

# **SOUTHERN MAGNESIUM AND CHEMICALS LIMITED**

**(CIN NO.L27109TG1985PLC005303)**



**34<sup>th</sup> ANNUAL REPORT  
2019 - 2020**

**CORPORATE INFORMATION****BOARD OF DIRECTORS & KMP:**

Mr. N. RAVI PRASAD	Managing Director and CEO
Mr. N. RAJENDER PRASAD	Joint Managing Director and CFO
Mrs. E. MAHALAKSHMI	APIDC Nominee Director (upto 01-01-2020)
Mrs. PADMAVATHI KOLLIPARA	APIDC Nominee Director (w.e.f. 14-02-2020)
Mr. K. ESHWARAIAH	Independent Director
Mr.V. S. S. PRAKASH	Independent Director
Mr. G. RAGHAVENDRA RAO	Independent Director

**COMPANY SECRETARY :** Mrs. Sneha Sridayal Soni (w.e.f. 14-02-2020)

**REGISTERED OFFICE:** Deccan Chambers, 5<sup>th</sup> Floor,  
6-3-666/B, Somajiguda, Hyderabad – 500 082  
Ph: 040-23311789, Fax No: 040-23319871

**AUDITORS:** Brahmayya & Co.  
Chartered Accountants, Hyderabad

**INTERNAL AUDITORS:** K.S. Rao & Co.  
Chartered Accountants, Hyderabad

**SECRETARIAL AUDITORS:** Mr. P.A.P Murthy,  
Practicing Company Secretary, Hyderabad.

**BANKERS:** Andhra Bank, Somajiguda, Hyderabad

**WORKS:** Gowripatnam, West Godavari District

**LISTED AT:** BSE Limited

**REGISTRAR &  
SHARE TRANSFER AGENTS:** Aarthi Consultants Private Limited,  
1-2-285, Domalguda, Hyderabad-500029  
Ph.Nos.040-27638111/27634445  
Email : info@aarthiconsultants.com

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**NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE 34<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF SOUTHERN MAGNESIUM AND CHEMICALS LIMITED WILL BE HELD ON WEDNESDAY, 30<sup>TH</sup> SEPTEMBER, 2020 AT 11:30 A.M. THROUGH VIDEO CONFERENCING (“VC”) / OTHER AUDIO VISUAL MEANS (“OAVM”) TO TRANSACT THE FOLLOWING BUSINESS :**

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2020, the Profit & Loss Account and Cash Flow Statement for the year ended on that date together with the Schedules and Notes attached thereto, along with the Reports of Auditors and Directors thereon.

For and on Behalf of the Board of Directors of  
**Southern Magnesium and Chemicals Limited**

**N. RAJENDER PRASAD**  
**JT. MANAGING DIRECTOR & CFO**  
**(DIN: 00145659)**

Place : Hyderabad  
Date : 31-08-2020

**NOTES:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM” or “Meeting”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars on AGM through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form and Attendance Slip are **not annexed** to this Notice.
3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
6. Corporate members intending to authorize their representatives to attend the Meeting are requested to send a scanned certified copy of the board resolution (pdf/jpeg format) authorizing their representative to attend and vote on their behalf at the Meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to dhr300@gmail.com with a copy marked to helpdesk.evoting@cDSLindia.com.
7. The Register of Members and Share Transfer Books of the Company will be closed from 24.09.2020 to 30.09.2020 (both days inclusive).
8. In terms of the Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from 1 April 2019. In view of the above, Members are advised to dematerialize shares held by them in physical form. The ISIN in respect of equity shares is **INE308N01012**.
9. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e., Electricity /Telephone Bill, Driving License or a copy of passport and Bank particulars to the company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the company/RTA without delay.
10. As part of its “green initiative in Corporate Governance”, MCA allows paperless compliances including service of a notice/document by companies to their Members through electronic mode. Therefore, members are requested to update their e-mail IDs with the Company who have not provided earlier in order to enable the company to follow the instructions of MCA and full fill the initiatives taken by Government of India in this regard in future correspondence to members.
11. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories.
12. The Statutory Registers and the documents pertaining to the items of business to be transacted at the AGM are available for inspection in electronic mode. The shareholders may write an e-mail to southernmagnesium@gmail.com and the Company shall respond suitably.
13. The Meeting shall be deemed to be held at the registered office of the Company at 6-3-666/B Deccan Chambers, 5th Floor, Somajiguda, Hyderabad, Telangana, 500082. Since the AGM will be held through VC / OAVM, the route map to the venue is not annexed to this Notice.

