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## **NOMINATION AND REMUNERATION POLICY**

### **PREAMBLE**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and other employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company.

The Board of Directors (the Board) of Simplex Mills Company Limited (the Company) at its meeting held on 15<sup>th</sup> May, 2014 re-constituted the existing Remuneration Committee by changing its nomenclature as Nomination and Remuneration Committee in order to align with the terms of the provisions of Section 178 of the Companies Act, 2013 read with Rules made thereunder (the Act) and revised Clause 49(IV) of the Listing Agreement with Stock Exchange now Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the SEBI Regulations, 2015) and subsequent amendments thereto from time to time.

The policy on nomination and remuneration of Directors, Key Managerial Personnel, Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors at its meeting held on 12<sup>th</sup> November, 2014.

### **OBJECT AND PURPOSE**

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 and other employees. The policy is framed with the objective(s):

- That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the Company;

- That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- That the remuneration to Directors, Key Managerial Personnel, and other employees of the Company 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;
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration;
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry;
- To carry out evaluation of the performance of Directors, as well as Key Managerial Personnel and Senior Management Personnel and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company's operations;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage; and
- To lay down criteria for appointment, removal of Directors, Key Managerial Personnel and Senior Management Personnel and evaluation of their performance.

## **APPLICABILITY AND GOVERNING LAW**

This policy is applicable to all Directors viz: Executive, Non-Executive and Independent, Key Managerial Personnel, Senior Management Personnel and other employees of the Company.

This policy shall be governed by the Act read with Rules made thereunder, as may be in force for the time being as well as Clause 49 of the Listing Regulations or such other Rules/Regulations, as may be notified by SEBI from time to time. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

## DEFINITIONS

In this policy unless the context otherwise requires:

“**Act**” shall mean the Companies Act, 2013 and the Rules and Regulations notified thereunder.

“**Board of Directors**” or “**Board**” in relation to the Company means the collective body of the Directors of the Company.

“**Company**” means Simplex Mills Company Limited.

“**Directors**” means Directors of the Company.

“**Independent Director**” means a Director referred to in Section 149 (6) of the Companies Act, 2013.

“**Key Managerial Personnel**” (**KMP**) in relation to a Company means

- i. the Chief Executive Officer, or the Managing Director or the Manager;
- ii. the Company Secretary;
- iii. the Whole-time director;
- iv. Chief Financial Officer; and
- v. such other officer as may be prescribed under the Act.

“**Senior Management Personnel**” mean employees of the company who are members of its core management team excluding Board of Directors including the functional/vertical heads.

## NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee shall have minimum three directors as members and out of which not less than one half shall be Independent Directors. The Nomination and Remuneration Committee comprises of following Directors:

Shri S. G. Shukla	Non- Executive Independent Director	Chairman
Shri Manish Harshey	Non- Executive Independent Director	Member
Shri Shekhar R Singh	Non- Executive Director	Member

The Board has the power to reconstitute the Committee consistent with the Company’s policy and applicable statutory requirement.

## **ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE**

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

- Identify person who is qualified to become Director and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performances;
- 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 Employees;
- Devising a policy on Board diversity;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Ensure that the Board comprises of a balanced combination of Executive Directors and Non-executive Directors and also the Independent Directors; and
- Decide/approve details of fixed components and performance linked incentives along with criteria.

## **APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

### **i. Appointment criteria and qualifications**

- 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 about his/her appointment.
- 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 is sufficient/satisfactory for the concerned position.
- The Company shall not appoint or continue the employment of any person as Whole-time Director 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 the Shareholders of the Company.

### **ii. Term/Tenure**

- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding

five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

### **iii. Evaluation**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

### **iv. Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, Rules and Regulations.

### **v. Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **REMUNERATION FOR DIRECTOR, KMP AND SENIOR MANAGEMENT**

The general features of Remuneration for Director, KMP and Senior Management Personnel are as under:

- The remuneration / compensation / commission etc. to the Whole-time Director, Managing Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. shall be subject to the prior/post approval of the Shareholders of the Company and Central Government, wherever required.
- The remuneration and commission to be paid to the Whole-time Director and Managing Director shall be in accordance with the provisions of the Act and the rules made thereunder.
- 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 Whole-time Director and Managing Director.
- This Remuneration Policy shall apply to all future/continuing employment/engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes.

### **i. Remuneration to Whole-time/Executive/Managing Director**

#### **Fixed pay**

The Whole-time Director, Managing Director, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break- up of the pay scale and quantum of perquisites including employer's contribution to Provident and Pension Fund, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the Shareholders and Central Government, wherever required.

#### **Minimum Remuneration**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director/Managing Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

### **Provisions for excess remuneration**

If any Whole-time Director/Managing Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act, or without the prior approval 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.

## **ii. Remuneration/Commission to Non - Executive/Independent Director**

### **Remuneration/Commission**

The remuneration/commission shall be in accordance with the provisions of the Act and the Rules made thereunder.

### **Sitting Fees**

The Non- Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time. Further the boarding and lodging expenses shall be reimbursed to the Directors.

### **Commission**

Commission may be paid within the monetary limit approved by Shareholders, subject to the limit not exceeding 1(one) percentage of the profits of the Company computed as per the applicable provisions of the Act.

### **Stock Options**

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

### **Review**

This Policy shall be reviewed by the Board of Directors on its own and/or as per the recommendations of the Nomination and Remuneration Committee, as and when deemed fit.

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