REMUNERATION POLICY FOR THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

This policy has been recommended by the Nomination and Remuneration Committee of the Company at its meeting held on February 05, 2015 and adopted by the Board of Directors of the Company at its meeting held on February 05, 2015 pursuant to Section 178 of the Companies Act, 2013 and is applicable with effect from the said date.

The policy is divided into separate sections for executive directors, non-executive directors and employees.

The remuneration of the executive directors is recommended by the Nomination and Remuneration Committee (the Committee) and approved by the Board of Directors (the Board) and shareholders of the Company within the overall limits as may be prescribed under applicable laws.

The remuneration of the non-executive directors is approved by the Board of Directors and shareholders of the Company within the overall limits as may be prescribed under applicable laws.

This Policy is a forward-looking document. It is hereby clarified that existing obligations of the Company under existing contracts, pension scheme, etc. which are outstanding at the time this Policy is approved shall continue to be honoured by the Company. It is the Company's policy to honour in full any pre-existing obligations that have been entered into prior to the effective date of this Policy.

Whereas, while formulating this Policy, the Company is committed to full and transparent disclosures, certain parameters such as business targets etc. have not been disclosed as the same is not in the interest of the Company.

I. EXECUTIVE DIRECTORS

Key principles

Attracting and retaining top talent is a key objective of the Company's approach to remuneration. The Company's policy remains largely unchanged from that which it has applied for a number of years and its continuity has been a stabilizing force during the periods of turbulence. The core elements of salary, variable pay, benefits and pension continue to provide an effective, relatively simple, performance- based system that fits well with the nature of Company's business and strategy.

The remuneration policy for the executive directors has been consistently guided by following key principles, which represent the underlying approach of the Board and the Committee:

a) The remuneration structure of executive directors is designed to reflect the nature of shipping business in which the Company operates. The shipping industry has long term business cycles, is capital intensive, highly regulated and has significant safety and environmental risks requiring specific entrepreneurial skills and experience, which the Company must attract and retain.

b) A substantial portion of executive directors' remuneration is linked to success in implementing the Company's strategy and varies with performance of the Company.

c) There is quantitative and qualitative assessment of each executive director's performance.

d) Total overall remuneration takes account of both the external market and Company's conditions to achieve a balanced and fair outcome.

e) Ensuring that executive directors are remunerated in a way that reflects the Company's long-term strategy. Consistent with this, a high proportion of executive directors' total remuneration has been, and will always be, strongly linked to the Company's performance.

Flexibility, judgement and discretion

This Policy recognises that the Board and Committee shall undertake quantitative and qualitative assessments of performance in reaching its decisions. This involves the use of judgement and discretion within a framework that is approved by shareholders. The Board and Committee also need to be sufficiently flexible to take account of future changes in the industry environment and in directors' remuneration practices generally.

The ability to exercise discretion, upwards or downwards, is important to ensure that a particular outcome is fair in light of the director's own performance and the Company's overall performance.

Key considerations

A wide range of factors shall be considered when determining the remuneration for executive directors. The competitive market for top executives both within the shipping sector and broader industrial corporations provides an important context. The Company believes that it has a duty to shareholders to ensure that the Company is competitive so as to attract and retain the high calibre executives required to lead the Company.

Decisions regarding remuneration for executive directors is the responsibility of the Committee. Executive directors are not consulted directly by the Committee when making policy decisions. Although the Committee may consider feedback from various sources which provide views on a wide range of points including pay.

Elements of remuneration

Executive directors' remuneration shall be divided into following elements:

Consolidated Salary:

Consolidated Salary provides base-level fixed remuneration to reflect the scale and dynamics of the business, and to be competitive with the external market.

Consolidated Salary shall include basic salary and Company's contribution to Provident Fund, Superannuation Fund and all other allowances payable from time to time.

While determining Consolidated Salary, salary levels and total remuneration paid by companies of similar size and stature engaged in shipping, offshore and other industries globally shall be considered by the Committee.

Scale of Consolidated Salary shall be fixed for a period of 5 years and shall be reviewed every five years thereafter or such other period as may be decided from time to time.

Actual Consolidated Salary payable every year shall be reviewed annually within the broader scale as aforesaid.

Company's contribution to Provident Fund, Superannuation Fund allowances, etc. shall be as per rules of the Company and determined as per the applicable laws, if any, from time to time.

Benefits

There are certain benefits, such as car-related benefits, insurance and medical benefits, home loan etc. which are made available by the Company to its employees generally in accordance with its rules / terms of employment. Executive directors are entitled to receive those benefits.

Perquisites will be valued as per the provisions of Income-tax Act.

The Company shall provide following benefits to Managing Director(s):

(i) Transportation/conveyance facilities.
(ii) Telecommunication facilities at residence.
(iii) Leave encashment as per the rules of the Company.
(iv) Reimbursement of medical expenses incurred for himself and his family.
(v) Insurance cover as per the rules of the Company.
(vi) Housing Loan as per the rules of the Company.
(vii) Fees of Clubs, subject to a maximum of two clubs, excluding membership of business clubs.
(viii) Leave travel allowance as per the rules of the Company.

