



SOLITAIRE
MACHINE
TOOLS LTD

Solitaire Machine Tools Limited

Nomination & Remuneration Policy

*The Policy was reviewed by the Board at its meeting held on February 11, 2023.

*This Policy shall remain valid until such time it is modified /amended /altered by the Board.



TABLE OF CONTENTS

Sr. No.	Particulars	Page Nos.
1.	Introduction	3
2.	Objective and Purpose of the Policy	3
3.	Definitions	4
4.	Constitution of the Committee	4
5.	Criteria for selection of members on the Board of Directors and candidates for KMP and Senior Management Personnel	6
6.	Term / Tenure	7
7.	Remuneration Policy for Directors, KMPs and other Employees	8
8.	Evaluation of performance of Directors	9
9.	Removal, Retirement & Meetings	10
10.	Review & Publication of Policy	10



1. Introduction

The Philosophy of the Company is that Human Resources are the greatest asset of the Company.

The endeavor of the Management has always been keen to create human resources of required quality and sincerity towards the Company. The employees should work in harmony, understand the importance of every work and create the work culture which is adoptable and acceptable at all levels.

2. Objective and Purpose of the Policy

In view of the aforesaid philosophy and in compliance with the provisions of the Companies Act, 2013 ("the Act") read with the Companies (Meetings of Board and its Powers) Rules, 2014 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, the Board of Directors have constituted the "Nomination and Remuneration Committee", (hereinafter referred to as the "Committee") and framed the Nomination and Remuneration Policy. The Key Objectives of the Committee would be:

- To oversee the Company's Policy for appointment and Removal of Top Level Management and Senior Management. The Committee has to specifically identify, screen and review individuals to serve as the Executive Directors, Non-Executive Directors, Independent Directors and Senior Management consistent with criteria approved by the Board and to recommend to the Board for approval, from time to time.
- To fulfill the objective of creating, preparing policies of the top level management and retaining the good, efficient and professional human resources, the Committee shall oversee the appointment of Directors, Key Managerial Personnel including the appointment of personnel one level below the Key Managerial Personnel.
- The Committee shall also ensure that remuneration so paid to them is reasonable and sufficient to attract, retain and motivate them based on the Company's size, financial position and trends and practices on remuneration prevailing in peer Companies.
- The Committee shall also co-ordinate and overview or form the criteria for the annual evaluation of performance of the Whole-Time Directors, Independent Directors and Key Managerial Personnel in good governance of the Company.
- Another important responsibility of the Committee is to create a sound succession planning of the senior leadership which is vital for the robust future of the Company. Therefore, the Committee has to adopt a suitable process to ensure that the Board selects the right candidates for the senior leadership positions.

In the context of the aforesaid criteria, the following Policy has been formulated by the Nomination & Remuneration committee and adopted by the Board of Directors. The Policy is further revised in line with Securities Exchange Board of India (Listing Obligations and Disclosure Requirements)



(Amendment) Regulations, 2018 and considered and adopted by the Board of Directors at their meeting. The Policy is applicable to all Directors (Executive and Non- Executive), Key Managerial Personnel and Senior Management.

3. DEFINITIONS

1. **"Companies Act"** means Companies Act, 2013 and any amendments thereto.
2. **"Listing Regulations"** means Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments thereto.
3. **"Board"** means the Board of directors of the Company or any of the Committees constituted by it.
4. **"Committee"**, means a Nomination & Remuneration Committee constituted or reconstituted by the Board of Directors of the Company in accordance with the regulations of Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and any amendments thereto.
5. **"Company"** means Solitaire Machine Tools Limited.
6. **"Independent Director"** means a director referred to in section 149(6) of the Companies Act, 2013 and Regulation 16 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, other applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015 and any amendments thereto.
7. **"Senior Management"** shall mean officers/personnel of the listed entity who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the Chief Executive Officer/Managing Director/Whole Time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.

4. Constitution of the Committee

As per the Act and Listing Regulations, the committee shall comprise of at least three directors, all the members of the Committee shall be Non-Executive Directors and at least two-third of them shall be Independent.

Terms of Reference:

The Terms of Reference of the Committee shall, inter alia, include the



following:

- i) To finalize the criteria for determining qualification, experience, positive attributes and independence of persons who are qualified to become Directors (Executive and Non-Executive), Key Managerial Personnel and Senior Management and to recommend to the Board their appointment and / or removal.
- ii) To formulate the criteria to carry out evaluation of performance of Independent Directors, Board of Directors, Key Managerial Personnel and Senior Management.
- iii) To devise a policy on diversity of Board of Directors.
- iv) To establish the criteria and process to assist the Board and each of its Committees in their performance evaluation.
- v) To determine remuneration for the Executive Directors, Key Managerial Personnel and other senior officers based on the Company's size, financial position and Portfolio of respective personnel.
- vi) To recommend to the Board, all remuneration, in whatever form, payable to senior management.
- vii) To determine Sitting Fees payable to the Non – Executive Directors/ Independent Director.
- viii) To recommend for the rewards linked directly to their efforts, performance, dedication and achievements relating to the Company's operations.
- ix) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- x) To recommend/review remuneration of the Managing Directors and Executive Directors based on their performance and defined assessment criteria.
- xi) To make recommendations to the Board, as may be appropriate, for the service conditions of the Key Managerial Personnel, Senior Management and other senior officers.
- xii) To develop the process and recommend to the Board for approval of Succession Plan.
- xiii) To review the Succession Plan periodically, if required, develop and evaluate potential candidates for executive positions and recommend to the Board any change, if required under the Succession Plan.



xiv) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

xv) To ensure that the Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director who has not completed the age of twenty-one years and attained age of seventy years.

