

REMUNERATION POLICY

OF

AEGIS LOGISTICS LIMITED

FRAMED UNDER SECTION 178 (3) OF COMPANIES ACT, 2013 READ WITH
REGULATION 19 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING
OBLIGATIONS AND DISCLOSURE REQUIRMENTS), 2015

I. INTERPRETATION CLAUSES

For the purposes of this Policy references to the following shall be construed as:

- “Applicable Law”** : Shall mean the Companies Act, 2013 and allied rules made thereunder, the SEBI (Listing Obligation and Disclosure Requirements), 2015 (SEBI LODR) and includes any other statute, law, standards, regulations or other governmental instruction as may be applicable to the Company from time to time.
- “Company”** : Refer to the Aegis Logistics Limited (ALL) and its group subsidiary companies.
- “Committee”** : Shall mean Nomination & Remuneration Committee of ALL.
- “Executives”** : Refer to the Whole-Time Directors, key managerial personnel and senior management.
- “Key Managerial Personnel”** : Refer to the Managing Director, Manager, Chief Executive Officer, Chief Financial Officer; Company Secretary, such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board and any such other officer as may be prescribed under Applicable Law.
- “Policy” or “this Policy”** : Shall mean the contents herein including any amendments made by the Board of Directors of the Company.
- “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 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

All terms not defined herein shall take their meaning from the Applicable Law.

II. EFFECTIVE DATE

This Policy shall become effective from the date of its adoption by the Board.

III. SCOPE

- a) This Policy applies to all the “Executives” of the Company.
- b) In addition, this Policy also extends to the remuneration of non-executive directors, including principles of selection of the independent directors of the Company.
- c) The Board of Directors has adopted the remuneration Policy at the recommendation of the Committee. This Policy shall be valid for all employment agreements entered into after the approval of the Policy and for changes made to existing employment agreements thereafter.
- d) In order to comply with local regulations, some entities and units within the Group may have remuneration policies and guidelines which shall apply in addition to the Group’s remuneration policy.

The Board of Directors of the Company may deviate from this Policy if there are explicit reasons to do so in individual case(s) on elements of this remuneration policy under extraordinary circumstances, when deemed necessary in the interests of the Company.

IV. PURPOSE

This Policy reflects the Company’s objectives for good corporate governance as well as sustained and long-term value creation for stakeholders. This Policy will also help the Company to attain optimal Board diversity and create a basis for succession planning. In addition, it is intended to ensure that–

- a) the Company is able to attract, develop and retain high-performing and motivated Executives in a competitive international market;
- b) the Executives are offered a competitive and market aligned remuneration package, with fixed salaries being a significant remuneration component, as permissible under the Applicable Law;
- c) remuneration of the Executives are aligned with the Company’s business strategies, values, key priorities and goals.

V. GUIDING PRINCIPLES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT

The guiding principle is that the remuneration and the other terms of employment for the Executives shall be competitive in order to ensure that the Company may attract and retain competent Executives. In determining the remuneration policy, the Committee ensures that a competitive remuneration package for all Executives is maintained and is also benchmarked with other multinational companies operating in national and global markets.

VI. RESPONSIBILITIES AND POWERS OF THE COMMITTEE

The Committee, in addition to the functions and powers as endowed by its terms of reference, would also be responsible for –

- a) preparing the Board's decisions on issues concerning principles for remunerations (including pension and severance pay) and other terms of employment of Executives and non-executive directors;
- b) reviewing and recommending to the Board regarding share incentive programs, if any, to be decided upon by the Annual General Meeting;
- c) formulating criteria of qualifications and positive attributes to assist the Company in identifying the eligible individuals for the office of Executives;
- d) monitoring and evaluating programs for variable remuneration, both ongoing and those that have ended during the year, for Executives and Non-Executive Directors;
- e) monitoring and evaluating the application of this Policy;
- f) monitoring and evaluating current remuneration structures and levels in the Company.

