

Smiti Holding And Trading Company Private Limited

Nomination and Remuneration Policy

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1. Introduction

- 1.1 Smiti Holding and Trading Company Private Limited ("**Smiti Holding**") believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, Smiti Holding ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.
- 1.2 Smiti Holding recognizes the importance of Independent Directors in achieving the effectiveness of the Board. Smiti Holding aims to have an optimum combination of Executive, Non-Executive and Independent Directors, as applicable.

2. Scope and Purpose:

- 2.1. This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

3. Terms and References:

In this Policy, the following terms shall have the following meanings:

- 3.1. "**Director**" means a director appointed to the Board of a company.
- 3.2. "**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 under the Companies Act, 2013
- 3.3. "**Nomination and Remuneration Committee**" means the committee constituted by Smiti Holding's Board in accordance with the provisions of Section 178 of the Companies Act, 2013 ("the Act"), as applicable.
- 3.4. "**Independent Director**" means a director referred to in sub-section (6) of Section 149 of the Act.

4. Policy:

4.1. Qualifications And Criteria

- 4.1.1 The Nomination and Remuneration Committee [NRC], and the Board, shall review on an annual basis, appropriate skills, expertise, competence, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations
- 4.1.2 In evaluating the suitability of individual Board members, the NRC shall take into account many factors, including the following:
- General understanding of the Company's business dynamics, global business and social perspective,
 - Educational and professional background;
 - Standing in the profession;
 - Personal and professional ethics, integrity and values;
 - Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively;
- 4.1.3 The proposed appointee shall also fulfill the following requirements:
- Shall possess a Director Identification Number or any other identification number prescribed by the Central Government which shall be treated as Director Identification Number for the purposes of the Act;
 - Shall not be disqualified under the Act;
 - Shall give his written consent to act as a Director;
 - Shall endeavour to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
 - Shall abide by the Company's Code of Conduct established for Directors and Senior Management Personnel, as the case may be;
 - Shall disclose his/her concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his/her shareholding 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 and whenever there is a change in the disclosures already made;
 - Such other requirements as may be prescribed, from time to time, under the Act, and other relevant laws.
- 4.1.4 The NRC shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration

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Committee or by an independent external agency and review its implementation and compliance with the objective of having a group that best enables the success of the Company's business.

4.2. Criteria of Independence

The NRC shall assess the independence of Directors at the time of appointment / reappointment and the Board shall assess the same annually. The Board may re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

The criteria of independence, shall be, as laid down in Act, and other relevant laws, if any, as amended from time to time.

The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Act.

4.3. Other Directorships / Committee Memberships

- 4.3.1 The Board Members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as Directors of the Company. The NRC shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.
- 4.3.2 A Director shall not serve as Director / Independent Director in such number of companies as may be prescribed under the Act and other relevant laws, if any.
- 4.3.3 A Director shall not be a member or act as Chairman of such number of companies as may be prescribed under the Act and other relevant laws, if any.

5. Remuneration

Smiti Holding recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Company structures the remuneration for its directors, key managerial personnel and other employees keeping in view the following objectives:

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- Ensuring 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.
- Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks
- Ensuring that remuneration 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

5.1 Remuneration to Executive Directors and Key Managerial Personnel

5.1.1 The Board, on the recommendation of the Nomination and Remuneration Committee [NRC], shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders, as applicable.

The Board, on the recommendation of the NRC, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company, as the case may be.

The remuneration structure to the Executive Directors and Key Managerial Personnel may include the following components:

- i. Basic Pay
- ii. Perquisites and Allowances
- iii. Retiral benefits
- iv. Annual Performance Bonus

5.1.2 The Annual Plan and Objectives for Key Managerial Personnel and Executive Directors shall be reviewed by the NRC and Annual Performance Bonus will be approved by the NRC based on the achievements against the Annual Plan and Objectives.

5.2 Remuneration to Non-Executive Directors

The Board on the recommendation of the NRC shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders, as may be applicable.

Non-Executive Directors may 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.

In addition to above, Non-executive Directors are entitled for the reimbursement of actual expenses incurred, if any, in connection with attending the Board / Committee meeting of the Company.

5.3 Remuneration To Other Employees

Employees shall be 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.