**A. THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Central Depository Services (India) Limited (CDSL) on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
- II. The remote e-voting period commences on Sunday, September 27, 2020 (9:00 a.m. IST) and ends on Tuesday, September 29, 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Wednesday, September 23, 2020 i.e. cutoff date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- III. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again.

- IV. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- V. The details of the process and manner for remote e-voting are explained herein below:
  - i. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - ii. Click on Shareholders tab
  - iii. Now enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - iv. Next enter the Image Verification as displayed and Click on Login.
  - v. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - vi. If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

<b>PAN</b>	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/ RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).</li> </ul>

- vii. After entering these details appropriately, click on "SUBMIT" tab.
- viii. Members holding shares in physical form will then directly reach the Company election screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xi. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

- xvi. If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. Members can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

**B. INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- ii. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- iii. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/ OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- iv. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**C. NOTE FOR NON – INDIVIDUAL SHAREHOLDERS AND CUSTODIANS**

- i. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- ii. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- iii. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- iv. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- v. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- vi. Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at the email address [chr300@gmail.com](mailto:chr300@gmail.com) and to the Company at the email address viz; [southernmagnesium@gmail.com](mailto:southernmagnesium@gmail.com). If they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**D. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING:**

- i. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.

- i. For Demat shareholders, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.
- iii. The company/RTA shall co-ordinate with CDSL and provides the login credentials to the above mentioned shareholders.

**E. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- i. Shareholder will be provided with a facility to attend the AGM through VC/ OAVM through the CDSL e-Voting system. Shareholders may access the same at [https:// www.evotingindia.com](https://www.evotingindia.com) under shareholders/ members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
  - ii. Shareholders are encouraged to join the Meeting through Laptops/iPads for better experience.
  - iii. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  - iv. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  - v. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at company email id viz; [southernmagnesium@gmail.com](mailto:southernmagnesium@gmail.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [southernmagnesium@gmail.com](mailto:southernmagnesium@gmail.com). These queries will be replied to by the company suitably by email.
14. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

- 15. The Company has appointed Ms Shaik Razia or failing her, Mr. Mohit Kumar Goyal, Partners of D. Hanumanta Raju & Co Company Secretaries, as the Scrutinizer to scrutinize the e-voting process. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any and submit the same to the Chairman or a person authorised by him.
- 16. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.southernmagnesium.com](http://www.southernmagnesium.com) and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to BSE Limited. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. September 30, 2020.



## DIRECTORS' REPORT

To

The Members,

**SOUTHERN MAGNESIUM AND CHEMICALS LIMITED,**

Your Directors hereby present the 34<sup>th</sup> Annual Report of your Company together with the Audited Financial Statements and the Auditors' Report of your Company for the financial year ended, 31<sup>st</sup> March, 2020. The summarized financial results for the year ended 31<sup>st</sup> March, 2020 are as under : □

**FINANCIAL REPORT / OPERATIONS:**

(Rs. In Lakhs)

Particulars	Current Year As on 31.03.2020	Previous Year As on 31.03.2019
<b>Net Sales / Income from Operations</b>	<b>158.56</b>	441.89
<b>Other income</b>	<b>2.77</b>	4.54
<b>Expenses</b>	<b>195.73</b>	277.63
<b>Exceptional items</b>	<b>0</b>	0
<b>Net Profit (+) / (Loss) before Tax for the Period</b>	<b>(34.39)</b>	168.80
<b>Tax Expenses/Deferred Tax</b>	<b>(11.30)</b>	31.96
<b>Net Profit (+) / (Loss) for the Period</b>	<b>(23.09)</b>	136.84

**REVIEW OF OPERATIONS:**

During the period revenue of the Company has decreased to Rs.158.56 Lakhs as compared from Rs. 441.89 Lakhs of the previous year. The Company has suffered a loss of Rs.23.09 Lakhs in the current year against profit of Rs.136.84 lakhs in the previous year.

The unpredicted outbreak of Novel Corona Virus (COVID-19) which had a pandemic impact resulted into a sudden announcement of the nationwide lockdown effective from 23<sup>rd</sup> March 2020. The region where the factory is situated had minimal impact of COVID -19. So the operations of the company w.r.t production and sales are not affected materially. We have taken all necessary action to safeguard the health of workers by following the guidelines as issued from time to time by the Government of India and the State Government. There is no major impact on receivables and overall business operations of the company. Company has been paying salaries to all employees and no deductions were made. Even during lockdown period the company was able to execute/fulfill orders and was supplying its products as and when orders were placed with the company.