The Company shall provide following benefits to other Whole-time Directors as per rules of the Company:

(i) Transportation/conveyance facilities
(ii) Telecommunication facilities at residence
(iii) Leave encashment
(iv) Reimbursement of medical expenses incurred for himself and his family
(v) Insurance cover
(vi) Housing Loan
(vii) Membership fees of Clubs
(viii) Gratuity
(ix) [5]Leave travel allowance
(x) [7]Post-retirement medical benefits
(xi) Other benefits as may be applicable to their respective grades

Reimbursement:

Reimbursement of expenses incurred by the Managing Director(s) during business trips for travelling, boarding and lodging, including for their respective spouses.

Reimbursement of expenses incurred by other Whole-time Directors during business trips for travelling, boarding and lodging.

[6]Variable Pay

It provides a variable level of remuneration dependent on short-term performance of the individual as well as the Company vis a vis industry performance globally. The test of performance by the Company is whether it is able to increase its profits when the industry environment is favourable and whether it is able to minimise its losses when the environment is harsh. The Company believes that performance of each and every employee of the Company contributes to its overall performance and hence should be rewarded suitably. Hence, the Company follows the policy of making payment of variable pay to its executive directors annually.

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5. *inserted w.e.f. November 2, 2018.*
6. *amended w.e.f. November 2, 2018.*
7. *inserted w.e.f. February 11, 2019.*

Variable pay is decided based on performance of executive directors as well as the Company. Where possible, the Company uses quantifiable, hard targets that can be factually measured and objectively assessed. The Company also reviews the underlying performance of the group in light of the annual plan, competitors results, etc.

Variable pay may vary from time to time but shall be maximum four times of the Consolidated Salary. Executive directors with bigger operating responsibilities may be entitled to more variable pay as compared to others.

Pension

Pension recognises and appreciates the experience, expertise, advice, efforts and contribution provided and made by executive directors to the Company during their long years of service with the Company and/or its wholly owned subsidiaries, whether in their capacity as executive directors or otherwise.

The Company may provide pension (which includes providing perquisites) to its eligible executive directors upon their ceasing to hold office in the Company in recognition of their past services in accordance with a scheme formulated by the Board of Directors.

Review

Salary reviews consider both external competitiveness and internal consistency when determining if any increases should be applied. Salary increases will be generally in line with all employee increases within the Company and other companies based in India and abroad.

Salaries are compared against other shipping and offshore majors, but the Company also monitors market practice among companies of a similar size, geographic spread and business dynamic to the Company.

Salary increases are not directly linked to performance. However a base-line level of personal contribution is needed in order to be considered for a salary increase and exceptional sustained contribution may be grounds for accelerated salary increases.

Specific measures and targets may be determined each year by the Committee. The principal measures of increments / bonus will be based on value creation and may include financial measures such as operational efficiency, operating cash flow, operating profit, cost management, project delivery, etc.

II. NON-EXECUTIVE DIRECTORS

The principle which underpins the Board's policy for the remuneration of NEDs is that the remuneration should be sufficient to attract, motivate and retain world-class non-executive talent. The remuneration practice should also be consistent with recognized best practice standards for NED remuneration.

Elements

Sitting fees

The NEDs are paid sitting fees for attending meetings of the Board of Directors. It is presently [1] Rs. 1 lakh per meeting.

The NEDs are also paid sitting fees for attending meetings of the Audit Committee, Nomination and Remuneration Committee, [9]Risk Management Committee and Stakeholders' Relationship Committee. [4.] It is presently Rs, 1 lakh per meeting. [10.]Sitting fees of Rs. 25,000 per meeting is paid to the Non-Wholetime Directors for attending Buyback Committee meeting.

Commission

It provides a variable level of remuneration dependent on short-term performance of the Company, i.e. net profits every year. Quantum of basic Commission is determined by the Board on a year to year basis.

Audit Committee Chairman is paid an additional Commission of Rs. 9 lakhs p.a. [11] over and above the Commission payable to him as a Director. The other members of the Audit Committee are paid an additional Commission of Rs. 4 lakhs p.a.[12] over and above the Commission payable as a Director.

Nomination and Remuneration Committee Chairman is paid an additional Commission of Rs. 5 lakhs p.a. [13] over and above the Commission payable to him as a Director. The other members of the Nomination and Remuneration Committee are paid an additional Commission of Rs. 2 lakhs p.a. [14] over and above the Commission payable as a Director.

