



MUSIC BROADCAST LIMITED

NOMINATION, REMUNERATION AND EVALUATION POLICY

Last Amended and Effective from April 13, 2023



Preamble

This Nomination, Remuneration and Evaluation Policy (the “Policy”) applies to the Board of Directors (the “Board”), Key Managerial Personnel (the “KMP”) and the Senior Management Personnel of **Music Broadcast Limited** (the “Company”).

1. Definitions

- “**Director**” means a Director appointed to the Board of the company;
- “**Independent Director**” shall have the meaning as defined under the Companies Act, 2013 (“Act”) read with relevant rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”); as amended from time to time.
- “**Key Managerial Personnel**” (KMP) means—
 - i. Managing Director;
 - ii. Whole-time Director(s);
 - iii. Chief Executive Officer;
 - iv. Chief Financial Officer;
 - v. Company Secretary; and
 - vi. Such other Officer as may be prescribed.
- The term “**Senior Management Personnel**” (SMP) to include such officers/ personnel, as may be determined by Nomination & Remuneration Committee or Board who are members of its core management team excluding Board of Directors comprising members of management one level below the chief executive officer/managing director/whole time director(s)/manager (including Chief Executive Officer/ Manager, in case they are not part of the Board) and shall specifically include the functional heads, by whatever name called and the Company Secretary and Chief Financial Officer.

In reference to the company, the senior management personnel would refer to personnel occupying the positions identified by NRC as per the organizational framework of the Company.

- “**Managing Director**” shall have the meaning as defined under the Act 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 director(s)**” 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 Act read with relevant Rules thereunder and the Listing Regulations or other relevant provisions; as may be applicable, as amended from time to time.

This Policy complies with Section 178 of the Act, read along with the applicable rules thereto and the Listing Regulations as amended from time to time.



2. Purpose

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP). The Company aims to achieve a balance of merit, experience and skills amongst its Board, KMP and SMP.

The key objectives of the policy, thus, would be:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed or re-appointed as KMP, SMP and such other positions as may be decided and to determine their remuneration and recommend to the board of directors about their appointment and removal.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies.
- Recommend to the board of directors, the remuneration of the Directors, KMP and SMP.
- To establish framework for performance evaluation of the Board, Directors, including Independent Directors, Committees and the Chairman. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the performance evaluation report,

3. Accountability

- The Board is ultimately responsible for the appointment, re-appointment and removal of Directors, KMP and SMP.
- The Board has delegated responsibility for assessing and recommending the candidates for the role of Directors, Key Managerial Personnel and laying down the criteria for selection of the SMP to NRC which makes recommendations to the Board.

4. Nomination and Remuneration Committee

1. Members:

- The Nomination and Remuneration Committee shall consist of a minimum of three (3) Non-Executive Directors, majority of them being Independent Directors.

2. Chairperson:

- Chairperson of the Committee shall be an Independent Director.
- Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairperson of the Committee.
- In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- Chairperson of the Committee or any other person authorized by him shall be present at the Annual General Meeting to answer the shareholders' queries.

3. Committee Members' Interest:

- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.



4. Meeting:

- The NRC shall meet at least once in a year.
- The quorum for a meeting of the NRC shall be either two members or one-third of the members of the Committee, whichever is greater, including at least one independent director in attendance.

5. Voting:

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- In the case of equality of votes, the Chairperson of the meeting will have a casting vote.

6. General:

- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated / dissolved by the Board of Directors.

5. Nomination and Remuneration Committee – Responsibility

The Nomination and Remuneration Committee is responsible for:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy,
- identifying individuals suitably qualified to be appointed as the Executive Directors, Independent Directors, KMPs and Senior Management Personnel for the Company,
- recommending to the Board on the selection of individuals nominated for directorship,
- formulating the criteria for determining qualification, positive attributes and recommending to the Board a policy relating to the remuneration for Executive Directors, Key Managerial Personnel and other employees,
- assessing the independence of independent directors, so as to ensure that the individual meets with the requirement prescribed under the Act read with Listing Regulations,
- such other key issues/matters as may be referred by the Board or as may be necessary in view of the Listing Regulations and Disclosure Requirement provision of the Act and Rules thereunder,
- to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract,
- to devise a policy on Board diversity,
- to develop a succession plan for the Board and to regularly review the plan,
- lay down criteria for evaluation of the individual Directors, Committees and Board as a whole, and
- recommend to the board, all remuneration, in whatever form, payable to senior management.