VII. PRINCIPLES FOR SELECTION OF INDEPENDENT DIRECTORS

The nomination of the independent directors of the Company shall be in accordance with the principles as stated hereunder and other relevant provisions of Applicable Law:

- (a) is a person of integrity and possesses relevant expertise and experience;
- (b) is or was not a promoter of the Company or its holding, subsidiary or associate company or member of the promoter group of the Company and not related to promoters or directors in the Company, its holding, subsidiary or associate company;
- (c) who apart from receiving director's remuneration, has or had no material pecuniary relationship, with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year;
- (d) none of whose relatives

(A) is holding securities of or interest in the Company, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the Company, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;

(B) is indebted to the Company, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;

(C) has given a guarantee or provided any security in connection with the indebtedness of any third person to the Company, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year; or

(D) has any other pecuniary transaction or relationship with the Company, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income:

Provided that the pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.

(e) who neither himself nor any of his relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company or any company belonging to the promoter group of the Company, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of

(a) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or

(b) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent or more of the total voting power of the Company; or

(iv) is a chief executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company;

(v) who is not a non-independent director of another company on the board of which any non-independent director of the Company is an independent director

f) shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

VIII. OVERALL CRITERIA FOR SELECTION OF EXECUTIVES

The assessment for Senior Management will be done on the basis of below parameters by the concerned interview panel of the Company -

a) Competencies:

- Necessary skills (Leadership skills, communication skills, Managerial skills etc.)
- Experiences & education to successfully complete the tasks.
- Positive background reference check.

b) Capabilities:

- Suitable or fit for the task or role.
- Potential for growth and the ability and willingness to take on more responsibility.
- Intelligent & fast learner, Good Leader, Organiser & Administrator, Good Analytical skills Creative & Innovative.

c) Compatibility:

- Can this person get along with colleagues, existing and potential clients and partners.
- Strong Interpersonal Skills.

- Flexible & Adaptable.
- d) Commitment:
- Candidate's seriousness about working for the long term
 - Vision & Aim
- e) Character:
- Ethical, honest, team player
- f) Culture:
- Fits with the Company's culture. (Every business has a culture or a way that people behave and interact with each other. Culture is based on certain values, expectations, policies and procedures that influence the behavior of a leader and employees. Employees who don't reflect a company's culture tend to be disruptive and difficult)
 - Presentable & should be known for good social & corporate culture.

IX. GENERAL POLICIES FOR REMUNERATION

The various remuneration components would be combined to ensure an appropriate and balanced remuneration package.

The Remuneration components would generally comprise of:-

- Fixed, base remuneration (including fixed supplements)
- short-term incentives, i.e., performance-based pay (variable)
- long-term incentives
- pension schemes, where applicable
- other benefits in kind
- severance payment, where applicable

The ***fixed remuneration*** would be determined on the basis of the role and position of the individual, including professional experience, responsibility, job complexity and local market conditions.

The ***short-term incentives*** motivates and rewards high performers who significantly contribute to sustainable results, perform according to set expectations for the individual in question, and generates stakeholder value within the Group.

The ***long-term incentives*** in the form of stock options, is intended to promote a balance between short-term achievements and long-term thinking.

- A. Any remuneration payable to the Executives of the Company shall abide by the following norms-
- i. The base salary shall be competitive and based on the individual Executive's key responsibilities and performance;
 - ii. Base salaries would be based on a function-related salary system and be in line with the market developments shown by the benchmark research and additional market studies;
 - iii. The Executives may receive performance-based, variable pay in addition to fixed salaries. The short-term incentives would be granted to reflect the Company's financial results, the performance of the business unit where the Executive is employed and also, the individual's performance. The performance will be related to the fulfilment of various improvement targets or the attainment of certain financial objectives. Such targets will be set by the Committee/Board of Directors and may relate to inter alia operating income, operating margin or cash flow. Further, both financial and non-financial factors shall be taken into consideration when determining the individual's bonus. A discretionary assessment would always be ensured that other factors – including factors which are not directly measurable – have been considered;
 - iv. Such short-term incentives to the Executives, including revisions, if any, would be decided by the Head of Human Resources of the Company in consultation with the Managing Director of the Company, as and when necessary, subject to Applicable law. The annual incentive pay-out in any year would relate to the achievements of the preceding financial year versus agreed targets;
 - v. The Board may, under specific circumstances, decide to reclaim the variable salary already paid or to cancel or limit or revise such variable salary to be paid to the Executives;
 - vi. The Executives will be entitled to customary non-monetary benefits such as Company cars, phone and such other fixed entitled benefits;
 - vii. Pension contributions shall be made in accordance with applicable laws and employment agreements;
 - viii. The Committee/Board of Directors may decide on employee stock options/long term incentive program for Executives;
 - ix. The Executives resident outside India or resident in India but having a material connection to or having been resident in a country other than India, may be offered pension benefits that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably defined-contribution plans;
 - x. If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it;

