NOMINATION AND REMUNERATION POLICY

1. Introduction

The Nomination & Remuneration Policy ("Policy") of **BMB Music & Magnetics Limited** is formulated under the requirements of applicable laws, including the Companies Act, 2013.

The Policy is intended to identify persons qualified to become Directors and to set out criteria to determine remuneration to the Directors, Key Managerial Personnel (KMP), senior management (as defined below) and other employees of the Company and to recommend to the Board for their appointment and removal.

2. Objective and Purpose

The objectives and purpose of this Policy are:

- To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (executive/non-executive/independent) of the Company; and
- To recommend policy relating to the remuneration of the Directors, KMP and Senior Management to the Board of Directors of the Company.

3. Constitution of the Nomination and Remuneration Committee

The Board has constituted the "Nomination and Remuneration Committee" of the Board on 18th January, 2024. This is in line with the requirements under the Companies Act, 2013 ("Act").

The Board has authority to reconstitute this Committee from time to time.

4. Definitions

a. 'Board' means Board of Directors of the Company.

b. 'Directors' means directors of the Company.

c. 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act.

d. 'Company' means **BMB Music & Magnetics Limited**.

e. 'Independent Director' means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.

f. 'Key Managerial Personnel (KMP)' means) the Managing Director or Chief Executive Officer or manager

ii) Whole-time Director

iii) the Company Secretary;

iv) the Chief Financial Officer; and

v) Such other officer as defined under the Companies Act, 2013 from time to time.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 shall have the meaning respectively assigned to them therein.

5. Maters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The following maters shall be dealt with by the Committee:

(a) Size and composition of the Board:

Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company;

(b) Directors:

Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.

(c) Succession plans:

Establishing and reviewing Board, KMP, and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

(d) Remuneration framework and policies: The Committee is responsible for reviewing and making recommendations to the Board on:

i) Remuneration of executive Directors to be presented for shareholders' approval including severance, if any.

ii) Individual and total remuneration of non-executive Directors and the chairman (if nonexecutive), including any additional fees payable for membership of Board committees;

iii) the remuneration policies for KMP and Senior Management including base pay, incentive payments, retirement right.0s, severance pay if any and service contracts having regard to the need to:

a) attract and motivate talent to pursue the Company's long-term growth;

b) demonstrate a clear relationship between executive compensation and performance;

c) be reasonable and fair, having regard to best governance practices and legal requirements and

d) balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals.

6. Policy for appointment and removal of Directors, KMP and Senior Management

(a) Appointment criteria and qualifications

1. The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.

2. A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he / she is considered for.

(b) Term / Tenure

1. Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director or Whole time Director 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.

2. Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment atier expiry of three years of ceasing to become an Independent Director, provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

Performance Evaluation Criteria of Independent Directors:

1. Understanding of nature and role of independent directors' position;
2. Active engagement with the Management and attentiveness to progress of decisions taken;
3. Driving any function or identified initiative based on domain knowledge and experience;
4. Proactive, strategic and lateral thinking.

(c) Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the

Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

(d) Retirement

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMP and Senior Management in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

7. Policy relating to the remuneration for Directors, KMP and Senior Management

(a) General

1. The remuneration / compensation / commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.

2. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.

3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the Case of Managing Director/ Whole-time Director.

4. Where any insurance is taken by the Company on behalf of its Directors, KMP and Senior Management 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.

(b) Remuneration to other employees

The compensation for other employees would be as per the compensation policy of the Company, as revised through the annual compensation review process from time to time and approved by the Chief Executive Officer Chief Operating Officer, in consultation with the Head- HR.

(c) Minimum remuneration to Managing Director and Wholetime Directors

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and Whole-time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

(d) Remuneration to Non Executive / Independent Directors

The remuneration payable to each Non-Executive Director and independent Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder. The Independent Directors shall not be entitled to any stock incentive of the company.

8. Policy review

(a) This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder.

(b) In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

(c) This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.