



SHETHIA ERECTOR'S AND MATERIAL HANDLERS LTD

*Company's Policy on Remuneration of Directors, Key
Managerial Personnel and Other Employees*

Company's Policy on Remuneration of Directors, Key Managerial Personnel and Other Employees

1. Statement of Purpose:

This Remuneration Policy (Policy) of Shethia Erector's and Material Handlers Limited has been prepared to ensure the following:

- 1.1 The Policy is in compliance with Section 178(3) and Section 178(4) of the Companies Act, 2013 read with applicable Rules thereto.
- 1.2 Remuneration of directors, key managerial personnel, senior management and other employees is aligned to the interests of the Company and its shareholders within an appropriate governance framework.
- 1.3 The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, key managerial personnel, senior management and other employees of the quality required to run the company successfully.

2. Scope of policy:

The Policy applies to all directors, key managerial personnel, senior management and other employees.

2.1 The expression "key managerial personnel" means:

- (i) Chief Executive Officer, Managing Director, Manager and Whole-time Director;
- (ii) Company Secretary;
- (iii) Chief Financial Officer; and
- (iv) such other executive as may be prescribed.

2.2 The expression "senior management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

3. Remuneration Philosophy:

The Company believes in paying competitive remuneration to its executives. The remuneration philosophy aims at following outcomes:

- 1.4 Remuneration is structured to align with the Company's interests, taking account of the Company's strategies and risks.
- 1.5 Drive performance- Executive compensation is linked to individual and Company performance, which, in turn, impacts the quantum of payout.
- 1.6 External Equity – Executive compensation is designed to be competitively bench marked with the industry compensation or general industry compensation for applicable roles.

- 1.7 Internal Equity – Executives performing similar role, complexity of job are paid at similar compensation levels.
- 1.8 The Company complies with applicable legal requirements and appropriate standards of governance.

4. Remuneration guidelines:

- 4.1 The remuneration paid by the Company to its Directors, key managerial personnel, senior management and other employees is classified under following major heads:
 - 4.1.1 **Total Fixed Cost:** This includes base salary, other cash allowances, perquisites and retirement benefits.
 - 4.1.2 **Variable Cost:** This includes variable pay linked to Company and individual performance. Variable pay for senior executives constitutes a significant weightage of total remuneration.
 - 4.1.3 The sum total of the Total Fixed Cost and Variable Cost is called the Cost to Company in the relevant executive's remuneration package.
- 4.2 The Cost to Company being offered to a new hire for a replacement position or new position with reference to scope of this policy is governed by the remuneration philosophy as mentioned in clause no. 3. The endeavour is to ensure internal equity in compensation is maintained, however at the same time compensation is competitive to attract a new hire.
- 4.3 Remuneration is annually reviewed for all the executives who are eligible for compensation review in accordance with the remuneration philosophy.
- 4.4 The Nomination and Remuneration Committee shall ensure that the remuneration payable to managerial personnel is in accordance with the provisions of Chapter XIII (Sections 196 to 203) read with Schedule V to the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- 4.5 The Nomination and Remuneration Committee may recommend a suitable sitting fee, incidentals, travel and other costs to non-executive directors as may be prescribed under the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.