



**NOMINATION, REMUNERATION AND EVALUATION POLICY**

**of**

**INTERSEA MARITIME LIMITED**

## **NOMINATION, REMUNERATION AND EVALUATION POLICY**

In pursuance of the Company's policy to consider human resources as its invaluable assets and in terms of the provisions of the Companies Act, 2013 (as amended from time to time), this policy on nomination, remuneration and evaluation of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company.

This Nomination, Remuneration and Evaluation Policy (the "Policy") applies to the Board of Directors (the "Board"), Key Managerial Personnel (the "KMP") and the Senior Management Personnel of Intersea Maritime Limited (the "Company").

This Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

### **1. Purpose**

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the senior management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

### **2. Definition**

**"Act"** means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

**"Board"** means Board of Directors of the Company.

**"Committee"** means Nomination and Remuneration Committee of the company.

**"Company"** means Intersea Maritime Limited.

**"Directors"** means Directors of the Company.

**"Key Managerial Personnel"** means

i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time

- Director;
- ii. Chief Financial Officer;
  - iii. Company Secretary; and
  - iv. such other officer as may be prescribed.

**“Senior Management”** means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management onelevel below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **3. Accountabilities**

- 3.1 The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.
- 3.2 The Board has delegated the responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the company to the Nomination and Remuneration Committee which makes recommendations and nominations to the Board.

### **4. Constitution of the Committee**

- 4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- 4.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.
- 4.3 Membership of the Committee shall be disclosed in the Annual Report.
- 4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

### **5. Key objectives of the Committee**

The Nomination and Remuneration Committee is responsible to:

- 5.1 guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- 5.2 review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- 5.3 recommend to the Board on the selection of individuals nominated for directorship, a Key Managerial Personnel or in the senior management;
- 5.4 evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 5.5 make recommendations to the Board on the remuneration payable to the Directors/ KMPs/Senior Officials so appointed/reappointed;
- 5.6 assess the independence of independent directors;
- 5.7 such other key issues/matters as may be referred by the Board or as may be necessary in view of the provisions of the Companies Act 2013 and Rules thereunder.
- 5.8 ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

## **6. Appointment of Directors/KMPs/Senior Management**

- 6.1 Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP/Senior Management are the basis for the Nomination and Remuneration Committee. When recommending a candidate for appointment, the Nomination and Remuneration Committee shall have regard to:
  - assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;

- the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
- the skills and experience that the appointee brings to the role of KMP/Senior Management and how an appointee will enhance the skill sets and experience of the Board as a whole;
- the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;

#### 6.2 Personal specifications:

- Experience of management in a diverse organization;
- Excellent interpersonal, communication and representational skills;
- Demonstrable leadership skills;
- Commitment to high standards of ethics, personal integrity and probity;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
- Having continuous professional development to refresh knowledge and skills.

### **7. Letters of Appointment**

Each Director/KMP/Senior Management is required to sign the letter of appointment with the Company containing the terms of appointment and the role assigned in the Company.

### **8. Remuneration of Directors, Key Managerial Personnel and Senior Management**

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, Key Management Personnel and other senior management. The Directors, Key Management Personnel and other senior management's salary shall be based and determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Nominations & Remuneration Committee determines individual remuneration packages for Directors, KMPs and Senior Management of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines.

## 8.1 Remuneration:

### a) Fixed salary:

Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/non- statutory benefits which are normal part of remuneration package in line with market practices).

### b) Variable salary:

The Committee may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of specified improvement targets or the attainment of certain financial or other objectives set by the Board. The amount payable is determined by the Committee, based on performance against pre-determined financial and non-financial metrics.

## 8.2 Statutory Requirements:

- Section 197(5) provides for remuneration by way of a fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.
- Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.
- The Company with the approval of the Shareholders and Central Government may authorize the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.
- The Company may with the approval of the shareholders authorize the payment of remuneration upto five percent of the net profits of the Company to its anyone Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.
- The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a

managing director or whole time director or manager and three percent of the net profits in any other case.

- The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.

8.3 The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of fee for attending meetings of the Board or Committee therefor for any other purpose as may be decided by the Board and profit related commission as may be approved by the members. The sitting fee to the Independent Directors shall not be less than the sitting fee payable to other directors, if any.

8.4 The remuneration payable to the Key Managerial Personnel and the Senior Management shall be as may be decided by the Board having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

#### **9. Evaluation/ Assessment of Directors/ KMPs/Senior Management of the Company -**

The evaluation/assessment of the Directors, KMPs and the senior management of the Company is to be conducted on an annual basis.

The following criteria may assist in determining how effective the performances of the Directors/KMPs/Senior management have been:

- Leadership & stewardship abilities
- contributing to clearly define corporate objectives & plans
- Communication of expectations & concerns clearly with subordinates
- obtain adequate, relevant & timely information from external sources.
- review & approval achievement of strategic and operational plans, objectives, budgets
- assess policies, structures & procedures
- review management's succession plan
- assuring appropriate board size, composition, independence, structure
- clearly defining roles & monitoring activities of committees
- review of corporation's ethical conduct

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent

Directors.

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

The Executive Director/Non-Independent Directors will evaluate/assess each of the KMP/Senior Management of the company.

**10. Review and amendment**

- 10.1 The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- 10.2 This Policy may be reviewed, amended or substituted by the Committee or by the Board as and when required where there are any statutory changes necessitating the change in the policy.

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