholders of the Company (the

“Shareholders”).

- iii. Non-Executive / Independent Directors will be eligible for sitting fees for attending meetings of Board or NRC as fixed by the Board on the recommendation of the NRC in accordance with the provisions of the Act, and the rules made thereunder.
- iv. Commission may be paid subject to the limits as per the applicable provisions of the Act. In determining the quantum of commission payable to the Directors, the NRC shall make its recommendation after taking into consideration the overall performance of the Company and the responsibilities required to be shouldered by the Directors. The Commission shall be payable on pro-rata basis to those Non-Executive Directors who occupy the office for a part of the year or the number of meetings attended during the year.
- v. The NRC may recommend to the Board, a higher commission for the Chairman of the Board taking into consideration the overall responsibility.
- vi. The total remuneration payable to the Non-Executive Directors may exceed one per cent of the net profits of the Company, subject to approval by the shareholders under Section 197 of Companies Act.
- vii. The Independent Directors shall not be entitled to participate in employee stock options scheme of the Company, if any.

#### **7.4 Remuneration to KMP and other employees:**

A KMP should possess adequate skills, qualification, expertise and experience for the position he/ she is considered for appointment, as per the Company’s requirements and applicable laws.

The KMP and other employees shall be paid remuneration as per the Company’s Compensation Policy, designed around the following primary pay components: fixed pay, annual variable pay, long term incentives, perks and benefits. The break-up of the pay scale and other components shall be governed by HR Policies of the Company. The remuneration is reviewed annually through the cyclical compensation review process.

In determining the remuneration of the KMP, the NRC shall consider the following:

- industry benchmarks of remuneration;
- the relationship between remuneration and performance benchmarks is clear;
- balance between fixed and variable components reflecting short and long term performance objectives of the Company;
- the remuneration is divided into two components i.e., fixed components of salary, perquisites and retirement benefits and variable component of performance based incentives;



- the remuneration including the 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 and individual performance of the KMP and other employees vis-à-vis the key performance indicators; and
- certain defined quantitative and qualitative parameters as may be decided by the Board, from time to time and the individual's performance vis-à-vis the key performance indicators.

**8. POLICY IMPLEMENTATION AND REVIEW:**

The NRC will be responsible for implementation and review of the Policy and make recommendations on any required changes to the Board for consideration and approval.