



Nomination and Remuneration Policy

Originally adopted by the Board of Directors on 23rd January, 2015

Amended by the Board of Directors on 7th June, 2021

Introduction

The Nomination and Remuneration Policy ('Policy') of SMC Global Securities Limited is formulated under the requirements mentioned in section 178 of the Companies Act, 2013 ('the Act') read with Regulation 19 and Schedule II Part D of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and relates to nomination and remuneration of directors, senior managerial personnel and other employees of the Company.

Objectives

The objective of this policy is to provide a framework for appointment and remuneration payable by the Company to its directors and other senior officers of the Company. The policy shall provide guiding principles to align the remuneration with long term interests of the Company and majorly shareholders. The Nomination and Remuneration Committee shall ensure following w.r.t nomination and remuneration of directors, senior management and employees:

- a) Formulate criteria for determining qualifications, competencies, positive attributes and independence for appointment of directors and senior management
- b) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors to run the Company successfully;
- c) The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- d) 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 for the working of the Company.

Governing Law

The appointment and remuneration of directors, key managerial personnel and senior management in the Company shall strictly be in accordance with the provisions laid down in the Companies Act, 2013 and Listing Regulations.

Appointment of Directors, KMP and Senior Management Personnel

The Nomination and Remuneration Committee of the Company shall consider the following while recommending appointment of any director, KMP and Senior Management Personnel:

1. Assess the qualifications, background, expertise and experience of the candidate and the functional field of knowledge of the person.
2. Assess the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company
3. Contribution of the appointment to overall Board diversity
4. In case of selection of non-executive directors, the commitment of time devotion and expertise to be brought in for rendering of the services.
5. Factors such as age limit, maximum directorship/membership/chairmanship, expected date of retirement and tenure of appointment.
6. In case of selection of senior management personnel, ability to think independently without being influenced by extraneous circumstances or consideration.
7. Special achievements and operational efficiency which contributed to growth in business in the relevant functional area.
8. Demonstrable leadership qualities and interpersonal communication skills, devotion to the role, compliant with the rules, policies and values of the Company and does not have any conflicts of interest.

The appointment of Independent Directors of the Company shall be as per the appointment letter issued to the directors at the time of appointment/reappointment which is placed on the website of the Company and can be referred at <https://smcindiaonline.com/wp-content/uploads/2021/05/Appointment-letter-of-IDs.pdf>

REMUNERATION TO DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

The remuneration / compensation / profit-linked commission, bonus etc. to the Whole-time Director, Non-Executive Directors and Independent Directors and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration shall be in accordance with the percentage and conditions laid down in the Articles of Association of the Company, the Companies Act, 2013 and Listing Regulations and shall at all times be within the limits approved by the shareholders of the Company, if any.

Remuneration to Executive Directors

The elements of remuneration payable to Executive Directors are as follows:

1. Remuneration payable to Executive Directors shall at all times be governed by the provisions of section 197 of the Companies Act, 2013 read with the Rules and Schedules made thereunder and as approved by the shareholders of the Company, which shall include fixed salary, perquisites, commission and/or other allowances.
2. Within the overall limit approved by the shareholders, the Board on recommendation of the Nomination and Remuneration Committee determine the remuneration of each Executive Director basis their role, responsibility, duties, time involvement etc.

3. The Executive Directors of the Company are covered under the Directors and Officers Liability Insurance (D&O) Policy. The Company may also grant stock options to the directors of the Company.
4. The Board of Directors of the Company may on recommendation of the Nomination and Remuneration Committee decide to pay profit linked commission to the Executive Directors out of the profits for the financial year but within the ceilings prescribed in law.
5. The remuneration payable to the Executive Directors shall also be dependent on the evaluation of performance of directors, which shall be conducted once in a year.
6. The Company also reimburses the out of pocket expenses incurred by any directors for the Company.
7. In situations where the Company has no profits or its profits are inadequate, the Company shall remunerate its Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.
8. If any director draws or receives, directly or indirectly, by way of remuneration any sums in excess of limit as prescribed in law, such remuneration shall be refunded by the director within such time as prescribed in law.

