

**Nomination And Remuneration Policy
Permanent Magnets Limited**

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1. PREAMBLE

In terms of Section 178 of the Companies Act, 2013 and as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel & Senior Management.

2. OBJECTIVE

The key objectives of the Nomination and Remuneration Committee are:-

- i. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- ii. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- iii. To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- iv. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

3. DEFINITIONS

- i. 'Act' means Companies Act, 2013 and rules thereunder.
- ii. "Board" means the Board of Directors of the Company.
- iii. "Company" means Permanent Magnets Limited.
- iv. "Independent Director" means a Director referred to in Section 149(6) of the Companies Act, 2013.
- v. "Key Managerial Personnel" ("KMP") means
 - (a) Managing Director or Chief Executive Officer or Manager and in their absence, a Whole time Director;
 - (b) Chief Financial Officer; and
 - (c) Company Secretary
- vi. "Nomination and Remuneration Committee" ("NRC") shall mean a Committee of

the Company's Board of Directors, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

vii. "Policy or This Policy" means "Nomination and Remuneration Policy."

viii. "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.

ix. "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.

4. ROLE OF THE COMMITTEE

The role of the Committee *inter alia* will be the following:-

i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

ii. Formulation of criteria for evaluation of performance of Independent Directors and the Board Directors;

iii. Devising a policy on diversity of Board of Directors;

iv. 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 their appointment and removal.

5. MEMBERSHIP

i. The Committee shall comprise at least 3 (three) Directors, all of whom shall be Non-Executive Directors and at least half shall be Independent.

ii. The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.

iii. The quorum shall be either two members or one third of the members of the Committee whichever is higher.

iv. Membership of the Committee shall be disclosed in the Annual Report.

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

Appointment criteria and qualifications:-

i. 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.

ii. 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.

iii. NRC shall ensure that any person who is / are appointed or continues in the employment as an executive chairman, managing director, whole time director should comply with the conditions as laid out under Part I of Schedule V of the Act.

iv. NRC shall ensure that any appointment of a person as an independent director shall be made in accordance with the provisions of section 149 read with Schedule IV of the Companies Act 2013 along with any other applicable provisions and as per Listing Regulation (LODR).

v. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager 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.

Term/Tenure:-

i. Managing Director/Whole-Time Director/Manager (“Managerial Person”):

The Company shall appoint or reappoint any person as its Managerial Person for a term not exceeding five years at a time. No reappointment shall be made earlier than one year before the expiry of term.

ii. Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board 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.

Further, NRC shall ensure that no independent director shall hold office for more than 2 consecutive terms, but the independent directors shall be eligible for appointment after expiry of 3 years of ceasing to become an independent director. Provided that such independent director shall not, during the said period of 3 years, be appointed in or be associated with PML in any other capacity, either directly or indirectly.

iii. Evaluation:

The Committee shall carry out evaluation of performance of every Director. The Committee shall identify evaluation criteria, which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties,

level of oversight, professional conduct and independence. The appointment / reappointment / continuation of Directors on Board shall be subject to outcome of the yearly evaluation process.

Removal:

Due to reasons of any disqualification mentioned in the Companies Act, 2013, 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.

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. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

7. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSONNEL/KMP AND SENIOR MANAGEMENT

General :

i. The remuneration/compensation/commission etc. to Managerial Persons, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/ commission etc. of Managerial Person shall be subject to the prior/post approval of the Company's shareholders and the Central Government, wherever required.

ii. The remuneration and commission to be paid to Managerial Person shall be as per the provisions of the Companies Act, 2013 and the rules made thereunder.

iii. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board, which should be within the slabs approved by the shareholders in the case of Managerial Person.

Remuneration

Executive Director(s)

i. NRC shall determine the remuneration payable to the executive Director(s) and recommend to the Board for its approval. The Board's approval shall be subject to the prior approval or post approval ratification of the shareholders of the Company and / or central government, if required under applicable law. The remuneration payable to the executive chairman, managing director and whole time director of the Company shall be in accordance with the applicable percentages / slabs / conditions as set out Companies Act, 2013 and rules made thereunder.

ii. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with Schedule V to the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

iii. Provisions for excess remuneration:

If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non-Executive/Independent Directors:-

i. Remuneration/Commission:

The remuneration/commission shall be in accordance with the provisions of the Companies Act, 2013.

ii. Sitting Fees:

The Non – executive / Independent Director shall receive remuneration by way of fees for attending meetings of Board or any committee in which Director is member, at such amounts as may be determined by the Board of Directors, from time to time, subject to the maximum limit as specified under the Companies Act, 2013.

iii. Limit of Remuneration

Remuneration may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

iv. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

8. EVALUATION OF DIRECTORS

The Committee shall carry out evaluation of performance of every Director. The Committee shall identify evaluation criteria, which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment / reappointment / continuation of Directors on Board shall be subject to outcome of the yearly evaluation process.

9. AMENDMENTS

This Policy may be amended by the board at any time and is subject to (i) amendments to the Companies Act, 2013 (the Act 2013) and (ii) further guidelines and enactments by the SEBI, including Listing Agreement.

10. IMPLEMENTATION AND REVIEW

NRC is responsible for monitoring, implementation and review of this Policy. NRC shall provide recommendations to the Board as to how to effectively structure and facilitate a remuneration strategy. The Board shall review the contents of compliance with the Policy at regular interval.