

## Shree Shubham Logistics Limited

(CIN: U60232GJ2007PLC049796)

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### REMUNERATION POLICY OF SHREE SHUBHAM LOGISTICS LIMITED

Sr.No.	Content
1	Purpose
2	Definitions
3	Effective Date of the Policy
4	Nomination and Remuneration Committee
5	Monitoring and Implementation of Policy
6	Remuneration of Non-Executive Directors
7	Remuneration of Executive Directors
8	Stock Options to Employees / Directors
9	Pecuniary Relationships or Transactions
10	Remuneration of Senior Management
11	Remuneration of Employees
12	Performance Management System (PMS)
13	Employees' Growth and Well-Being
14	Clarification and Review of the Policy
15	Amendments in the Policy

## 1. PURPOSE

At Shree Shubham Logistics Limited (hereinafter referred to as “SSL”), Management is committed to conducting its business in accordance with the applicable laws, rules and regulations and with the highest standards of business ethics and employee relations. This policy is formulated in terms of the provisions of Section 178(3) of the Companies Act, 2013.

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that Shareholders remain informed and confident in the management of the Company. The Company also understands the importance of attracting and maintaining high quality individuals from directors right through to support staff.

This remuneration policy is being positioned on the basis of overall assessment of the size of the company, future prospect, organization structure and complexity of its activities. The purpose is to have a remuneration policy that is consistent with and promotes sound and effective risk management, and which is aligned with the Company’s strategy, values and goals and the interests of stake holders and investors.

The Remuneration and Nomination Committee has developed this policy keeping in view the following aspects.

- a) The level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate directors and employees of the quality required to run the company successfully.
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- c) Maintain appropriate balance between fixed and incentive pay in remuneration to directors, key managerial personnel and senior management reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- d) Align the growth of the Company and development of employees and accelerate the performance.
- e) To motivate and retain the quality employees and attract other highly qualified executives to enter into SSL’s service, when require.
- f) To give a rational and fair treatment to employees, and to recognize importance of every one with team spirit and enhancing the value of human wealth.

- g) To create a transparent system of determining the appropriate level of remuneration throughout all levels of the Company.
- h) Encourage people to perform to their highest level.
- i) Allow the Company to compete in each relevant employment market.
- j) Provide consistency in remuneration throughout the Company.
- k) Align the performance of the business with the performance of key individuals and teams within the Company.

## **2. DEFINITIONS**

- (a) "Board" means Board of Directors of the Company for the time in force.
- (b) "Company" or "SSL" means "Shree Shubham Logistics Limited", having CIN U60232GJ2007PLC049796, and registered office at Plot No. A-1 and A-2, G.I.D.C. Electronic Estate, Sector – 25, Gandhinagar – 382004, Gujarat, India
- (c) "Committee" or "NRC" means "Nomination and Remuneration Committee" of the Board of the Company, as may be reconstituted by the Board and as may be subsist from time to time.
- (d) "Director" means person appointed as Director on the Board of the Company pursuant to the applicable provision of the Companies Act 2013 and includes independent Directors of the Company.
- (e) "Department" means every -department of the Company viz Warehousing, ACL, 'Accounts, Finance, Taxation, Secretarial and Legal, Information Technology (IT), HR & Admin, Quality Control, Primary Processing & Trading, Projects, Audit & Assurance, Marketing, Strategic Initiative and also includes new Department setup from time to time.
- (f) "Department Head" or "State Head" "SH means Employee of the Company who are designated as such or in charge of one or more State and person who are designated as Head for the time being, by the Executive Director.
- (g) "Executive Director" means person appointed as Whole-time director, Executive Director, Managing Director, Deputy Managing Director and Joint Managing Director and holding office as such pursuant to the applicable provision of the Companies Act 2013.

- (h) “Employees” means and includes person who is confirmed for full time employment of the Company time to time.
- (i) “Key Managerial Personnel” or “KMP” means person as defined in the Companies Act, 2013 and as appointed and in employment of the Company as a Chief Executive Officer or Managing Director or Manager, Whole Time Director, Chief Financial Officer and Company Secretary.
- (j) “Remuneration Policy” or “this Policy” means this Policy for remuneration of Directors, KMP and employees of the Company as set out hereby, recommended by the Committee and approved by Board of SSL, as amended from time to time.
- (k) “Senior Management” means personnel in employment of the Company who are members of core management team excluding Directors comprising all members of management one level below the executive directors, including the KMP, Functional Head and Business Unit Heads.
- (l) Unless the context require otherwise, words importing the singular include the plural and vice versa and pronouns importing a gender include each of the masculine, feminine and neuter genders and shall be interpreted in the wide sense in spirit of this Policy.

