



Nomination & Remuneration Policy

Nomination Policy

I. Preamble

The Nomination and Remuneration Committee ('NRC') of Essar Shipping Limited (the 'Company'), has adopted the following policy and procedures with regard to identification and nomination of persons who are qualified to become directors and who may be appointed in senior management.

This policy is framed in compliance with the applicable provisions of Regulation 19 read with Part D of the Schedule II of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Section 178 and other applicable provisions of the Companies Act, 2013 (hereinafter referred as 'Applicable Laws')

II. Criteria for identifying persons for appointment as Directors and Senior Management:

A. Directors

1. Candidates for Directorship should possess appropriate qualifications, skills and expertise in one or more fields of finance, law, general corporate management, science and innovation, public policy, sales & marketing and other disciplines as may be identified by the NRC and/or the Board from time to time, that may be relevant to the Company's business.
2. Such candidates should also have a record of professional success.
3. Every candidate for Directorship on the Board should have the following positive attributes:
 - a). Possesses a high level of integrity, ethics, credibility and trustworthiness;
 - b). Ability to handle conflict constructively and possess the willingness to address critical issues proactively;
 - c). Is familiar with the business of the Company and the industry in which it operates and displays a keen interest in contributing at the Board level to the Company's growth in these areas;
 - d). Possesses the ability to bring independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management and resource planning;
 - e). Displays willingness to devote sufficient time and attention to the Company's affairs;
 - f). Values Corporate Governance and possesses the skills and ability to assist the Company in implementing good corporate governance practices;
 - g). Possesses leadership skills and is a team player.
4. Criteria for Independence applicable for selection of Independent Directors:
 - a). Candidates for Independent Directors on the Board of the Company should comply with the criteria for Independence as stipulated in the Applicable Laws, as amended or re-enacted or notified from time to time. Such candidates should also comply with other applicable regulatory requirements relating to Independence or as may be laid down by the Board from time to time.
 - b). Such Candidates shall submit a Declaration of Independence to the NRC / Board, initially and thereafter, annually, based upon which, the NRC / Board shall evaluate compliance with this criteria for Independence.
5. Change in status of Independence
Every Independent Director shall be required to inform the NRC / Board immediately in case of any change in circumstances that may put his or her independence in doubt, based upon which, the NRC / Board may take such steps as it may deem fit in the best interest of the organization.
6. Extension of existing term of Independent Directors
Upon the expiry of the prevailing term and subject to the eligibility of the Independent Director ('ID'), under the provisions of the Applicable Laws, as prevailing from time to time, the Board may, on the recommendations of the NRC and subject to the outcome of performance evaluation and in compliance with applicable statutory requirements, at its discretion, recommend to the shareholders an extension or renewal of the ID's existing term for such period as it may deem fit and proper, in the best interest of the organization.

B. Members of Senior Management

1. For the purpose of this Policy, the term ‘Senior Management’ means all executives of the Company who are heading any business or function of the Company.
2. The eligibility criteria for appointments to Senior Management and continuity thereof shall include integrity and ethics, in addition to possessing qualifications, expertise, experience and special competencies relevant to the position for which purpose the executive is being or has been appointed.
3. Any candidate being considered for the post of senior management should be willing to comply fully with the applicable policies of the Company, in force from time to time.

III. Process for identification & shortlisting of candidates

A. Directors

1. The NRC shall identify the need for appointment of new Directors on the Board on the basis of the evaluation process for Board as a whole and of individual Directors or as it may otherwise determine.
2. Candidates for Board membership may be identified from a number of sources, including but not limited to past and present members of the Board and Directors database.
3. NRC shall evaluate proposals for appointment of new Directors on the basis of qualification criteria and positive attributes referred to hereinabove and make its recommendations to the Board.

B. Members of Senior Management

1. The NRC shall consider the recommendations of the management while evaluating the selection of executives in senior management. The NRC may also identify potential candidates for appointment to Senior Management through referrals and recommendations from past and present members of the Board or from such other sources as it may deem fit and proper.
2. The NRC shall evaluate proposals for appointments to Senior Management on the basis of eligibility criteria referred to hereinabove and such other criteria as it may deem appropriate.
3. Based on such evaluation, the NRC shall shortlist the desired candidate and make its recommendations to the Board for appointment.

IV. Removal

A. Directors

1. If a Director incurs any disqualification mentioned under the Applicable Laws, the NRC may recommend to the Board, the removal of the said Director subject to and in compliance with the statutory provisions.
2. Such recommendations may also be made on the basis of performance evaluation of the Directors or as may otherwise be thought fit by the NRC.

B. Members of Senior Management

1. The NRC shall consider the recommendations of the management while making recommendations to the Board for dismissal / removal of those in Senior Management.
2. Such recommendations may also be made on the basis of performance evaluation of members of Senior Management to the extent applicable or as may otherwise be thought fit by the NRC.

V. Review

The NRC shall periodically review the effectiveness of this Policy and recommend any revisions that maybe required to this Policy to the Board for consideration and approval.

Remuneration Policy

1. Preamble

- 1.1. The Nomination and Remuneration Committee ('NRC') of Essar Shipping Limited (the 'Company'), has adopted the following policy and procedures with regard to remuneration of Directors, Key Managerial Personnel and other employees.
- 1.2. The Remuneration Policy ('Policy') is framed in compliance with the applicable provisions of Regulation 19 read with Part D of the Schedule II of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Section 178 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as 'Applicable Laws').
- 1.3. This Policy reflects the core values viz. Knowledge, Action, Care and Impact.

