



NOMINATION
& REMUNERATION POLICY

SHAILY ENGINEERING PLASTICS LIMITED
SURVEY # 364/366, RANIA, TA- SAVLI
DIS- VADODARA-391780
CIN- L51900GJ1980PLC065554

The Nomination & Remuneration Policy of Shaily Engineering Plastics Ltd (SEPL) is designed to attract, motivate and retain manpower in a competitive and international market, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

The Nomination & Remuneration Policy applies to the Company's Key Managerial Persons (KMPs) and Board of Directors.

Objective and Purpose of the Policy

The objective and purpose of this policy are:

- To lay down criteria and terms & 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 and Key Managerial positions and recommend to the Board their appointment and removal.
- To determine and recommend to the Board, remuneration, in whatever form, payable to Directors and senior management based on the Company's size, financial position and trends and practices on remuneration prevailing in peer Companies.
- To carry out periodic evaluation of the performance of Directors, Key Managerial and Senior Management.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to Company's operation.
- To attract, retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

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 at its Meeting held on 08th August, 2014. The Policy is further revised in line with Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2019 and considered and adopted by the Board of Directors at their meeting held on 14th February, 2019, effective from 01st April, 2019. The Policy is applicable to all Directors (Executive and Non- Executive), Key Managerial Personnel and Senior Management. Key features of this Policy shall be included in the Board's Report.

This revised Policy is effective from **01st April, 2019**.

Definitions

"Companies Act" means Companies Act, 2013 and any amendments thereto.

"SEBI Listing Regulations, 2015" means Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments thereto.

"Board" means the Board of Directors of the Company.

"Committee" means a Nomination & Remuneration Committee constituted or reconstituted by the

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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.

“Company” means Shaily Engineering Plastics Limited (SEPL).

“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.

“Key Managerial Personnel” (KMP) means-

- Managing Director
- Chief Executive Officer
- Whole –time Director
- Chief Financial Officer
- Company Secretary

And such other officer as may be prescribed under applicable statutory provisions/ regulations.

“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.

Matters To Be Dealt With, Perused And Recommended To The Board By Committee

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Formulate criteria for evaluation of performance of Independent Directors and the Board of Directors.
- Devising a policy on diversity of Board of Directors.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial Personnel and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management.
- Recommend to the Board, all remuneration, in whatever form, payable to Directors, KMP and Senior Management.

Policy for Appointment and Removal of Director, KMP and Senior Management

a. 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 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 are sufficient / satisfactory for the concerned person.

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- 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 attend 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.

- 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.
- Such other criteria as may be prescribed in the Companies Act, 2013, SEBI Listing Regulations, 2015 and rules and regulations made thereunder.

b. 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.

c. Performance Evaluation:

The Committee shall formulate the criteria and specify the manner for effective evaluation of performance of Board, its committees and individual Directors, either to be carried out by the Committee itself, or by the Board or by an Independent external agency and review its implementation and compliance.

d. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, SEBI Listing Regulations, 2015, rules made thereunder 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.

e. 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 direction 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.

Policy relating to the remuneration for the Whole – Time Director, KMP and Senior Management

- The Committee will determine and recommend to Board the remuneration/ compensation / commission etc., to the Managing Director, Whole – time Director, KMP and Senior Management 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 Managing Director or Whole – time Director shall be in accordance with the limits or conditions laid down in the Articles of Association of the

Company and as per the provision of the Companies Act, 2013 and rules made thereunder as amended from time to time.

- Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholder in the case of Managing Director or Whole-time Director. Increments will be effective from the date mentioned in the respective resolution in case of a Managing director and Whole-time Director and in respect of other employees of the company as decided by the Managing Director of the Company from time to time.
- Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and other employees for identifying them against any liability, the premium paid on 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.

A. Remuneration to Whole-time Director, Managing Director, KMP and Senior Management

1. Fixed pay:

The Managing Director, Whole-time Director, KMP and Senior Management 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 fund, superannuation, national pension scheme or annuity fund, gratuity, pension scheme, medical expense, club fees etc., shall be decided and approved by the shareholders and Central Government, where ever required.

2. 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 Director and Whole-time Director in accordance with the provision of section II Part II Schedule V of the Companies Act, 2013 and/or the Central Government, wherever required.

3. Provision for Excess remuneration:

If any Managing Director and Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of 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.

4. Stock Options:

In case, Managing Director, Whole-time Director, are not Promoter Director or Independent Director, they shall be entitled to any stock option of the Company as qualified by the normal employees of the Company. Provided the same shall be subject to the Companies Act, 2013 and rules made thereunder read with Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and any amendment or modification thereof.

Senior Management shall be eligible for stock option as normal employees of the company.

5. Commission :

Commission may be paid to the Managing Director, Chairman and all Whole Time Directors, as may be decided by the Board of Directors and approved by the Shareholders of the Company and Central Government, if required. Such commission shall be within the limits specified by the Central Government from time to time.

Senior Management shall be eligible for commission as may be decided by the Board from time to time.

B. Remuneration to Non- Executive/ Independent Director:

1. Remuneration/ Commission:

The remuneration / commission shall be fixed as per the limits and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and rules made thereunder.

2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. The Sitting fees shall be decided by the Board of Directors of the Company at its meeting where quorum consists of disinterested directors. In case all the directors are interested, the same shall be decided by the Resolution passed by the Members of the Company.

Provided that the amount of such fees shall not exceed Rupees One lakh per meeting of the Board or committee or such amount as may be prescribed by the Central Government from time to time.

3. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1 % of the profits of the Company Computed as per the applicable provision of the Companies Act, 2013.

4. Stock Options:

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

Meetings

The NRC shall meet atleast once in a year. The Company Secretary shall act as 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 atleast one independent director in attendance. The NRC may invite such executives as it considers appropriate, to remain present at the meeting.

Amendment

The provisions of this policy can be amended by the Board from time to time and 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.