- xi. A Director who is in receipt of any commission from the Company and who is a Managing or Whole-Time Director of the Company shall not be disqualified from receiving any remuneration or commission from any holding or subsidiary company of the Company, subject to applicable laws & also such disclosure needs to be made by the Company in the Board's report.
- xii. Remuneration of Executives and Non-Executive Directors, based on the recommendation of the Committee, shall be approved by the Board and shareholders and by other requisite authorities, wherever applicable.

B. Criteria for making payment to Non- Executive Directors

With changes in the corporate governance norms brought by the Companies Act, 2013 as well as SEBI LODR, the role of Non-Executive Directors (NED) and the degree and quality of their engagement with the Board and the Company has undergone significant changes over a period of time. The Company is being hugely benefited from the expertise, advice and inputs provided by the NEDs. They devote their valuable time in deliberating on the strategic and critical issues in the course of the Board and Committee meetings of the Company and give their valuable advice, suggestion and guidance to the management of the Company from time to time. The Nomination and Remuneration Committee and/or Board of Directors shall carry out performance review of each of the NED at least once a year. According to the performance of each NED, the Company shall pay remuneration to NED in such a manner so as to attract and maintain high quality members on Board

Under the SEBI LODR, Regulation 46 and Schedule V requires every company to publish its criteria of making payments to NEDs in its annual report. Alternatively, this may be put up on the company's website and reference may be drawn thereto in its annual report. Section 197 of the Act, 2013 and Regulation 17 of SEBI LODR require the approval of the shareholders of a company for making payment to its NEDs.

In keeping with the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

➤ **Sitting Fee:**

Such director(s) may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or any other meeting as required by Companies Act, 2013, SEBI LODR or other applicable law or for any other purpose whatsoever as may be decided by the Board; within the permissible limits as provided under the applicable law from time to time

➤ **Commission:**

Under the Companies Act, 2013, section 197 allows a company to pay remuneration to its NEDs either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other. Further, the section also states that where the Company has either a managing director or whole-time Director or Manager, then a maximum of 1% of its net profits can be paid as remuneration to its NEDs. In case there is no Managing Director/s or Whole-Time Director or Manager, then a maximum of 3% of net profit can be paid. Thus, the basis of payment to the NEDs is the net profit of the Company.

The Company is however not obligated to remunerate its NEDs.

➤ **Refund of excess remuneration paid:**

If any such Director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it.

➤ **Reimbursement of actual expenses incurred:**

NEDs may also be paid/ reimbursed expenses towards travel, boarding and lodging and incidental and/ or actual out of pocket expenses incurred by such NEDs for attending Board/Committee Meetings.

➤ **Payment to independent directors:**

An Independent Director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or Committee thereof and profit related commission up to a certain percentage of net profits in such proportion, as may be permissible under the applicable law.

X. EVALUATION CRITERIA

The Committee shall carry out evaluation of performance of Executive and Non-Executive Directors on Annual Basis.

XI. TERMINATION AND SEVERANCE PAY POLICY

- A. Due to reasons for any disqualification under the Applicable Law, the Committee may recommend, to the Board with reasons recorded in writing, removal of a director, Key Managerial Personnel or Senior Management subject to the provisions of Applicable Law.
- B. For Executives resident in India, the termination period including any entitled severance pay shall be in accordance with their employment agreements and other standard practices of the Company.

XII. DISCLOSURE AND DISSEMINATION

- i. The Policy shall be disclosed in the Board's report to shareholders of the Company at the annual general meeting.
- ii. The annual report of the Company would specify the details of remuneration paid to Directors.
- iii. The Company is required to publish its criteria of making payments to Non-Executive Directors in its Annual Report. Alternatively, this may also be put up on the Company's website and reference be drawn in the annual report.
- iv. The policy shall stand amended in accordance with amendments to applicable law. The Chairman of the Committee shall be authorised to amend the policy from time to time to be in compliance with the amendments.