



GAURAV MERCANTILES LIMITED

NOMINATION AND REMUNERATION POLICY



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INTRODUCTION

Gaurav Mercantiles Limited recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Company has therefore formulated the remuneration policy for its Directors, Key Managerial Personnel and other employees ("Policy") keeping in view the following objectives:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- ii. Formulation of criteria for evaluation of performance of Independent Director and the Board
- iii. Devising a policy on Board diversity.
- iv. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- v. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- vi. Identify whether to extend or continue the term of appointment of the Independent Director on the basis of the report of their performance evaluation.
- vii. It shall, while formulating the remuneration policy 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 goals.



- Recommend to the board, all remuneration, in whatever form, payable to senior management

SCOPE AND PURPOSE

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for recommending to the board of Directors of the Company (“Board”) the remuneration of the Directors, Key Managerial Personnel and other employees of the Company.

TERMS AND REFERENCES

Unless defined elsewhere in this Policy, the following terms shall have the following meanings:

- **Board:** Board means Board of Directors of the Company.
- **Director:** Directors means Directors of the Company.
- **Committee:** Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- **Company:** Company means Gaurav Mercantiles Limited.
- **Key Managerial Personnel:** As defined and amended from time to time under the provisions of Companies Act, 2013.
- **Senior Management:** As defined and amended from time to time under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- **Listing Regulations:** Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

APPOINTMENT CRITERIA

Appointment/Removal/Tenure of Directors, Senior Management and KMPs shall be governed by Companies Act, 2013 and the Listing Regulations.



CRITERIA FOR EVALUATION OF INDEPENDENT DIRECTOR AND THE BOARD

Following are the Criteria for evaluation of performance of Independent Directors and the Board

1. EXECUTIVE DIRECTORS

The Executive Directors shall be evaluated on the basis of targets / Criteria given to Executive Directors by the board from time to time.

2. NON-EXECUTIVE DIRECTORS

The Non-Executive Directors shall be evaluated on the basis of the following criteria and any other criteria as prescribed under the provisions of the Companies Act 2013 and Listing Regulations:

whether they:

- a) act objectively and constructively while exercising their duties;
- b) exercise their responsibilities in a bona fide manner in the interest of the Company;
- c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- d) do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- e) refrain from any action that would lead to loss of his independence;
- f) inform the Board immediately when they lose their independence;
- g) assist the company in implementing the best corporate governance practices;
- h) strive to attend all meetings of the Board of Directors and the Committees;
- i) participate constructively and actively in the committees of the Board in which they are chairpersons or Members;



- j) strive to attend the general meetings of the Company;
- k) keep themselves well informed about the Company and the external environment in which it operates;
- l) do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- m) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest;
- n) abide by Company's Memorandum and Articles of Association, Company's policies and procedures including Code of Conduct, Insider Trading guidelines etc.

POLICY ON BOARD DIVERSITY

The Board of Directors shall have the optimum combination of Directors from the different areas / fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development, Human Resources etc. or as may be considered appropriate.

The Board shall have at least one Board member who has accounting or related financial management expertise and at least three members who are financially literate.

REMUNERATION TO SENIOR MANAGEMENT, EXECUTIVE DIRECTORS AND KEY MANAGERIAL PERSONNEL

1. The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Executive Directors within the overall limits approved by the shareholders of the Company.
2. The Board, on the recommendation of the Nomination and Remuneration Committee, shall also review and approve the remuneration payable to the Senior Management and Key Managerial Personnel of the Company.
3. The remuneration structure to the Senior Management, Executive Directors and Key Managerial Personnel may include the following components:



- (i) Basic pay
- (ii) Perquisites and allowances
- (iii) Stock options
- (iv) Commission (applicable in case of Executive Directors)
- (v) Retiral benefits
- (vi) Annual performance bonus

REMUNERATION TO NON-EXECUTIVE DIRECTORS

The Board on the recommendation of the Nomination and Remuneration Committee shall review and approve the remuneration payable to the non-executive Directors (“Non Executive Directors”) within the overall limits approved by the shareholders of the Company.

Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the committees thereof. The Non-Executive Directors may also be entitled to profit related commission in addition to the sitting fees, as may be decided by the shareholders of the Company, from time to time.

REMUNERATION TO OTHER EMPLOYEES

Employees are assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration is determined within the appropriate grade and is based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

DIRECTORS AND OFFICERS’ INSURANCE

Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc. 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.

CONFORMITY WITH THE ACT/LISTING REGULATIONS

This policy is in conformity with the provisions of the Companies Act, 2013 and Listing Regulations. However, if due to subsequent changes in the Act/Listing Regulations, a particular clause or any part of this policy becomes inconsistent with the Act/Listing Regulations, the provisions of the Act / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, shall prevail.