

Remuneration Policy

1. Preamble

This Remuneration Policy provides the framework for remuneration of members of the Board of Directors and other employees of the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 of the Companies Act, 2013 to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

This policy reflects the remuneration philosophy and principles of Pentamedia Graphics Limited and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

2. Remuneration of Non-Executive Directors

2.1 Non-Executive Directors ("NEDs") are paid remuneration by way of Sitting Fees and Commission.

2.2 As per Section 197 (1) of the Companies Act, 2013, in a company where there is no Managing Director or Whole Time Director, commission to Non Whole Time Directors can be paid up to 11% (to all of them put together) of the net profits of the Company computed in accordance with Sections 198 of the Companies Act, 2013 and the same is subject to the approval of the Shareholders.

2.3 The payment of the Commission to the NEDs is placed before the Board every year for its consideration and approval.

The sitting fee payable to the NEDs for attending the Board and Committee meetings is fixed subject to the statutory ceiling. The fee is reviewed periodically and aligned to comparable best in class companies.

3. Remuneration to Other Employees

The Company's total compensation for other employees consists of:

- fixed compensation
- variable compensation in the form of annual incentive
- benefits
- work related facilities and perquisites

3.1 Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills,

experience and performance of the employee. Fixed compensation includes Basic Salary, Housing Allowance, Leave Travel Allowance and a Cash Allowance.

- 3.2 The Annual Incentive (variable pay) of executives is linked directly to the performance of the Business Unit and the Company in accordance with the Employees Incentive Scheme of the Company.
- 3.3 Based on the grade and seniority of employees, Benefits for employees include:
 - 3.3.1 Health-Related:
 - 3.3.2 Health (hospitalization) insurance
 - 3.3.3 Accident and Life insurance
 - 3.3.4 Retirement-Related:
 - 3.3.5 Contribution to a Superannuation Fund (in addition to statutory benefits such as Provident Fund account, Gratuity etc)
- 3.4 Employees are also eligible for work related facilities and perquisites as may be determined through HR policies issued from time to time based on the Grade of the employee.
- 3.5 A formal annual performance management process is applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives are directly linked to the performance ratings of individual employee.
- 3.6 Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.
- 3.7 Employees may be eligible for ESOPs as per the ESOP program (as and when such a scheme is drawn up) approved by the Shareholders and in force from time to time. The objective of the ESOP scheme will be to reward employees for their contribution to the long term growth and profitability of the Company by providing a platform to share the value they create for the Company.
- 3.8 Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

4. Adoption, Changes and Disclosure of Information

- 4.1 This Remuneration Policy and any changes thereof are approved by the Board of Directors based on the recommendation(s) of the N&R Committee.
- 4.2 The policy may be reviewed at such intervals as the Board or N&R Committee may deem necessary.

4.3 Such disclosures of this Remuneration Policy as may be required under the Companies Act, 2013.