

NOMINATION AND REMUNERATION POLICY

Preamble

This Nomination, Remuneration and Board Diversity Policy (the “Policy”) has been formulated by One 97 Communications Limited (“Company”) in compliance with Section 178 of the Companies Act, 2013, read with applicable rules made thereunder and in compliance of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) when so applicable.

The Board of Directors of Company (“Board”) has approved and adopted this revised Policy at their meeting held on July 10, 2021 on the recommendation of the Nomination and Remuneration Committee, which can be amended from time to time.

Objective and purpose

The objective of this Policy is to serve as a guiding charter to appoint qualified persons as directors on the board of directors of the Company (“Directors”), Key Managerial Personnel (the “KMP”), persons who may be appointed in senior management positions (“SMP”), to recommend the remuneration to be paid to them and to evaluate their performance. This Policy provides a framework for:

- a) Identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed as KMP, SMP in accordance with the criteria laid down, and recommend to the Board for their appointment and removal
- b) Identifying the criteria for determining qualifications, positive attribute and independence of a director;
- c) Specifying framework for remuneration of Directors, KMPs and SMPs, based on factors including the Company’s size, financial position, trends and practices on remuneration prevailing in peer companies in the similar industry.
- d) Specifying the manner for effective evaluation of performance of the Board, Directors, KMPs, SMPs and persons in senior management position to be carried out either by the Board, by the Committee or by an independent external agency.
 - a) Assessing the independence of independent Directors
 - b) Providing them reward, linked directly to their efforts, performance, dedication and achievement relating to the Company’s operations.
 - c) Retaining, motivating and promoting talent and to ensure long term sustainability of talented persons and create competitive advantage.
 - d) Such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Companies Act 2013 and Rules thereunder and the SEBI Listing Regulations, whenever applicable.

Scope of the Policy

The policy shall be applicable to the following in the Company:

- e) Directors
- f) KMPs
- g) SMPs

“Key Managerial Personnel (KMP)” means Key Managerial Personnel as defined under sub-section (51) of Section 2 of the Companies Act, 2013 as under:

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer;
- (v) such other officer, not more than one level below the Directors who are in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed.

“Senior Management Personnel (SMP)/Senior Officials” means personnel of the Company who are members of its core management team excluding Board of Directors, comprising all members of management one level below the Executive Directors/CEO/Whole Time Director including the Functional Heads.

Words and expressions not defined in this policy shall have the same meaning as contained in the Act and the Listing Regulations.

Constitution of the Nomination and Remuneration Committee (“NRC” or “Committee”)

The NRC means a Committee of Directors constituted under Section 178 of Companies Act, 2013, read with rules made thereunder.

- i. The Board shall determine the membership of the Committee.
- ii. The Committee shall comprise of at least three members, all of whom shall be Non-Executive Directors, and at least fifty percent of whom shall be Independent Directors.
- iii. One of the Independent Non-Executive Director shall be designated by the Board to serve as the Committee’s Chairman. Provided that the Chairperson of the listed entity, whether Executive or Non-Executive, may be appointed as a member of the Committee and shall not chair the Committee.

Letter of appointment

Letter of appointment shall be issued by the Company to each Director, KMP and SMP based on the recommendations of the NRC on the basis of the guidelines for the same under the Companies Act, 2013 and this Policy and shall be accepted and signed by the concerned person.

Appointment criteria and qualifications

The Board shall have an optimum combination of executive, non-executive and independent directors in accordance with requirements of the Articles of Association of the Company, the Companies Act, 2013, Listing Agreement and the statutory, regulatory and contractual obligations of the Company.

General Criteria

- a. The Committee shall be responsible for identifying suitable candidate for appointment/ re-appointment as Director of the Company. While evaluating a person for appointment/re appointment as Director, The Committee shall consider and evaluate number of factors including but not limited to background, knowledge, skills, abilities (ability to exercise sound judgement) professional and personal accomplishment, age, experience of industry and such other factors that the committee might consider relevant and applicable from time to time towards achieving a diverse Board.
- b. The proposed candidate shall possess appropriate expertise, experience and knowledge in one or more fields of technology, finance, law, management, sales, marketing, administration, corporate governance or such other areas related to the Company's business as determined by the NRC.
- c. During the term of the office, every director shall –
 - i. uphold ethical standards of integrity and probity;
 - ii. act objectively and constructively;
 - iii. exercise responsibilities in a bona-fide manner in the interest of the Company;
 - iv. shall be free from any disqualifications as stipulated under the Act as well as the Listing Regulations;
- d. The Company shall not appoint or continue the employment of any person as whole time director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- e. The Committee shall ensure that an appropriate induction and training and familiarization program is in place for new Directors, KMPs and SMPs after their appointment.
- f. The Committee shall 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.
- g. The Committee shall recommend any necessary changes to the Board.

Appointment of Independent Directors

While evaluating a person for appointment / re-appointment as an Independent Director, the Committee shall ensure that the proposed candidate satisfies the following additional criteria:

Meet the baseline definition and criteria of “independence” as set out in section 149 of the Act, the Listing Regulations and other applicable laws.

- o Should not hold any Board / employment position with a competitor in the geographies where the Company

is operating. However, the Board may in special circumstances waive this requirement.

