

SHUBHALAKSHMI POLYESTERS
LIMITED

**POLICY ON REMUNERATION OF
DIRECTORS, KEY MANAGERIAL
PERSONNELS AND SENIOR
MANAGEMENT PERSONNEL**

1.00 GUIDING PRINCIPLES:

- (i) The terms of employment and remuneration of Managing Director (MD), Whole-Time Director (WTD), Key Managerial Personnel's (KMPs) and Senior Managerial Personnel's (SMPs) shall be competitive in order to ensure that the Company can attract and retain competent talent
- (ii) The remuneration Policy shall ensure that:
 - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors/KMPs and SMPs of the quality required to run the Company successfully.
 - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
 - (c) Remuneration to Directors, KMPs and SMPs involves a balance between fixed and variable pay reflecting short and long term performance objectives and goals set by the Company.
 - (d) Remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders
- (iii) While determining the remuneration and incentives for the MD/ WTD and KMP's, the following shall be considered:
 - (a) pay and employment conditions with peers / elsewhere in the competitive market
 - (b) benchmarking with the industry practices
 - (c) Performance of the individual
 - (d) Company Performance
- (iv) For the benchmarking with Industry practice, criteria of size, complexity, data transparency and geographical area shall also be given due

consideration.

- (v) The pay structures shall be appropriately aligned across levels in the Company.

2.00 REMUNERATION POLICY:

(1) SMPs & KMPS (other than MD/WTD):

- (i) Remuneration packages shall be designed in such manner that:
 - (a) Motivates delivery of key business strategies, creates a strong performance-orientated environment and rewards achievement of the Company's objectives & goals over the short and long-term.
 - (b) attracts high-flier executives in a competitive global market and remunerate executives fairly and responsibly.
- (ii) Remuneration shall be competitive and shall include salary comprising of both fixed and variable components, performance incentives and other benefits such as retiral benefits and hospitalisation benefits, telephone reimbursement etc.
- (iii) Remuneration shall be evaluated annually and annual increase shall be decided considering the performance of the individual and also of the Company. Industry practices/ trends shall also be given due consideration.
- (iv) Remuneration can be reset at any time considering the benchmark of international and domestic companies, which are similar in size and complexity to the Company.
- (v) The remuneration to be paid to the KMPs viz. CEO, CFO, CS or SMPs, shall be recommended by the Nomination and Remuneration Committee (NRC) considering relevant qualification and experience of the individual as well as the prevailing market condition.

(vi) The NRC may consider to grant Stock Options to KMPs & SMPs pursuant to any Stock Option Plan adopted by the Company, if any.

(2) MD/WTD:

(i) Remuneration to the MD and WTD shall be proposed by the NRC and subsequently approved by the Board of Directors and the shareholders of the Company, whenever required.

(ii) Remuneration shall be evaluated annually against performance and a benchmark of international and domestic companies, which are similar in size and complexity.

(iii) Total remuneration for the MD and WTD shall be comprised of the following:

(a) Salary (both fixed & variable).

(b) Perquisites like domiciliary medical expenses and club memberships etc.

(c) Retirals, made in accordance with applicable laws and policies of the Company.

(d) In addition, they shall also be entitled to a Performance Bonus linked to their individual performance and also the performance of the Company and the individual.

(e) It shall be ensured that total remuneration payable to MD and WTD's shall not increase 10% of the net profit of the Company (not exceeding 5% for MD), computed in accordance with Section 198 of the Companies Act, 2013.

(3) Non-Executive Directors (NEDs):

(i) NEDs shall be entitled to such sitting fees as may be decided by the

Board of Directors from time to time for attending the meeting of the Board and of the Committee thereof.

- (ii) NEDs shall also be entitled for payment of commission, if any, as upto the limits permitted in Section 197 of the Companies Act, 2013 and approved by the shareholders from time to time.
- (iii) Independent Directors (IDs) shall not be eligible for any Stock Options, pursuant to any Stock Option Plan adopted by the Company.
- (iv) The NEDs shall be eligible for remuneration of such professional services rendered if in the opinion of the NRC, the NED possesses the requisite qualification for rendering such professional services.

3.00 DIRECTOR AND OFFICER LIABILITY INSURANCE:

- (i) The Company shall provide an insurance cover to Directors, KMPs & SMPs for indemnifying them against any liability in respect of any 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 a part of remuneration paid to them.
- (ii) The premium paid by the Company for such insurance cover, called for Directors and Officers Liability Insurance Policy, taken for the above purpose shall be paid by the Company without any charge to the Directors, KMPs and SMPs.

4.00 APPLICABILITY:

- (i) This Remuneration Policy shall apply to all existing and future employment agreements with KMPs & SMPs and also with the Directors.
- (ii) In all respects, the Remuneration Policy shall be subject to overall

guidance of the Board of Directors. Any departure from the policy shall be approved by the Board.

5.00 DISCLOSURES:

The Company shall disclose the following in the Board's report and the Financial Statements:

- (a) In the Board's Report, such particulars as are prescribed under the Companies Act, 2013 and Rules made there under.

6.00 DISSEMINATION:

The Company's Remuneration Policy shall be published on its website

