

SOBHAGYA MERCANTILE LIMITED
NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

The Board of Directors (the “Board”) of Sobhagya Mercantile Limited (the “Company”), upon recommendations of the Nomination and Remuneration Committee, has adopted the following policy and procedures with regard to remuneration of the Board members, Key Management Personnel, Senior Management and Employees as below.

The Committee and the Policy is formulated in compliance of section 178 of the Companies Act, 2013 (“Act”) and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (as amended from time to time).

2. DEFINITIONS

“**Act**” means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

“**Board**” means Board of Directors of the Company.

“**Company**” means “Sobhagya Mercantile limited.”

“**Directors**” mean Directors of the Company.

“**Employees**” means all other Employees of the Company

“**Independent Directors**” means a director referred to in Section 149 (6) of the Companies Act, 2013 and Listing Regulations (as amended from time to time)

“**Nomination and Remuneration Committee**” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations (as amended from time to time)

“**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;

“**Key Managerial Personnel**” means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013

“**Senior Management**” means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

3. OBJECTIVE

The policy is framed with the objective(s):

- 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.

- That the Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and

-That the 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 goals.

4. APPLICABILITY

This Policy is applicable to:

1. Directors viz. Executive, Non-executive Independent
2. Key Managerial Personnel
3. Senior Managerial Personnel and other employees

5. NOMINATION AND REMUNERATION COMMITTEE

Composition

The Committee shall consist of three or more non- executive directors out of which not less than one-half shall be independent directors.

Provided that the chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

Role of the Committee

The role of the Committee shall inter alia, include the following:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (6) recommend to the board, all remuneration, in whatever form, payable to senior management

6. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

1. 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 to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. Appointment of Independent Directors is subject to compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules there under
4. 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.

Term / Tenure:

1. **Managing Director/Whole-time Director/Manager (Managerial Person):**
The Company shall appoint or re-appoint any person as its Managerial Person 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 reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

Evaluation:

The Committee shall evaluate the performance of every Director, KMP and Senior Management at regular interval (yearly).

Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations

Retirement

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company.

7. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

1. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
2. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP 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.
3. Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

8. REMUNERATION TO NON- EXECUTIVE DIRECTORS

1. Sitting Fees: Non-Executive Directors (NEDs) including Independent directors (NEIDs) are entitled to receive fees for attending meetings of the Board or Committee of the Board or for any other purposes as may be decided by the Board, of such sum as may be approved by the Board of Directors of the Company within the overall limits prescribed under the Companies Act, 2013 and the rules made thereunder, SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 ("Listing Regulations") or other applicable law.

2. Commission: Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its NEDs at a specified percentage of net profits of the Company (commission). Such commission may be paid to Non-Executive Independent Directors as may be decided by the Board of Directors on the recommendation of Nomination & Remuneration Committee (NRC), within the limits prescribed by law and approved by the shareholders, wherever required. The basis of payment of commission is Net profits of the Company.

3. Reimbursement of actual expenses incurred: NEIDs may also be paid / reimbursed such sums incurred as actual for travel, incidental and / or actual out of pocket expenses incurred by such Director for attending Board / Committee Meetings.

4. Stock Options: As per the provisions of Companies Act, 2013 and Listing Regulations, the Non-executive Independent Directors of the Company shall not be entitled to any stock options of the Company.

5. Remuneration to NENIDs: The Non-Executive Non-Independent Director(s) of the Company may be entitled to receive remuneration by way of sitting fees or commission or reimbursement of expenses as may be recommended by NRC and approved by the Board of Directors of the Company within the limits prescribed by law and approved by the shareholders, wherever required. The said remuneration will be within the limits specified in the Companies Act, 2013 and rules made thereunder and Listing Regulations.

The aforesaid criteria shall be subject to review by NRC and the Board of Directors of the Company whenever considered necessary.

9. MINUTES OF COMMITTEE MEETING:

Proceedings of all meetings must be signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

10. DISSEMINATION

The details of the Policy and the evaluation criteria as applicable shall be published on Company's website and accordingly disclosed in the Annual Report as part of Board's report therein.

11. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendments(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being the consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.