6. Positive Attributes and qualifications of Directors/KMPs/Senior Management Personnel

When recommending a candidate for appointment or re-appointment, the Committee will have regard to the following qualifications and positive attributes:

- assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, industry experience, background and other qualities required to operate successfully in the position;
- the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company; in case of KMPs and SMP their contribution towards effectiveness of the organization as a whole would be considered;
- the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;



- ability of the appointee to represent the company
- ability to work individually as well as a member of the Board and senior management
- influential communicator with power to convince other in a positive way;
- ability to participate actively in deliberation and group processes;
- have strategic thinking and facilitation skills;
- act impartially keeping in mind the interest of the company on priority basis;
- personal specifications:
 - Educational qualification;
 - Experience of management in a diverse organization;
 - Interpersonal, communication and representational skills;
 - Demonstrable leadership skills;
 - Commitment to high standards of ethics, personal integrity and probity;
 - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;

7. Independence of a Director

The key role of an Independent Director is to provide an unbiased, varied and experienced perspective to the Board. While evaluating the candidature of a Director, the Committee abides by the criteria for determining Independence as stipulated under Act, Listing Regulations and other applicable regulations or guidelines, as amended from time to time.

The Committee takes a broad perspective with respect to Independence and takes into consideration not only the dealings, transactions, relationships with the concerned Individual Director(s) but also with the relatives, and affiliated entities and organizations.

The Committee, along with the Board, regularly reviews the skill and, characteristics required from the Board & Individual Directors. One of the prime objectives of this exercise is to identify competency gaps in the Board and make suitable recommendations. The objective is to have a Board of diverse background and experience in business, technology, governance and areas that are relevant for the Company.

Besides considering all other qualifications w.r.t to talent, relevant professional experience, proven track record of performance and achievement, ethics and integrity, ability to bring in fresh and independent perspectives, the Committee objectively evaluates whether an individual can dispassionately discharge the statutory functions of a Director as enshrined in the Act and Listing Regulations.

8. Board Diversity

The Board shall consist of such number of Directors including at least one Independent woman Director as is necessary to effectively manage the Company of the size of Music Broadcast Limited. The Board shall have an optimum combination of Executive and Independent Directors.

The Nomination & Remuneration Committee will lead the process for Board appointments. All Board appointments will be based on meritocracy in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. The Company believes that increased diversity in Board is associated with better financial performance, greater innovation and has a positive impact on the Company.



9. Letters of Appointment

Each Director including Executive Directors, Independent Directors and the KMPs, SMP are required to sign the letter of appointment with the Company containing the terms of appointment and the role assigned in the Company.

The term/tenure of the Directors including Executive Directors and Independent Directors shall be in accordance with the applicable laws and regulations.

10. Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel

The Committee will determine individual remuneration packages for Directors and lay down criteria for deciding upon the remuneration of KMPs and SMPs of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The core factors taken into consideration are:

- Industry practice and benchmarks;
- Long-term value creation.
- Reward achievement of results on the basis of prudent practice, responsibility and risk taking abilities.
- Attract and retain and motivate the best professionals.
- Reward the experience and professional track record.
- Ensure equity within the Group and competitiveness outside it.
- Ensure transparency in its remuneration policy.