- o Has attained minimum age of 25 years and is not older than 70 years.
- o Does not hold independent directorship in more than six listed entities.
- o Does not hold directorship in more than three listed entities if serving as a whole time director in any listed entity.

Independence of Directors is decided on the basis of criteria provided under the relevant provisions of the Companies Act, 2013, read with rules made thereunder, and any modification/amendments done from time to time and as envisaged under SEBI Listing Regulations. A declaration of independence is taken from the Independent Directors at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an Independent Director. An Independent Director shall be under the obligation to inform the Board of Directors of any change in circumstances which may affect his/her independence.

The re-appointment / extension of term of the Director shall be on the basis of their performance evaluation report.

Appointment of Managing Director/Whole-time Director

The Board based on the recommendation of the NRC shall be responsible for identifying suitable candidate for the position of Chairman, Managing Director/Whole-time Director.

The terms and conditions of the appointment shall be in accordance with the provisions of Applicable Law.

Policy objectives

In discharging its responsibilities, the Committee shall have regard to the following policy objectives:

- i) To ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders;
- ii) To attract and retain and motivate competent individuals;
- iii) To plan short and long-term incentives to retain talent;
- iv) To ensure that any severance benefits are justified.
- v) To ensure that the Directors, KMPs or SMPs is based and determined on the basis of individual's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any, including that the remuneration to be paid to the Managing Director ("MD") and/or Whole-Time Director shall be in accordance with the percentage/ slabs/ conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013 and the rules made there under.
- vi) To ensure that individual remuneration packages for Directors, KMPs, SMPs are determined after taking into account relevant factors, including but not limited to:
 - Qualification and experience
 - Level of engagement in the affairs of the Company,
 - Market conditions,
 - Financial and commercial health of the Company,
 - Practice being followed in comparable companies,
 - Prevailing laws and government/other guidelines.
- vii) The remuneration / compensation / commission etc. to the whole-time Director, KMP, SMP and other employees will be determined by the Committee and recommended to the Board for approval.
- viii) Increments to the existing remuneration / compensation structure of the SMPs and other employees including

the Functional Heads will be jointly decided by the Chairman and MD and Head- Human resources.

Remuneration Structure

The remuneration structure would normally depend upon the roles and responsibilities as well as the prevailing market practices. In normal circumstances, the remuneration of an individual shall be divided between fixed and variable components as required under the provisions of the Companies Act, 2013 and as envisaged in SEBI Listing Regulations

- i) Base Compensation (fixed salaries): This component of salary is competitive and reflective of the individual's role, responsibility and experience in relation to performance of day -to-day activities, usually reviewed on an annual basis. The base Compensation includes salary, allowances and other statutory/non-statutory benefits which are normal part of remuneration package in line with market practices.
- ii) Variable salary: A relevant part of remuneration is payable as variable salary linked to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set in this regard.
- iii) Any other component/benefits as may be recommended by the management and approved by the NRC.
- iv) Stock Options in accordance applicable laws.

Remuneration to Whole-time/ Managing Director, KMP and SMP:

- i) **Fixed pay** – The MD and/or Whole-time Director, KMP and SMP shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee and the shareholders, wherever applicable. The breakup of the pay scale and quantum of perquisites including, employer's contribution towards provident fund, pension scheme, medical expenses, club fees and other perquisites shall be decided and approved by the Board on the recommendation of the Committee.
- ii) **Minimum Remuneration** – If in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to its MD and/or Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if the Company is not able to comply with such provisions, previous approval of the Central Government shall be required to be obtained.

Remuneration to Non-Executive / Independent Director:

- i) Remuneration – The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and with the provisions of Companies Act, 2013 along with the rules made there under.
- ii) Sitting Fees – The non- executive/ independent Director may receive remuneration by way of fees for attending meetings of Board or committees of the Board to which they are appointed from time to time thereof. Provided that the amount of such fees shall not exceed the limits prescribed under Companies Act, 2013.

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made there under or under any other applicable law, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP, SMP or other person in senior management position, subject to the provisions and compliance of the Companies Act, 2013 and other applicable law.

Retirement

The Director, KMP and SMP shall retire as per the applicable provisions of the Companies Act, 2013 along with

the rules made there under and the prevailing policy of the Company. The Board will have the discretion to retain any Director, KMP, SMP or other person in senior management position, even after attaining the retirement age, for the benefit of the Company.

Minutes of Committee Meeting

Proceedings of all meetings must be recorded as minutes and signed by the chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

Review

The policy shall be reviewed by the Nomination & Remuneration Committee at appropriate intervals and based on its recommendations; the Board may revise the same from time to time.

Scope and limitation

In the event of any conflict between the provisions of this Policy and the Companies Act, 2013, rules made there under, the SEBI Listing Regulations or any other statutory enactments or rules as maybe applicable, the provisions of Companies Act, 2013, rules made there under, the SEBI Listing Regulations or any other statutory enactments or rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

Disclosure of this Policy by the Company

This Policy shall be placed on the website of the Company and the salient features of the Policy and changes therein, if any, along with the web address of the Policy shall be disclosed in the Board's Report.

Policy Review

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

The Committee as and when required shall assess the adequacy of this policy and make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, current law and best practice.