



PAINTS

SHEENLAC PAINTS LIMITED

CIN: U24222TN2012PLC088947

NOMINATION & REMUNERATION POLICY

Approved on:

NRC Committee - 01st March, 2018

Board of Directors - 29th March, 2018

NRC Committee - 10th July, 2020

Board of Directors - 30th Sep, 2020

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NOMINATION AND REMUNERATION POLICY

The Board of Directors of **SHEENLAC PAINTS LIMITED** (“the Company”) constituted the “Nomination and Remuneration Committee” at the Meeting held on the First day of March, 2018 with immediate effect, consisting of Three (3) Non-Executive Directors of which majority are Independent Directors.

1. Purpose

The Policy of the Nomination and Remuneration Committee shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable Rules thereto.

The Key Objectives of the Committee would be to guide and evaluate the appointment and removal of Board of Directors, Key Managerial Personnel and Senior Management Personnel, to recommend remuneration payable to them and to devise a succession plan as prescribed in the Charter of the Nomination and Remuneration Committee.

2. Definitions

2.1 **Act** means the Companies Act, 2013 as amended from time to time

2.2 **Rules** means the Rules prescribed under the Companies Act, 2013 as amended from time to time

2.3 **Company** means **Sheenlac Paints Limited**

2.4 **Board** means Board of Directors of the Company

2.5 **Director(s)** means Director(s) of the Company

2.6 **Key Managerial Personnel (KMP)** means

2.6.1 Chief Executive Officer or the Managing Director or the Manager;

2.6.2 Whole-time director;

2.6.3 Chief Financial Officer;

2.6.4 Company Secretary; and

2.6.5 Such other officer as may be prescribed.

2.7 **Senior Management** means Senior Management personnel of the company who are members of its core management team excluding the Board of Directors and KMPs including Functional Heads.

3. Role of the 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 Directors, KMPs and Senior Management

3.2.1 *Appointment Criteria and Qualifications:*

- a. The Company shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management level and recommend to the Board his / her appointment.
- b. A person to be appointed as Director, KMP or Senior Management level should possess 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 person.
- c. A person, to be appointed as Director, should possess impeccable reputation for Integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board Members.
- d. The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who is below the age of twenty-one years or has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the Committee 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.

The above policy shall also apply for the Independent Director appointed by the Company under Section 149(4).

- e. A whole-time KMP of the Company shall not hold Office in more than one Company except in its subsidiary Company at the same time. However a whole-time KMP can be appointed as a Director in any Company with the permission of the Board of Directors of the Company.

3.2.2 Term/Tenure

a. 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 the term.

b. Independent Director

An Independent Director shall hold Office for a term up to five consecutive years on the Board 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 a period 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.

3.2.3 Evaluation

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

3.2.4 Removal

Due to the reasons for any disqualifications mentioned in the Act, Rules or under any other applicable Laws, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or KMP 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 Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval.
- b. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the provisions of the Act and the Rules made there under.
- c. 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 Managing Director.
- d. Where any insurance is taken by the Company on behalf of its Managing Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, 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 Whole-time / Executive / Managing Director, KMP and Senior Management Personnel

a. Fixed pay

The 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 and Central Government, wherever required.

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 Whole-time Director in accordance with the applicable provisions and Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government

c. Provisions for excess remuneration

If any Managing Director / Whole-time Director / Executive 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 approval required under Section 197 of the Act, 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. The Company shall not waive recovery of such sum refundable to it unless approved by the Company by Special Resolution as prescribed under Section 197(10) within two years from the date the sum becomes refundable.

3.3.3 Remuneration to Non- Executive / Independent Directors

a. Remuneration

The remuneration payable to each Non-Executive Director is based on the Remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance and the provisions of the Act and the Rules made there under.

b. Sitting Fees

The Non- Executive / Independent Director may receive remuneration by way of fee for attending meetings of Board or Committee thereof. Provided that the amount of such fee shall not exceed **One Lakh Rupees** per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c. 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 provisions of the Act.

4. Disclosure

This policy shall be placed on the website of the Company 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.

5. Policy Review

This policy is framed based on the provisions of the Companies Act, 2013 and the Rules framed there under. In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other 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.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modifications on the policy as recommended by the Committee would be given for the approval of the Board of Directors.

The Policy is made effective from this **Twenty Ninth** day of **March, 2018**.