Provided that where any person has attained the age of seventy years and where his appointment or reappointment is approved by passing a special resolution in the General Meeting based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of time beyond seventy years. In any other case, the same shall be approved by the Central Government.

xvi) To ensure that the Company shall not appoint or continue directorship of any non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate justification for such appointment.

xvii) Such other criteria as may be prescribed in the Companies Act, 2013, SEBI Listing Regulations, 2015 and rules and regulations made there under.

5. Criteria for selection of members on the Board of Directors and candidates for KMP and Senior Management Personnel

Regulation The Committee has adopted the following criteria for selection of member on the Board of Directors of the Company and also candidates eligible to be appointed as KMPs and Senior Management Personnel of the Company:

A) Criteria for selection of Directors

Before making any recommendation to the Board for appointment of any Director, the Committee shall ensure that:

a) the candidate possesses positive attributes / qualities such as Leadership, Industrialist, Business Advisor or such other attributes which in the opinion of the Committee the candidate possess and are in the interest of the Company;

b) the candidate shall be free from any disqualifications as provided under Sections 164 and 167 of the Act, the provisions of Listing Regulations and other applicable provisions, as may be amended from time to time;

c) the candidate meet the conditions of being independent as stipulated under the Act and Listing Regulations in case of appointment of an Independent Director;

d) the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing,



administration, research, corporate governance, technical operations, infrastructure or such other areas or disciplines which are relevant for the Company's business.

B) Criteria for selection of KMPs and Senior Management Personnel

The Committee shall, before making any recommendation to the Board for appointment, should ensure that the candidate has the attributes set forth below:

a) A person to be appointed as KMP or at Senior Management level 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;

b) The candidate should possess qualities that demonstrate leadership skills, decision making skills, effective communication, hard work, commitment and such other attributes which in the opinion of the Committee the candidate possess and are in the interest of the Company.

If the Committee finds fit and is of opinion that the candidate meets the above criteria for appointment (as Director on the Board or in Senior Management), the Committee shall make its recommendation to the Board.

6. Term / Tenure

All appointment and reappointment of the Directors shall be as per applicable provision of the Companies Act, 2013, SEBI Listing Regulations, 2015 and Rules & regulations issued by the Central Government time to time and prevailing policy of the Company.

a) Managing Director/Whole-Time Director:

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.

b) Independent Director:

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 Directors' Report. No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5 years each, 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 or such other number as may be prescribed under the Act.

For the purpose of determining "maximum number of directorship", the count for the number of listed entities on which a person is a director / independent director shall be only those whose equity shares are listed on a stock exchange.

7. Remuneration Policy for Directors, KMPs and other Employees

A) Remuneration of Managing Director, Whole-Time Director and Manager:

The Committee may consider various factors while considering the remuneration of the Managing Director, Whole-Time Director and Manager (wherein there is no Managing Director), provided that any remuneration considered by the Committee shall be in accordance and within the limits stipulated under Section 197 of the Companies Act, 2013 read with rules made thereunder read with Listing Regulations (including any statutory modification(s) or re-enactment thereof).

The fees or compensation payable to Executive Directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

- (i) the annual remuneration payable to such executive director exceeds Rs 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
- (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

However, the approval of the shareholders for above mentioned specified limits shall be valid only till the expiry of the term of such director.

Explanation: For the purposes of this clause, net profits shall be calculated as per Section 198 of the Act.

B) Remuneration of Non-Executive Directors and Independent Directors:

The remuneration/commission/sitting fees, as the case may be, to the Non-Executive/Independent Director, shall be in accordance with the provisions



of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee/Board/Shareholders.

An Independent Director shall not be entitled to any stock options of the Company unless otherwise permitted in terms of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

C) Remuneration of KMPs and other Employees:

i. The remuneration of KMPs and other Employees will be governed by the Remuneration Policy of the Company.

ii. The Company assesses the remuneration policy, to ensure that the remunerations offered are reasonable, well balanced, competitive and match with industry norms.

8. Evaluation of performance of Directors

The Committee shall specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board, the Committee or by independent external agency and review its implementation and compliance.

A) Evaluation of the performance of Managing Director / Whole-Time Director The performance of the Managing Director / Whole-Time Director of the Company may be carried out taking into consideration the performance of the Company vis-à-vis the budgets as well as performance of its competitors. Emphasis on achieving top line and bottom line targets, with no adverse qualification by the auditors in the accounts, may be made.

B) Evaluation of the performance of Non-Executive Directors and Independent Directors

The Committee while evaluating the performance of the Non-Executive Directors and Independent Directors may take into consideration various factors, to name a few –

1. Creating an effective Board
2. Balancing conflicting interests of various stakeholders
3. Participation in Board Processes
4. Awareness of relevant business environment
5. Maintains confidentiality



9. Removal, Retirement & Meetings

Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, SEBI Listing Regulations, 2015, rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons in writing for removal of a Director, KMP or senior Management in same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provision of the Companies Act, 2013, SEBI Listing Regulations, 2015 and 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.

Meetings:

The NRC shall meet at least once in a year. The Company Secretary shall act as the Secretary. The quorum for the meeting shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance. The NRC may invite such executives as it considers appropriate, to remain present at the meeting.

10. Policy Review & Publication

The policy is to be reviewed by the Board at regular intervals, if required, to ensure that it remains consistent with Board's objectives and responsibilities. All such amendments and modifications shall take effect from the date stated therein. Amendment may be necessary, among other reasons, to maintain compliance with local, state, central and federal regulations and/or accommodate organizational changes within the Company.

In case of any subsequent changes in the provisions of the Act, Listing Regulations or any other applicable Rules and 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.

A copy of this policy is available at the website of the Company - www.smtgrinders.com