So, the impact of COVID-19 is minimal over the Company's performance, Financials, internal control system and demand for our products continues to be same as in past.

Meanwhile, since the situation is continuously evolving, the impact assessed may be different from the current situation today and the Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors hereby confirms and declares that:

- In the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the statement of profit and loss of the Company for that period;
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the annual accounts for the year ended 31<sup>st</sup> March, 2020 on a going concern basis; and
- The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.



- (f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### DISCLOSURES UNDER SECTION 134 OF THE COMPANIES ACT, 2013

##### 1. State of affairs of the company:

The Company deals in the business of Magnesium Metal and related goods. During the year, the Company has seen decrease in terms of the Sale/profits which is reflected in the financial results of the Company.

##### 2. Amounts, if any, carried to reserves:

The Board of Directors of your company has decided not to transfer any amount to the Reserves for the year under review.

##### 3. Dividend:

The Company has not declared any dividend during the year under review.

##### 4. Inter - Corporate deposits:

- (i) The details relating to deposits are as follows: The Company has Inter Corporate Deposits, the details of which are given below.
- (a) Accepted during the year - Nil
  - (b) Remained unpaid or unclaimed as at the end of the year – Nil
  - (c) Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved at the beginning of the year; - Nil
- Maximum outstanding during the year; Rs.26,55,000/-  
Outstanding at the end of the year; - Rs.23, 90,000 /-
- (ii) The details of deposits which are not in compliance with the requirements of the Act- Nil

##### 5. Deposits

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013.

##### 6. Number of meetings of the Board

Secretarial Standards as applicable have been complied with. Further, 4 (Four) meetings of the board were held during the year as per the details given below:

S. No.	Date of meeting	Total No. of Directors on the Date of Meeting	No. of Directors attended	% of Attendance
1.	10.05.2019	6	5	83.33
2.	14.08.2019	6	5	83.33
3.	13.11.2019	6	5	83.33
4.	14.02.2020	5	5	100

##### 7. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of financial year of the company to which the financial statements relate and the date of the report:

There are no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate on the date of this report.

##### 8. Board Evaluation:

The board of directors has carried out an annual evaluation of its own performance, Board Committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements to the extent applicable as prescribed by Securities and Exchange Board of India ("SEBI").

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee (“NRC”) reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the board and committee meetings like preparedness of the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of Independent Directors, performance of Non- Independent directors, performance of the Board as a whole taking into account the views of Executive Directors and Non- Executive Directors was considered. The same was discussed in the board meeting that followed the meeting of the Independent Directors, at which the performance of Board, its committee and individual directors was also discussed.

#### **9. Policy on Directors’ appointment and remuneration and others details:**

The company’s policy on Directors appointment and remuneration and other matters provided in section 178 of the Companies Act are as under:

Nomination and Remuneration Policy of Southern Magnesium and Chemicals Limited is as under:

### **INTRODUCTION**

The Remuneration Policy of Southern Magnesium and Chemicals Limited (the “Company”) is aligned with the compensation philosophy of its competitors which is to pay competitively and reward performance. To achieve this philosophy, total compensation is based on employee’s role, market value of job and employees contributions.

This Policy is designed to attract, motivate, and retain talent by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and retirement benefits.

The policy reflects the Company’s objectives for good corporate governance as well as sustained long term value creation for shareholders.

This Remuneration Policy applies to Directors and senior management including its Key Managerial Personnel (KMP) of the Company.

#### **1. DEFINITIONS**

**Act** means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

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

**“Committee”** means Nomination and Remuneration Committee constituted by the Board

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

**“Key Managerial Personnel”** means

Chief Executive Officer or the Managing Director or Manager Whole-time director;

Chief Financial Officer;

Company Secretary; and such other officer as may be prescribed by the Companies Act, 2013.

**“Executive Directors”** mean Managing Director/ Joint Managing Director and Whole Time Director, if any.

**“Senior Management”** means personnel of the company who are members of senior leadership typically vice presidents or equivalent and higher position levels.

#### **2. GUIDING PRINCIPLE**

The guiding principle is that the remuneration and the other terms of employment should effectively help in attracting and retaining talented employees.

While designing remuneration packages, industry’s best practices, cost of living and potential of employees are also taken into consideration.

#### **3. POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

##### **General:**

- a) The remuneration package of KMP will be determined by the Committee and recommended to Board for approval. In addition, the approval of the shareholders of the Company and Central Government, wherever required, will be obtained for the remuneration package of Executive Directors. The remuneration package of other senior management personnel will be recommended by Managing Director and Jt. Managing Director and be submitted to Committee for approval.