### **3. EFFECTIVE DATE OF THE POLICY**

The Nomination and Remuneration Committee has approved this Policy in its meeting held on 29<sup>th</sup> May, 2015 and the Board has approved this Policy in its meeting held on 29<sup>th</sup> May, 2015.

This Policy shall come in to force from immediate effect.

### **4. NOMINATION AND REMUNERATION COMMITTEE**

The Board has re-constituted and renamed Nomination and Remuneration Committee of the Directors w.e.f. 7<sup>th</sup> January, 2015, presently comprising of 1 non – executive Director and 2 independent Directors. Existing remuneration committee has been renamed and reconstituted pursuant to the provision of the Companies Act 2013 The NRC are playing statutory and consultative role in building appropriate remuneration structure in the Company keeping in view recognition and appreciation of experience, expertise, advise, efforts and contribution provided by the Directors, KMP, Senior Management and dedication of Employees. While strategize the remuneration structure, the Committee would also consider that composition of remuneration needs to be reasonable and sufficient to attract, retain and motivate Directors and senior management of the quality required to run the Company successfully.

In its consultative role and guiding force, the Committee will provide its recommendations to the Board in respect to matter and tasks as may be assigned by the Board time to time. The Committee may recommend to the Board as how to effectively structure and facilitate a remuneration strategy, which will meet the needs of the Company and advice changes if any required to this Policy.

## **5. MONITORING AND IMPLEMENTATION OF THIS POLICY**

The Committee implements and monitors this Policy. The Committee may take assistance of HR Head, HR team and Senior Management as may be necessary in respect to implement and review of this Policy. The Committee may seek attendance of Department Heads and obtain relevant data, details and analysis as the Committee may think necessary. The Committee may also consult the experts' advice wherever they deem necessary in discharge of their duty.

## **6. REMUNERATION OF NON-EXECUTIVE DIRECTORS**

The Company follow the following structure in respect to remuneration of Non-Executive Directors (NEDs).

### **6.1 Sitting fees**

The Company pays sitting fees of Rs. 50,000/- per meeting to the Independent Directors for attending the meetings of the Board and Rs. 15,000/- for attending meeting of the Audit Committee and same amount for meeting of Nomination & Remuneration Committee.

### **6.2 Reimbursement of expenses**

The Company also bare / reimburse travelling and other expenses to outstation Directors for attending meetings and expenses in relation to attending matters or business of the Company.

### **6.3 Remuneration**

The Company may upon passing of resolution by the Board of Directors of the Company consider payment of remuneration to Non-Executive Directors by way of commission as a percentage of profits on an annual basis, pursuant to the applicable provision(s) of the Companies Act 2013 and rules made thereto, Listing Agreement and approval of shareholders of the Company. The Commission would be at a rate not exceeding 1% or 3% per annum of the profits of the Company, as may be applicable to the Company, as per the provision of the Companies Act 2013 and as approved by shareholders from time to time.

The distribution of Commission amongst the NEDs will be placed before the Board. The Commission will be distributed on the basis of their attendance and contribution at the Board and certain Committee Meetings as well as time spent on operational matters of the Company.

On recommendation of the Committee, the Board may consider appropriate additional remuneration to such Non-executive Director who has devoted considerable time and efforts in relation to business and matters of the Company. Said remuneration would be within overall limit of commission or remuneration to Non-executive directors and to the extent permitted under the law. If there will be any proposal from the Board, the Committee may recommend different remuneration / fees for different class of Directors, keeping in view the requirement of the Company and statutory provisions.

**6.4 In case of no profit or inadequate profit**

As per the provision of the Companies Act and rules related thereto

**6.5 Review of remuneration of Non-Executive Directors**

The Committee shall evaluate the remunerations of Non-executive Directors at such interval as it thinks appropriate or as may be requested by the Board time to time. While recommending to the Board for restructure or increase in remuneration of Non-Executive Directors, the Committee shall keep in view the following factors in seriatim weightage.

