



SEVEN ISLANDS SHIPPING LIMITED

NOMINATION & REMUNERATION POLICY

1. Introduction

The Company considers human resources as its invaluable assets. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 in order to pay equitable remuneration to the Directors, KMPs and employees of Seven Islands Shipping Limited (“SIS/the Company”) and to harmonise the aspirations of human resources consistent with the goals of the Company.

2. Definitions

- (a) ‘Board’ means Board of Directors of the Company.
- (b) ‘Directors’ means Directors of the Company.
- (c) ‘Committee’ means Committees formed by Board of Directors of the Company;
- (d) ‘NR Committee’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act.
- (e) ‘Company’ means Seven Islands Shipping Limited.
- (f) ‘Independent Director’ means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.
- (g) ‘Key Managerial Personnel (KMP)’ means-
 - I. the Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
 - II. the Company Secretary; and
 - III. the Chief Financial Officer
- (h) 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.



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

3. Constitution of the Nomination and Remuneration Committee

- The Board has constituted the “Nomination and Remuneration Committee” of the Board on October 27, 2014. This is in line with the requirements under the Companies Act, 2013 (“Act”).
- The Board has authority to reconstitute this Committee from time to time.

4. Objective and purpose of the policy

- The objectives and purpose of this policy are:
 - a) to guide the Board in relation to appointment and removal of Directors and Senior management including Key Managerial Personnel (as and when applicable).
 - b) to recommend to the Board on Remuneration payable to the Director and Senior Management.
 - c) to lay out remuneration principles for employees linked to their effort, performance and achievement relating to the Company’s goals
 - d) to review Board diversity; and
 - e) to evaluate the performance of the members of the Board and provide report of performance evaluation prior to re-appointment of Independent Director.
- The policy also addresses to Committee member qualifications; Committee member appointment and removal; Committee structure and operations; and Committee reporting to the Board.
- This Policy is divided in three parts: -
 - Part – A covers appointment and nomination;
 - Part – B covers remuneration and perquisites etc.



Part – C covers method of evaluation

PART- A

I. The duties of the NR Committee in relation to nomination matters include:

- (a) Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;
- (b) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
- (c) Identifying and recommending name of the persons for appointment as Director or Senior managerial personnel for approval of Board and Shareholders, if required;
- (d) Recommending appointment considering the appropriate size, diversity and composition of the Board and its Committee based on gender, thought, experience, knowledge and perspective in the Board;
- (e) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their letter of employment;
- (f) Recommend any necessary changes to the Board.

II. Evaluation of Candidate to appoint on the Board:

In view of the aforesaid duty of identifying and recommending name of the persons for appointment on the Board of Directors of the Company, the NR Committee shall keep in mind the following qualifications/attributes while evaluating the profile of the candidate:

1.	To identify the required knowledge, skills and experiences	a. Qualification: He/she may possess knowledge or experience or degree from recognised Indian/Foreign University/Institution in one or more fields of shipping, finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, Economics, Accounting or other disciplines/Professional which in the opinion of the Committee is useful to the Company. b. Experience: The candidate may possess experience and
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		<p>expertise in his/her field and in dealing with problems relating to shipping industry.</p> <p>(if the proposed person is also to be inducted in the Audit committee then he should be “financially literate” i.e. the ability to read and understand basic financial statements. Also, atleast one member of the Audit committee should have accounting or related financial management expertise)</p>
2.	Objectivity, perspective and other attributes	<p>He/she may be available, invest time and must be passionate about the Company’s success.</p> <p>He/she may also be able to take responsibility for their own education as directors and participate in educational sessions offered.</p> <p>He/she must have broad knowledge and experience that they apply to discussions and decisions.</p> <p>He/she may be open to new ideas and may be strategically align and responsive to change.</p>

III. Criteria for nominating/appointing any person on the Board and its Committee and on Senior management level:

1. The appointee shall not be disqualified at the time of appointment or re-appointment under the Companies Act, 2013 and shall satisfy the criteria set for the proposed designation.
2. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company’s growth, complementary skills in relation to the other Board members.
3. The NR Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment at Senior Management level and recommend to the Board his / her appointment.
4. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to



decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

IV. Other matters

The following matters shall be dealt by the NR Committee:-

(a) Size and composition of the Board and its Committees:

Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company as a whole;

(b) Term/tenure:

The term/tenure of the Executive Directors and Independent Directors shall be in line with the Companies Act, 2013.

(c) Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or Senior managerial personnel subject to the provisions and compliance of the said Act, rules and regulations.

(d) Retirement

The Executive Directors and senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company.

PART - B

I. The duties of the NR Committee in relation to remuneration matters include:

- (a) To determine the remuneration / compensation / commission etc. to Directors, Senior Management personnel and other employees and recommended to the Board for approval.
- (b) To review the remuneration and commission to the Director in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.



