

Policy for Selection of Directors and Determining Directors Independence

1. Introduction

Zinema Media and Entertainment Limited (the “Company”) believes that an enlightened board of Directors (“Board”) consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, Zinema Media and Entertainment Limited ensures constitution of a Board with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.

Zinema Media and Entertainment Limited recognizes the importance of Independent Directors in achieving the effectiveness of the Board. Zinema Media and Entertainment Limited aims to have an optimum combination of executive Directors, non-executive Directors and Independent Directors.

2. Scope and Purpose:

2.1. This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as Independent Directors of the Company.

3. Terms and References:

Unless defined else where in this Policy, the following terms shall have the following meanings:

“**Director**” means a director appointed to the Board of the Company.

“**Nomination and Remuneration Committee**” means the committee constituted by Zinema Media and Entertainment Limited Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 (“Listing Regulations”).

“**Independent Director**” means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1) of Listing Regulations.

4. Policy:

QUALIFICATIONS AND CRITERIA

The Nomination and Remuneration Committee, and the Board, shall review on an annual

basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations.

In evaluating the suitability of individual Board Members, the Nomination and Remuneration Committee shall take into account many factors, including the following:

- General understanding of the Company's business dynamics, global business and social perspective;
- Educational and professional background;
- Standing in the profession;
- Personal and professional ethics, integrity and values; and
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

The proposed appointee shall also fulfill the following requirements:

- Shall possess a director's identification number or any other number as may be prescribed;
- Shall not be disqualified under the Companies Act, 2013;
- Shall give his written consent to act as a Director;
- Shall endeavour to attend all Board meetings and wherever he is appointed as a Committee member, the Committee meetings;
- Shall abide by the Code of Conduct established by the Company for Directors and senior management personnel;
- Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, Listing Regulations and other relevant laws.

The Nomination and Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

CRITERIA OF INDEPENDENCE

The Nomination and Remuneration Committee shall assess the independence of Directors at the time of appointment/re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

The criteria of independence, as laid down in Companies Act, 2013 and Listing Regulations, is as below:

An independent director in relation to a company, means a non-executive director other than a managing director or a whole-time director or a nominee director —

- a. who, in the opinion of the board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company or member of the promoter group of the company;

(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. who has or had no material pecuniary relationship, other than receiving director's remuneration or having transactions not exceeding ten percent of his total income or such amount as may be prescribed, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives-
 - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two percent of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
 - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of an amount of fifty lakhs rupees, at any time 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 an amount of fifty lakhs rupees or more, at any time during the two immediately preceding financial years or during the current financial year; or
 - (iv) has / have other pecuniary transaction or relationship with the Company or its holding, subsidiary or associate companies, or their promoters, or directors 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 or fifty lakhs rupees, whichever is lower during the two immediately preceding financial years or during the current financial year.
- e. who, neither himself nor any of his relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company 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;

- (ii) 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—
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a chief executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts or corpus from the company, 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 company; or
 - (v) is a material supplier, service provider or customer or a lessor or lessee of the company.
- f. Who is not less than 21 years of age.
 - g. 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.
 - h. shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, or other disciplines related to the Company's business.
 - i. shall possess such other qualifications as maybe prescribed, from time to time, under the Companies Act, 2013.

The Independent Directors shall abide by the “Code for Independent Directors” as specified in Schedule IV to the Companies Act, 2013.

The above criteria shall stand modified pursuant to any change or modification in the applicable provisions of the Companies Act, 2013, Listing Regulations, any other applicable Statute, Rule and Regulation from time to time, or any re-enactment thereof or the time being in force.

OTHER DIRECTORSHIPS/COMMITTEE MEMBERSHIPS

The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The Nomination and Remuneration Committee shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

5. Maximum Number of Directorships/committee Positions:

A Director shall ensure that he complies with the requirement of number of Directorship and Membership/Chairmanship of Committees of Board where he is Director, which as per the Companies Act, 2013 and Listing Regulations are:

DIRECTORSHIPS

- a) Shall not serve as Director in more than 20 companies of which not more than 10 shall be public limited companies.
(For reckoning the limit of public companies, the directorship in private companies that are either holding or subsidiary company of a public company shall be included and directorship in a foreign company, Section-8 company and dormant company shall not be included)
- b) w.e.f. April 1, 2019, shall not serve as director in more than 8 equity listed entities (This number shall stand reduced to 7 w.e.f. April 1, 2020)
- c) shall not serve as Independent Director in more than 7 equity listed entities
- d) shall not serve as Independent Director in more than 3 equity listed entities, if he is a whole-time director/managing director in any listed entity.

COMMITTEE POSITIONS

A Director shall not be a member in more than 10 committees or act as chairman of more than 5 committees across all companies in which he holds directorships.

For the purpose of considering the limit of the committees, audit committee and stakeholders' relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded.

The above limits under para 5.1 & 5.2 shall stand modified pursuant to any change or modification in the applicable provisions of the Companies Act, 2013, Listing Regulations, any other applicable Statute, Rule and Regulation from time to time, or any re-enactment thereof for the time being in force.

AMENDMENTS

The Board may from time to time, make amendments to this Policy. The Policy shall stand modified pursuant to any amendment in applicable laws and / or regulations.