- a) Financial performance and net-worth of the Company as per audited financial statement for last 3 financial years.
- b) Value of order book position and operational performance track in last two years.
- c) Performance of the Board as whole considering the evaluation of the Board done by Independent Directors.
- d) Diversity and composition of Board considering experience, expertise, technical knowledge and skills relating to business and future plan of the Company, position held in other organizations and directorship in other companies.
- e) Remuneration of non-executive directors of other companies / peers of similar size in terms of turnover, profit and net worth. Peer comparison shall be effective and rational assessment and not just numbers.

**7. REMUNERATION OF EXECUTIVE DIRECTORS**

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission and/or performance incentives (variable component) to Executive Directors of the Company. The remuneration to executive directors is as approved by shareholders of the Company. The Board proposes to shareholders the

remuneration including appropriate mix of fixed and variable components and other terms for appointment of the Executive Directors, considering qualifications, experience, technical skills, requirement of the Company and prevailing market conditions. While determining the remuneration proposal, the Board also considers the recommendation of the Nomination and Remuneration Committee.

#### **7.1 Fixed Component**

The Executive Directors are paid remuneration by way of monthly salary / fixed component, as per preapproved terms.

#### **7.2 Variable Component**

The Executive Directors are also paid remuneration by way of commission as percentage of commission of profit of the Company as per audited financial statement, within range as approved by the shareholders. Commission is calculated with reference to net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year based on the recommendations of the Remuneration Committee, subject to overall ceilings and applicable statutory provision stipulated in Section 197 of the Companies Act 2013 and other applicable provisions as may be applicable time to time.

Amount payable to Executive Director is determined based on appointment terms, performance criteria as the Board may considers appropriate keeping in view the performance of the Company for relevant financial year in terms of the turnover and net profits, cash profit, performance and contribution by particular Executive Director, achievements, critical projects performance, remuneration paid in previous year, industry standard, and other factors as the Board may think appropriate. The Board also considers the recommendation from Nomination and Remuneration Committee.

#### **7.3 Facilities**

The Company shall provide such facilities as may be necessary in relation to perform his office duties and to attend operation and business of the Company.

Remuneration paid to the Directors is mentioned in the Annual Report of the Company.

#### **7.4 Remuneration in case of no profit or inadequate profit**

In case, there will be no profit or inadequate profit in any financial year, remuneration to Executive Directors will be as per the appointment terms and determined by the Board, subject to applicable provision of the Companies Act 2013 / applicable law.

## **8. STOCK OPTIONS TO EMPLOYEES / DIRECTORS**

As and when desirable or requested by the Board, the Committee will perform function in respect to devising / monitoring Employees Stock Schemes and give its recommendation about allotment of sweat equity shares, grant, vest and exercise of stock options and/or similar rewards to the eligible Directors and Employees, as may be permitted under the applicable Law or approved Schemes.

## **9. PECUNIARY RELATIONSHIPS OR TRANSACTIONS**

The Independent Directors of the Company do not have any material pecuniary relationships or transactions with the Company or its Holding Company, subsidiary Companies, Associate Companies except receiving Directors' Remuneration in a manner prescribed in Section 197 of the Companies Act, 2013.

## **10. REMUNERATION OF SENIOR MANAGEMENT**

### **10.1 Review of Remuneration of Senior Management**

The Committee will review the remuneration of the Senior Management annually at the time of performance appraisal. Considering the outcome of performance appraisal done by HR and management, as per prevailing process and practice of the Company, the Committee may recommend about increase, restructure and/or other suggestion in respect to remuneration of all or few members of senior management as it thinks appropriate considering the following aspects.

- a) Performance of the Company for relevant financial year in terms of turnover, net profit, cash profit vis-à-vis performance of relevant Division / Business Unit of the Company.
- b) Individual credit rating as per HR performance appraisal, achievements during last two years, major role played in successful bidding of moderate projects, contribution in getting landmark projects, challenging initiatives, key role played in winning of prestigious award to the Company.
- c) Critical responsibility handled and successful completion of task assigned by the Board / management of the Company.
- d) Qualification, experience, skills and tenure of services in the Company.
- e) Contemporary sector specific positions, risk profile of the Company and strategic retain of competent professionals.
- f) Overall industry standard, future prospect of the Division and the Company and present market scenario of similarly based professionals.



### **10.2 Recommendation of the Committee**

While reviewing and recommending the remuneration of Senior Management of the Company, the Committee shall ensure the following factors.