For Executive Directors (Managing Director and Whole time Directors)

- Section 197(1) of the Act provides for the total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company for that financial year computed in the manner laid down in Section 198 in the manner as prescribed under the Act.
- The Company with the approval of the Shareholders by way of special resolution may authorise the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.
- The Company may with the approval of the shareholders by way of special resolution authorise the payment of remuneration upto five percent of the net profits of the Company to its anyone Managing Director/Whole Time Director/Manager and ten percent in case of more than one such officer.
- The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if
 - i. the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
 - ii. where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

Provided that the approval of the *shareholders* under this provision shall be valid only till the expiry of the term of such director.



For Non-Executive Directors

- The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a managing director or whole time director or manager and three percent of the net profits in any other case. Section 197(5) provides for remuneration by way of a fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.
- The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of sitting fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board and profit related commission as may be approved by the members.
- The sitting fee to the Independent Directors & Woman Director(s) shall not be less than the sitting fee payable to other directors.
- The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

General

- ❖ The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income Tax Rules.
- ❖ The remuneration payable to Directors shall be subject to the approval of Shareholders, if required, as per the provisions of applicable laws.
- ❖ The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Act.
- ❖ The Company may opt for Directors including Independent Directors & Officers Liability Insurance, in accordance with the Policy.
- ❖ Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

For Key Managerial Personnel and Senior Management Personnel

- ❖ The remuneration payable to the Key Managerial Personnel and the Senior Management shall be as per the criteria decided by the Committee having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.
- ❖ The remuneration in whatever form, payable to SMPs will be recommended to board by the Committee.

For other employees

- ❖ The policy for determination of the remuneration of employees other than Directors, KMPs and Senior Management Personnel shall be as per the normal HR process followed by the Company.



11. Evaluation/ Assessment of Board of Directors / Committee of the Board

The committee shall undertake a formal and rigorous annual evaluation of the Board, including its Committees and Individual Directors. The evaluation of performance of the Board shall be independent and objective and should take into account the overall impact of their functioning on the Company and its Stakeholders. Besides the performance evaluation of Individual Directors, evaluation of the performance of the committees and the Board as a whole is also required to be conducted. The performance evaluation shall be undertaken on yearly basis, the schedule of which may be laid down by the Committee.

➤ Performance Review of the Directors:

The NRC is required to establish mechanism for Performance Evaluation & Assessment of the Directors including the Independent Directors. The evaluation/assessment of the Directors of the Company is to be conducted on an annual basis to cater to the requirements of the Companies Act 2013, and Listing Regulations. The following criteria's may assist in determining how effective the performances of the Directors have been:

- Leadership Qualities contributing to corporate objectives & plans
- Communication of expectations & concerns clearly with colleagues
- Obtain adequate, relevant & timely information from external sources.
- Review & approval achievement of strategic and operational plans, objectives, budgets
- Regular monitoring of corporate results against projections
- Identify, monitor & mitigate significant corporate risks
- Assess policies, structures & procedures
- Effective meetings
- Assuring appropriate board size, composition, independence, structure
- Clearly defining roles & monitoring activities of committees
- Review of organization's ethical conduct

The Committee shall finalize a series of assessment questionnaire to enable such evaluation being conducted. Once the assessment is completed, the Committee shall evaluate such assessments. The Company may engage external consultants / agencies to provide assistance in the evaluation process. Further, the Committee needs to review the implementation and compliance of evaluation process

➤ Performance Review by Independent Directors

In accordance with the mandate given under Act & Listing Regulations, Independent Directors will hold at least one separate meeting without the attendance of non-independent directors and members of management. Company Secretary may be called upon to be present.

The meeting shall:

- (a) review the performance of non-independent directors and the Board as a whole;
- (b) review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

➤ Performance Evaluation of The Committees:

Performance Evaluation of the respective Committees shall be done by the Board. The performance evaluation shall be undertaken on annual basis, the schedule of which may be laid down by the Committee.



12. Succession Planning

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 process 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 and the review the succession planning process.

13. Review of the policy

This Policy shall be reviewed by the NRC to ensure that it meet the requirements and the Committee shall make recommendations to the Board on required amendments as and when necessary. This policy shall be placed on the website of the company.