



# SIMMONDS MARSHALL LIMITED

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## POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL & SENIOR MANAGEMENT

### BACKGROUND

Simmonds Marshall Limited (hereinafter referred as the 'Company') practices a corporate culture that is based on the tenets of trusteeship, empowerment, accountability, control and ethical practices with transparency at its core for creation of maximum value for the stakeholders.

### BRIEF OVERVIEW UNDER COMPANIES ACT 2013

[Section 178 & Companies (Meetings of Board and its Powers) Rules 2014]

Constitution of the Nomination and Remuneration Committee consisting of three or more non executive directors out of which not less than one-half shall be independent directors.

The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.

The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and senior management personnel i.e. employees at one level below the Board including functional heads by whatever name called and the persons identified and designated as key managerial personnel, other than the Board of Directors, by the Company.

The Nomination and Remuneration Committee shall, while formulating the 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; and
- 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.



## **BRIEF OVERVIEW OF THE REGULATION 19 OF SEBI (LODR) REGULATIONS, 2015**

### **IV. Nomination and Remuneration Committee**

The company shall set up a Nomination and Remuneration committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least two-thirds shall be independent. Chairman of the committee shall be an independent director.

### **PRESENT POSITION OF DIRECTORS & KMP OF THE COMPANY**

The Company has constituted a Nomination and Remuneration Committee of the Board of Directors (Board).

At present there are total 6 Directors on the Board of which 3 are Non-Executive and Independent Directors, and the 2 are Executive Directors & 1 is Non-Executive & Non-Independent Director.

The Chairman & Managing Director and Whole-time Directors draw remuneration from the Company.

Key Managerial Personnel (KMP) consists of Chairman & Managing Director (Executive Director), Whole-Time Director, Chief Financial Officer and Company Secretary who are employees of the Company.

### **ROLE & TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE**

**Terms of Reference of the Nomination & Remuneration Committee, inter-alia are as follows:**

- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- For every appointment of an independent director, evaluation of the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, preparation of a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a. use the services of an external agency, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates
- Formulation of criteria for evaluation of Independent Directors and the Board.



- Devising a policy on the Board diversity.
- Identify 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. Removal should be strictly in terms of the applicable law/s and in compliance of principles of natural justice.
- Recommend to the Board, remuneration including salary, perquisite and commission to be paid to the Company's Executive Directors on an annual basis or as may be permissible by laws applicable.
- To decide 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.
- Recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits such as Commission, if any, payable to the Non- Executive Directors.
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.
- Setting the overall Remuneration Policy and other terms of employment of Directors, wherever required.
- To ensure 'Fit & Proper' status of the proposed /existing directors;
- To act as the Compensation Committee in terms of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- 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."

**CRITERIA FOR DETERMINING THE FOLLOWING:-**

**Qualifications for appointment of Directors (including Independent Directors):**

- Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service
- Their financial or business literacy/skills.
- Their industry experience in Compact Cooling Fans, Single Phase Shaded Pole Motors and Axial Fans
- Appropriate other qualification/experience to meet the objectives of the Company.



- As per the applicable provisions of Companies Act 2013, Rules made thereunder and Listing Agreement.

- The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

**Positive attributes of Directors (including Independent Directors):**

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.

- Actively update their knowledge and skills with the latest developments in the Company's business, market conditions and applicable legal provisions.

- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities

- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.

- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees

- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made thereunder and the Listing Agreement as amended from time to time

**Criteria for appointment of KMP/Senior Management:**

- To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities.

- To practice and encourage professionalism and transparent working environment.

- To build teams and carry the team members along for achieving the goals/objectives and corporate mission.

- To adhere strictly to code of conduct



**POLICY RELATING TO REMUNERATION OF DIRECTORS, KMP & SENIOR MANAGEMENT PERSONNEL:**

- To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.
- No director/KMP/ other employee is involved in deciding his or her own remuneration.
- The trend prevalent in the similar industry, nature and size of business is kept in view and given due weightage to arrive at a competitive quantum of remuneration.
- It is to be ensured that relationship of remuneration to the performance is clear & meets appropriate performance benchmarks which are unambiguously laid down and communicated.
- Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.
- Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.
- Following criteria are also to be considered:-
  - Responsibilities and duties;
  - Time & efforts devoted;
  - Value addition;
  - Profitability of the Company & growth of its business;
  - Analyzing each and every position and skills for fixing the remuneration yardstick;
  - Standards for certain functions where there is a scarcity of qualified resources.
  - Ensuring tax efficient remuneration structures.
  - Ensuring that remuneration structure is simple and that the cost to the Company (CTC) is not shown inflated and the effective take home remuneration is not low.
  - Other criteria as may be applicable
- Consistent application of remuneration parameters across the organisation.
- Provisions of law with regard making payment of remuneration, as may be applicable, are complied.



- Whenever, there is any deviation from the Policy, the justification / reasons should also be indicated / disclosed adequately.

#### **AMENDMENT OF THE POLICY**

Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the SEBI (LODR) Regulations and/or any other laws in this regard shall automatically apply to this Policy. On recommendation of the Nomination & Remuneration Committee or otherwise the Board of Directors reserves its right to amend or modify the policy in whole or in part, at any time without assigning any reason whatsoever.

In the event of any inconsistency between this Policy and the applicable laws, the applicable laws will prevail.