2. Designing of Remuneration Packages

- 2.1. While designing remuneration packages, the following factors are taken into consideration:
- Ability to attract, motivate and retain the best talent in the industries in which the Company operates;
 - Current industry benchmarks;
 - Cost of living;
 - Maintenance of an appropriate balance between fixed, performance linked variable pay and long term incentives reflecting long and short term performance objectives aligned to the working of the Company and its goals;
 - Achievement of Key Result Areas (KRAs) of the employee, the concerned department / function and of the Company.

3. Remuneration to Directors

A. Non-Executive / Independent Directors:

The Non-Executive / Independent directors are entitled to the following:

- Sitting Fees: The Non-Executive / Independent Directors receive remuneration in the form of sitting fees for attending meetings of Board or Committees thereof. Provided that the amount of such fees shall not exceed such amount per meeting as may be prescribed by the Central Government from time to time.
- Commission: Commission may be paid within the monetary limit approved by shareholders subject to compliance with applicable statutory requirements.

B. Remuneration to Whole – Time Directors

- The remuneration to be paid to the Whole – Time Directors shall be in compliance with the applicable statutory requirements, including such requisite approvals as required by law.
- Increments may be recommended by the NRC to the Board which shall be within applicable statutory limits.
- The Board may at the recommendation of the NRC and its discretion, may consider the payment of such additional remuneration within the framework of applicable laws.

4. Remuneration to Key Managerial Personnel and Senior Management

Remuneration to Key Managerial Personnel and other Senior Management shall be as per the HR Policy of the Company in force from time to time and in compliance with applicable requirements of law. Total remuneration comprises of:

- A fixed Basic Salary;
- Perquisites as per Company Policy;
- Retirement benefits as per Company Rules and statutory requirements;
- Performance linked incentive (on an annual basis) based on the achievement of pre-set KRAs and long term incentives based on value creation.

In addition to the above mentioned remuneration package, Key Managerial Personnel and Senior Management may also be provided Employee Stock Options (ESOPs) in compliance with applicable regulatory requirements.

5. Remuneration to Other Employees

The remuneration packages of other employees are also formulated in accordance with HR Policy of the Company in force from time to time. In addition to basic salary and other components forming part of



overall salary package, employees are also provided with perquisites and retirement benefits as per the HR Policy of the Company and statutory requirements, where applicable.

6. Disclosure

As per applicable laws, the Remuneration Policy or its salient features shall be disclosed in the Board's Report.

7. Review

Charter for Nomination & Remuneration Committee:

1. Purpose:

The primary purpose of Nomination and Remuneration Committee of Essar Shipping Limited (The Company) is to formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to remuneration for the Directors, key managerial personnel and other employees.

2. Applicable Rules And Regulations:

Constitution and meeting of Nomination and Remuneration Committee are governed by:

- i) Section 178 of the Companies Act, 2013 and the rules made thereunder
- ii) Secretarial Standard-1, Secretarial Standard – 2 and Secretarial Standard – 5 issued by The Institute of Company Secretaries of India
- iii) Articles of Association of the Company
- iv) Guidelines issued by the Board of Directors of the Company.

3. Constitution:

The Compensation Committee shall be regarded as Nomination and Remuneration Committee for the purpose of Companies Act, 2013.

The Nomination and Remuneration Committee of the Company was originally constituted on May 23, 2011 and further re-constituted in the Membership happened from time-to-time

4. Composition:

Nomination and Remuneration Committee of Essar Shipping Limited consists of following Members:

- i) Mr. Sunil Modak (Chairman)
- ii) Mr. Suresh Ramamirtham; and
- iii) Ms. Raichel Mathew

5. Chairman:

Mr. Sunil Modak has been appointed as a Chairman of the Committee.

6. Secretary:

Company Secretary of the Company shall be the Secretary of the Committee.

7. Meetings:

At least one meeting of the Nomination and Remuneration Committee to be held during the financial year and additional meetings as may be required from time to time.

Notice of every meeting will be given to each member of the Committee. The Nomination and Remuneration Committee may invite such officers, Directors and employees of the Company as it may see fit from time to time to attend its meetings and assist in the discussion and consideration of any matter.

A meeting of the Nomination and Remuneration Committee may be convened by the Chairman or any member of the Committee.

8. Quorum:

Any two Directors present in person or through Audio-Visual mode from the Committee shall constitute a quorum for the meeting.

9. Role and Responsibilities:

The Nomination and Remuneration Committee shall:

- a) Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.

- b) Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- c) While formulating the policy ensure that:
- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
 - Relationship of remuneration to performance is clear and meets appropriate performance benchmarks
 - Remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to working of the Company and its goals.
 - To decide compensation related matters for Managing/Executive/Whole time Directors of the Company
 - To administer and supervise the Employee Stock Option Schemes whenever introduced by the Company.
 - Issue and allot the equity shares of the Company
 - Take all steps for issuance of the equity shares either in physical form or Demat form;
 - Take all steps for obtaining approvals and/or consents of the stock exchanges where the shares of the Company are listed; and
 - Do all such acts, deeds, matters and things as may be require in connection with the issue of the shares as per the scheme.
- Provided that such policy shall be disclosed in Board's Report.

10. Meeting through Audio-Visual Mode:

The participation of Directors in a meeting may be either in person or through video conferencing or other audio visual means as may be prescribed, which are capable of recording and recognizing the participation of the Directors and of recording and storing the proceedings of such meetings along with date and time.

The meeting through audio-visual mode shall be conducted in accordance with the rules prescribed by the Ministry of Corporate Affairs.

11. Reporting:

The Nomination and Remuneration Committee will regularly report to the Board on all significant matters it has addressed and with respect to such other matters that are within its responsibilities.

12. Review and Evaluation:

The Nomination and Remuneration Committee will annually review and evaluate the adequacy of its charter and recommend to the Board any proposed changes.

13. Approval and Revision:

This Charter was approved by the Board of Directors.