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1. *increased from Rs.75,000 per meeting to Rs. 1 lakh per meeting w.e.f. May 05, 2016.*

4. *w.e.f. May 04, 2018*

9. *inserted w.e.f. July 29, 2021*

10. *inserted w.e.f. December 27, 2021*

11. *increased from Rs. 6 lakhs to Rs. 9 lakhs w.e.f. FY 2022-23 vide Board Resolution dated May 12, 2023*

12. *increased from Rs. 2.50 lakhs to Rs. 4 lakhs w.e.f. FY 2022-23 vide Board Resolution dated May 12, 2023*

13. *increased from Rs. 3 lakhs to Rs. 5 lakhs w.e.f. FY 2022-23 vide Board Resolution dated May 12, 2023*

14. *increased from Rs. 1 lakh to Rs. 2 lakhs w.e.f. FY 2022-23 vide Board Resolution dated May 12, 2023*

Stakeholders Relationship Committee Chairman is paid an additional Commission of Rs. 1 lakh p.a. [15] over and above the Commission payable to him as a Director. The other members of the Stakeholders Relationship Committee are paid an additional Commission of Rs. 50,000 [16] p.a. over and above the Commission payable as a Director.

[17]Risk Management Committee Chairman is paid an additional Commission of Rs. 5 lakhs p.a. over and above the Commission payable to him as a Director. The other members of the Risk Management Committee are paid an additional Commission of Rs. 3 lakhs p.a. over and above the Commission payable as a Director,

Reimbursements

All reasonable out of pocket expenses incurred by NEDs in carrying out their duties are reimbursed. Outstation directors are paid city compensatory allowance.

The Company does not provide share options or retirement benefits to NEDs.

III. KEY MANAGERIAL PERSONNEL AND OTHER SENIOR MANAGEMENT EMPLOYEES

Objectives

The objectives of remuneration/compensation policy are broadly as stated below:

1. To attract and retain best in class talent.
2. Remain competitive to ensure business sustainability.
3. To align employees to organizational performance.

Guiding Principles

The policy rests on the following tenets:

1. Internal equity
2. External competitiveness

Structure of overall compensation

1. Fixed Pay or CTC
2. Performance Incentive Pay (Variable Pay) linked to organizational and individual performance.

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15. increased from Rs. 75000 to Rs. 1 lakh w.e.f. FY 2022-23 vide Board Resolution dated May 12, 2023

16. increased from Rs. 25000 to Rs. 50000 w.e.f. FY 2022-23 vide Board Resolution dated May 12, 2023

17. inserted w.e.f. FY 2022-23 vide Board Resolution dated May 12, 2023

3. <u>Other Benefits</u>

Elements 1, 2 relate to monetary components. Some of the aspects of element 3 are based on grade entitlement.

<u>Applicability</u>

Senior Manager and above grades

SALARY LINKED ELEMENTS

Salary Linked Elements	**Limits / Remarks**
Basic	[2] 40% of CTC (Fixed) - Sr. Mgr to President
HRA	[3] 30-50% of basic (optional)
Car & related	Based on grade-wise eligibility (includes car value, insurance and running & maintenance expenses)
LTA / Medical	Rs. 0-100,000/- p.a. (Optional)
Provident Fund	12% of Basic (Fixed)
Superannuation	0 or 15% of Basic (Optional)
National Pension System	0-10% of Basic (Optional)
Special Allowance	Difference between CTC and total of all other components

Note:

LTA / Medical

- Optional benefit upto a maximum limit of Rs.100,000/-
- Medical includes only domiciliary medical expenses (Doctor's fee, medical bills etc.)
- LTA benefits can be claimed by submitting bills to accounts department.
- Unclaimed portion to be paid on 30th June every year after tax deduction.

<u>Provident Fund</u>

- Every employee will contribute 12% of his/her monthly basic salary.
- The Company on its part will make a matching contribution of 12% of the employee's basic salary.
- Company's contribution will be adjusted from CTC of the employee.

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2. increased from 25% to 40% w.e.f. July 01, 2015.

3. revised from 0-50% to 30-50% w.e.f. July 01, 2015.

Superannuation

- The Company will contribute at the rate of 15% of an employee's basic salary towards Superannuation Fund.
- Contribution will be adjusted against CTC of the employee.
- This component would be optional and an employee could choose not to avail the benefit.

Special Allowance

The difference between CTC and all other components would be treated as Special Allowance. It is a balancing figure with no minimum or maximum limits.

BENEFITS OUTSIDE SALARY

- Executive Lunch
- Residence Telephone
- Life Cover
- Mobile Phone
- Corporate Club Membership
- Life cover - 3 times CTC
- Housing loan Interest Subsidy
- Holiday Home
- Health Check-ups
- Leave - 30 days
- Gratuity
- [8]Post-retirement medical benefits (applicable to eligible employees in the grade of Vice President and above)

Performance Incentive Pay (PIP) (variable pay)

This is determined based on individual and organizational performance- Individual performance is rated on a 5 point scale annually during the final review. Organizational performance is determined on the basis of ROE and operational efficiencies. Combining both measures, the final PIP quantum is determined.

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8. *inserted w.e.f. February 11, 2019.*

IV. OTHER EMPLOYEES:

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.