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Senior Management members of the quality required to run the company successfully.
- b) Relationship of remuneration to performance meets appropriate performance benchmarks.
- c) There should be appropriate balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### **10.3 Variable Pay and Incremental in Remuneration of Senior Management**

While recommending about Variable Pay and Increment in Remuneration of the Senior Management, the Committee, inter alia, considers the following focal criteria with appropriate weightage.

- a) Performance of the Company during relevant financial year in terms of turnover and cash profit.
- b) Performance achieved by the Division where the performance is quantifiable and part of profit center. In other cases, overall performance of the Department and quality of information flow.
- c) Individual KRA rating and opinion of the CEO / Executive Director.
- d) Technical skill or nuance in knowledge and practical competency in areas of works or functions where he is employed in the Company.
- e) Prospects of the Division and business plan of the Company in medium to long run objectives.

## **11. REMUNERATION OF EMPLOYEES**

The Company believes that composition of remuneration of the Employees should be reasonable and sufficient to attract, retain and motivate Employees. The Company follows salary structure comprising fixed and variable components. Variable pay is calculated, inter alia, on the basis of individual performance on individual KRA

The intention of the Company for the Variable Pay is to recognize the efforts taken by the Employee to achieve his/her KRAs. Generally it will not be impacted by performance/non-performance of any other factor.

## **12. PERFORMANCE MANAGEMENT SYSTEM (PMS)**

### **12.1 Objectives of the PMS**

The Company follows the set Performance Management System to achieve following objectives.

- a) Alignment of individual goals with organizational objectives and annual employee rewards with organizational performance.
- b) Promote performance centric work culture through performance review on regular intervals, regular feedback, coaching, training and other managerial interventions.
- c) Get the inputs for other HR systems i.e. rewards, annual increments, promotion, career planning, succession management, learning and development.

### **12.2 Role of the Committee in the PMS and Increment**

The PMS is being carried out by the Department Heads and HR Team as per set system and practice of the Company. The Nomination and Remuneration Committee may discuss with HR Head and Senior Management of the Company about process being followed in respect to PMS and gives its suggestions keeping in view the objectives of the PMS.

In respect to the increment in remuneration of the Employees, the Committee shall consider the following major aspects in giving its recommendation. The Committee would recommend overall amounts or range of percentage of increment of all the Business Units.

- a) Turnover, profit earned, orders received during the year and value of balance order book of particular Business Unit - as a % of the respective parameter of the Company as whole and target achievement, project completion status, critical situation of the projects of the Unit, if any.
- b) Performance of the Business Unit and the Company during relevant financial year and % growth as compared to previous year.
- c) Discussion with the respective Business Head / Department Head about current employment market, major development in industry, known expansion plan of peers / competitors, major risk anticipate about critical projects, likelihood of delay in completion of projects, contractual term and possible damage or litigations in case of delay.

### **12.3 Appraisal and Review Authority Mechanism**

The appraisal is done through the HR portal named Human Tree (HT). Employee raise their self-appraisal form in the HT which is reviewed & rated

by respective HOD & HR Head. The final % increment is decided by the Management.

### **13. EMPLOYEES' GROWTH AND WELL-BEING**

Management firmly believes that employees are corner stone of the organization and investing in them thoughtfully and strategically reaps rewards that pay-off in the long run. Through regular training and skill enhancement program, Company strives to bring congruence between personal career goals of the employees and overall objective of the organization. The Company has put in comprehensive system in place for identifying and addressing various training needs at all the levels of the organization. Management believes this help in creating challenges and empowering work environment that rewards dedication and work ethics to employees. The Company also provides training on behavioral aspects, such as personality development, communication skills etc. to help improving their efficiency. These training programs include technical trade, managerial skills, functional skills, behavioral skills, etc.

The Company regularly conducts programs for employees and their families like cultural activities, medical checkups at regular interval, distribution of long service awards etc.

### **14. CLARIFICATION AND REVIEW OF THE POLICY**

The Committee may, in consultation with the Board, if necessary, review or give necessary clarification and procedural alteration for effective and smooth implementation of the Policy.

The Committee may or Person nominated by him, shall review the Policy as and when it deems necessary.

### **15. AMENDMENTS IN THE POLICY**

This Policy may be amended or substituted by the Committee as circumstances warrant. Modification / amendment / clarification shall be issued only by the KMP in consultation with the Committee.