Remuneration to Non-Executive Directors

The elements of remuneration payable to Non-Executive Directors are as follows:

1. The remuneration structure payable to each Non-Executive Director shall be determined by the Board of Directors, depending on the individual performance, contribution and time involvement of each director to the Company.
2. The remuneration payable to Non-Executive Director may be paid in the form of sitting fees for attending meetings of Board of Directors and of committees and/or as a fixed commission as a percentage of profit of the Company. However, in all cases, the overall remuneration payable to the directors shall be reasonable and sufficient to attract, retain, motivate such directors to be aligned with the objectives of the Company.
3. The sitting fee as approved by the Board of Directors shall be payable immediately after the board / board committee meeting to those directors who attend the meeting, whereas, the commission, if approved, shall be payable at the end of the financial year, after approval of the annual financial statements of the Company.
4. The Non-Executive Directors shall be entitled to such commission as approved by the Board but within the overall limits approved by the shareholders. In no case the commission shall exceed 1% of the profits of the Company computed as per the applicable provisions of the Act.

5. All the Directors shall be entitled to reimbursement of reasonable expenditure incurred by him/her for attending Board/Committee meetings, general meetings, meetings with shareholders/creditors/management, induction and training programmes and such expenses incurred on behalf of the Company for furtherance of his/her duties as a director.
6. An independent director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or Committee thereof and profit related commission, as may be permissible by the Applicable law.
7. In situations where the Company has no profits or its profits are inadequate, the Company shall remunerate its Non-Executive Directors, including Independent Directors, in accordance with the provisions of Schedule V of the Companies Act, 2013.
8. The Non-Executive Directors of the Company are covered under the Directors and Officers Liability Insurance (D&O) Policy.
9. If any director draws or receives, directly or indirectly, by way of remuneration any sums in excess of limit as prescribed in law, such remuneration shall be refunded by the director within such time as prescribed in law.
10. The part of this policy shall be read with the Company's criteria for making payment to Non-Executive Directors which can be accessed at <https://smcindiaonline.com/wp-content/uploads/2021/05/CRITERIA-FOR-MAKING-PAYMENTS-TO-NED.pdf>.

Remuneration to Senior Management and other employees

Senior Management shall mean and include the following:

- a) Key Managerial Personnel
- b) Members of management one level below the CEO and Whole Time Director
- c) Functional Heads
- d) Such other officers as may be identified by the Board

The remuneration of the of the Senior Management Personnel and other employees will be processed through the HR department as per the appraisal procedure adopted by them with the feedback of reporting managers / HOD's and along with the observation of the concerned directors. In this regard, a presentation is made before the Managing Directors who will recommend the overall evaluation and change in the remuneration thereof keeping in mind the market conditions, business prerogatives and other factors and recommend the same to the Committee which shall be effective post approval of the Board of Directors of the Company. The appraisal will be usually made in two or more cycles considering the certain number of employees and as the management deems fit in the light of last appraisal and prevailing practices of the company.

The remuneration payable to KMP and Senior Management is designed to ensure their continued alignment with organizational goals. The Committee aims to ensure that KMP

and Senior Management pay is reflective of market pay, consisting of a mix of base/ fixed pay, performance bonus and stock incentives, if any.

In this regard, any increment of any employees or directors or KMP or Senior Management can be changed by the Managing Directors of the company after considering factors it deems relevant, including but not limited to market performance, business performance and practices in comparable companies and having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines and give suitable directives to HR for the same.

Where any insurance is taken by the Company on behalf of its directors or senior management 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.

Disclosure

Pursuant to the provisions of the Companies Act, 2013 read with the Rules and the Listing Regulations, the Company shall disclose details with regard to remuneration of directors, senior management personnel and other employees on its website and also the annual report.

Review and Modification

In case of any subsequent changes in the provisions of the Companies Act, 2013 or the Listing Regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law. The Nomination and Remuneration Committee shall be responsible for reviewing the policy.