

PREMIUM MERCHANTS LIMITED

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Nomination and Remuneration Policy

The Nomination and Remuneration Policy is being formulated in compliance with section 178 of the Companies Act, 2013 read along with applicable rules and any amendments from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors.

1. Definitions:

- a) **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income tax Act, 1961.
- b) **“Key Managerial Personnel” means:**
- (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, and
 - (v) such other officer as may be prescribed.
- c) **“Senior Managerial Personnel” means** the personnel of the Company who are members of its core management team excluding Board of Directors.

2. Objective:

The objective of the policy is to ensure that

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully:
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goal.

3. Role of the Committee:

The role of the Nomination and Remuneration Committee:

- to identify persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board of Directors their appointment and removal.
- to carry out evaluation of every director's performance.
- to formulate the criteria for determining qualifications, positive attributes and independence of a director.
- to recommend to the Board a policy, relating to the remuneration for the directors, key management personnel and the employees in senior management.
- Any other matter as may be assigned by Board from time to time.

4. Appointment and Removal of Director, Key Managerial Personnel and Senior Management

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the Person for appointment as Director, KMP or at Senior Management Level and recommend his /her appointment, as per Company's Policy.
- b) A Person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment .The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient /satisfactory for the position.
- c) 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.

5. Term/Tenure

a) Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive 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.

b) Independent Director:

An Independent director shall not office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing a special Resolution by the Company and disclosure of such appointment in the Board's Report.

6. Evaluation

The committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

7. Removal

The Committee may recommend with reasons recorded in writing, removable of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules, regulations and the policy of the Company.

8. Retirement

The Director, KMP and the Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company.

9. Policy for Remuneration to Directors/KMP/Senior Management Personnel

a) Remuneration to Key Managerial Personnel

The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.

b) Remuneration to Non-executive / Independent Director

The non-executive /Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of the Companies Act, 2013.

10. Implementation

- The committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may delegate any of its powers to one or more of its members.