- (c) To recommend the increment to the existing remuneration / compensation structure.

II. The policy on remuneration for Directors, senior management personnel and other employees is as below:-

1. Minimum remuneration to Executive Directors

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

2. Remuneration to Non-Executive / Independent Directors

The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder.

The remuneration to the Non-executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

The Company may pay sitting fees to Independent Directors as may be approved by the Board.

3. Insurance

Where any insurance is taken by the Company on behalf of its Executive Directors, senior management and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

III. The policy on remuneration for senior management and other employees is as below:-



The NR Committee would determine the remuneration of the Directors and formulate guidelines for remuneration payable to the employees. These guidelines are as under:

a) Annual remuneration

Annual remuneration refers to the annual compensation payable to the employees of the Company. This comprises two parts - a fixed component, and a performance-linked variable component based on the extent of achievement of the individual's objectives and performance. The performance-linked variable pay will be directly linked to the performance on individual components and the overall performance of the business. An employee's variable pay would, therefore, be directly dependent on key performance measures that represent the best interests of stakeholders.

The objective is to set the total remuneration at levels to attract, motivate, and retain high-caliber, and high potential personnel in a competitive global market. The total remuneration level is to be reset annually, if required based on a comparison with the relevant peer group globally, established through independent compensation surveys, from time to time.

b) Long-term rewards

Long-term rewards may include Long-Term Incentive Plans (LTIP) under which incentives would be granted to eligible key employees based on their contribution to the performance of the Company, relative position in the Company, and length of service under the supervision and approval of the Committee. Another form of long term awards could be in the nature of stock options of the company. Stock Options may be granted to key employees and high performers in the Company who would be selected by the Committee based on their criticality, past performance and potential. The grant, vesting and other scheme details would be formulated from time to time.

These long-term reward schemes are implemented to attract and retain key talent in the Company.

PART-C

I. Process for reviews:

1. The NR committee shall review the Performance of
 - i. Directors;
 - ii. Board as a whole;
 - iii. Chairperson (after taking into account the views of executive directors and non-executive directors).

2. The performance evaluation of directors shall be done by the entire committee excluding the directors who are being evaluated.



3. The Board as a whole will discuss and analyze its own performance during the year including suggestions for change or improvement, as well as any skills, education or development required over the forthcoming year.

II. Standardized Performance Rating:

To provide a standard format and rating system for each Performance Evaluation, the following scale will be incorporated into the review:

Rates	Particulars
5 (five)	Exceptional Performance is significant overachievement of expectations.
4 (four)	Above Expectations Performance is often beyond expectations.
3 (three)	Satisfactory Performance consistently fulfills expectations.
2 (two)	Improvement Needed Performance is inconsistent performance, with expectations only partially achieved. Deficiencies should be addressed in the performance appraisal.
1 (one)	Unsatisfactory Performance is the failure to achieve the majority of expectations. Deficiencies should be addressed in the performance appraisal.

III. Criteria for Evaluation:

The NR committee will evaluate the Performance of members of the Board annually by providing the Rates mentioned above against each of the criteria set out in **Annexure A**;

IV. Techniques for Evaluation:

The final performance score will be determined by aggregating the Rates given by the evaluating members of the committee.

V. Review of policy:

The Board reviews this policy at least annually.

VI. Outcomes of reviews:

All reviews are to include open discussion by the committee of the results of the evaluations and to decide any changes which are required to be made to address any lack of performance.

If particular concerns arise from the evaluation in relation to any individual Director, the Chairman of the Committee will meet with that Director, to discuss the concerns and any actions to be taken



as a result. If the concerns relate to the Chairman of the committee, then the Chairman will discuss the matter as appropriate with the committee.

VII. Regular feedback:

Directors will also be encouraged to provide feedback on a regular basis on the conduct of Board meetings and other business, and the preparation for them, in order to assist in the continual improvement of the way the Board carries out its role at a 'micro' level.

ANNEXURE A

Sr. No.	Particulars	Rating	Remarks
1.	Attendance at meetings of the Board of Directors and of the Board committees of which they are members		
2.	Attendance at the general meetings of the company		
3.	Attendance at training programme conducted by the Company, if any		
4.	Participation in deliberations and bringing relevant experience to the board table at its various meetings		
5.	Adherence with company's code of conduct and ethics		
6.	Performance of roles and duties as a Director of the Company		
7.	Formulation of policies, procedures and strategies for progress of the Company and promoting the objects of the Company		



8.	Formulation of policies and strategies for the benefit of the Company's stakeholders		
9.	Formulation and implementation of corporate governance practices		
10.	Participation in implementation procedures		
