

## CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

The Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereto have enhanced the corporate governance norms to be complied by all Companies considering that dynamic business environment have placed more onerous responsibilities on the Non-Executive Directors (NED).

With changes in the Corporate Governance norms brought by the Companies Act, 2013 as well as the Listing Regulations, the role of NEDs particularly the Independent Directors and the degree and quality of their engagement with the Board and the Company has undergone significant changes. The Company is being immensely benefited from their expertise, advice and inputs. 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, suggestions and guidance to the management of the Company from time to time.

The Company believes that the remuneration paid to its Non-executive Independent Directors should be reflective of the size of the Company and complexity of the sector/ industry/ Company's operations and should be consistent with recognised best practices. Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company, taking into consideration the challenges faced by the Company and its future growth imperative.

Contribution of the NEDs in Board and Committee Meetings, time devoted by them, participation in strategic decision making, timely guidance to the Board on important policy matters of the Company, performance of the Company and industry practices and benchmarks forms the main criteria for determining payments to NEDs.

SEBI (Listing Obligation Disclosure Requirement) Regulation 2015 provides that the Board of Directors shall recommend all fees/ compensation, if any paid to NEDs, including independent directors, and shall require previous approval of the shareholders in general meeting. Provided that, requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to NEDs, if made within the limits prescribed under Companies Act, 2013. In keeping with the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

- **Sittings Fees:** NEDs may receive remuneration by way of sitting fee for attending meetings of the Board and Committee thereof. The Board has the flexibility to enhance the sitting fees within the parameters prescribed by law.
- **Commission:** Section 197(6) of the Companies Act, 2013, 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. Any payment of remuneration to NEDs in excess of the limits set out under the Companies Act, 2013 shall require the approval of the shareholders of the Company.

Provided further that approval of the shareholders shall be obtained every year, in which the annual remuneration payable to a single NED exceeds 50% of the total annual remuneration payable to all NEDs, giving details of the remuneration and rationale thereof.

- **Reimbursement of actual expenses incurred:** The NEDs are also entitled for reimbursement of expenses incurred for attending the Shareholders meetings, Board Meetings and Committee meetings thereof, visit to Company's vessel(s), induction and training (organised by the Company for Directors).
- **Refund of excess remuneration paid:** If any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the prescribed limit or without the prior sanction of the Central Government, where it is required, he shall refund such sums 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 unless permitted by the Central Government.
- **Stock Options:** As per the Regulation 17 of the Listing Regulations, the shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to NEDs, in any financial year and in aggregate.

Provided that an independent director shall not be entitled to any stock option and may receive remuneration by way of fees and reimbursement of expenses for participation in meetings of the Board and other meetings and profit related commission as may be approved by the shareholders of the Company from time to time.

#### **AMENDMENTS**

The Company reserves the right to modify and/or amend this document at any time subject to the applicable provisions the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.