



**SMILE  
ELECTRONICS LIMITED**

Leading EMS Organisation ISO 9001  
ISO 14001, IATF16949 & AS 9100 Certified  
CIN No. : U85110KA1998PLC023993

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**SMILE ELECTRONICS LTD  
NOMINATION AND REMUNERATION POLICY**

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The Board of Directors of SMILE ELECTRONICS LTD (“the Company”) constituted the “Nomination and Remuneration Committee” at the Meeting held on June 14, 2018 with immediate effect, consisting of 4 Directors.

**1. OBJECTIVE**

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013. The Key Objectives of the Committee would be:

- 1.1. To lay down criteria with regard to identifying persons who are qualified to become Directors , Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and its Committees and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To lay down the criteria for determining the qualifications, positive attributes and independence of a director.
- 1.4. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel, Senior Management and other employees.
- 1.5. To provide to Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- 1.6. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

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## **2. DEFINITIONS**

- **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- **Board** means Board of Directors of the Company.
- **Directors** mean Directors of the Company.
- **Key Managerial Personnel(KMP)** means (as mentioned under section 203 of the Act:)
  - 2.4.1. Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director
  - 2.4.2. Company Secretary
  - 2.4.3. Chief Financial Officer
- **Senior Management** means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Chief Executive officer, Chief Financial Officer & Company Secretary.

## **3. NOMINATION AND REMUNERATION COMMITTEE**

### **A) COMPOSITION OF THE COMMITTEE**

- Mr. V. Sankaran, Chairman
- Mr. Gani Abdul Aleem, Member
- Mr. Mukesh Gupta, Member
- Mr. Sunil Kumar Sharma, Membe

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## **B) ROLE OF COMMITTEE**

### **3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

The Committee shall:

- 3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- 3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- 3.1.3. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

### **3.2. Policy for appointment and removal of Director, KMP and Senior Management**

#### **3.2.1. Appointment criteria and qualifications**

- a) 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 his / her appointment.
- b) 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.

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- c) The Company shall not appoint or continue the employment of any person as Managing/Whole-time Director who has attained the age of seventy years subject to approval shareholders by special resolution as mentioned under the Act. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### 3.2.2. Term / Tenure

- **Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Managing Director or Whole Time 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.

- **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 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.



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### **3.2.3. Evaluation**

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

### **3.2.4. Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, 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.

### **3.2.5. 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.

## **3.3. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel**

### **3.3.1. General:**

- a) The remuneration / compensation / commission etc. to the Managing Director, Whole-time 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,

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wherever required.

- b) The remuneration and commission to be paid to the Managing/Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary for indemnifying them against any liability, in respect of negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, 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.

**3.3.2. Remuneration to Managing Director, Executive/ Whole-time Director, KMP and Senior Management Personnel:**

**a) Fixed pay:**

The Managing Director, Executive/ Whole-time 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 breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders, wherever required.



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**b) Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing/Whole-time Director in accordance with the provisions of the Act.

**c) Provisions for excess remuneration:**

If any Managing/Whole-time 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 approval as required, he / she shall refund such sums to the Company, within two years or such lesser period as may be allowed by the company, and until such sum is refunded, hold it in trust for the Company.

**3.3.3. Remuneration to Non- Executive / Independent Director:**

**a) 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.

Provided that for Independent Directors and Women Directors, the sitting fee shall not be less than the sitting fee payable to other directors.

**b) Stock Options:**

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

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#### **4. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

#### **5. COMMITTEE MEMBERS' INTERESTS**

- a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

#### **6. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

#### **7. DISCLOSURES**

The Company shall disclose the Policy on Nomination and Remuneration on its website and the salient features of the policy and changes therein, if any, along with the web address of the policy shall be disclosed in the Board's report.

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