

NOMINATION AND REMUNERATION POLICY

ACCURACY SHIPPING LIMITED

NOMINATION AND REMUNERATION POLICY

OVERVIEW

Accuracy Shipping Limited (“the Company”) considers human resources as its invaluable asset. The success of the Company is highly dependent on the caliber of its work force. In order to achieve the goals of the Company, people with requisite skills, qualifications, experience and zeal are recruited.

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

OBJECTIVE:

The objective of the policy is to ensure that

- i) To lay down criteria for appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel.
- ii) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration.
- iii) To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- iv) To determine remuneration based on the Company’s size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
- v) That the remuneration to Directors, Key Managerial Personnel (KMP), and other employees of the Company involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- vi) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

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In this context, the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors.

DEFINITIONS:

- i. **“Act”** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- ii. **“Board”** means Board of Directors of the Company
- iii. **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- iv. **“Company”** means Accuracy Shipping Limited.
- v. **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013
- vi. **“Key Managerial Personnel”** or **“KMP”** 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.
- vii. **“Nomination and Remuneration Committee”** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- viii. **“Other employees”** means, all the employees other than the Directors, KMPs and the Senior Management Personnel.
- ix. **“Policy or This Policy”** means Nomination and Remuneration Policy.
- x. **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;
- xi. **“Senior Managerial Personnel”** mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to General Manager and above, including all functional heads.

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NOMINATION AND REMUNERATION COMMITTEE

CONSTITUTION OF THE COMMITTEE:

In accordance to Section 178 of Companies Act, 2013, the Nomination and Remuneration Committee was constituted by the Board in their meeting held on February 21, 2018 as follows:

Name of the Director	Designation	Nature of Directorship
Mr. Rahul Mandowara	Chairman	Independent Director
Mr. Shakarlal Bochaliya	Member	Independent Director
Mr. Jayantiram Choudhary	Member	Independent Director
Mr. Vinay Tripathi	Member	Chairman & Managing Director

The term of the Committee shall be continuous unless terminated by the Board of Directors.

CHAIRMAN

- a)** Chairman of the Committee shall be an Independent Director.
- b)** Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not be the Chairman of the Committee.
- c)** Chairman of the Nomination and Remuneration Committee meeting shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders queries.

FREQUENCY OF MEETINGS:

The meeting of the Committee shall be held at such regular intervals as may be required.

COMMITTEE MEMBERS INTERESTS

- a)** A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b)** The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

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SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

QUORUM

The quorum necessary for transacting business at a meeting of the Committee shall be two members or one- third of the members of the Nomination and Remuneration Committee; whichever is greater.

VOTING

a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present.

Any such decision shall for all purposes be deemed a decision of the Committee.

b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

ROLE OF THE COMMITTEE:

The role of the Nomination Remuneration Committee will be the following:

- To formulate criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the level and composition of remuneration of the directors, key managerial personnel and other employees.
- To formulate criteria for evaluation of performance of Independent Directors and the Board.
- To advise the Board on issues concerning principles for remuneration and other terms of employment including remuneration for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
- To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To recommend to the Board the appointment and removal of Directors and Senior Management.
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.

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- To devise a policy on Board diversity, composition, size.
- To make Succession planning for replacing Key Executives and overseeing.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.
- To monitor and evaluate programs for variable remuneration, both on-going and those that have ended during the year, for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
- To monitor and evaluate the application of this Policy;
- To monitor and evaluate current remuneration structures and levels in the Company;
- To recommend extension or continuation of the term of appointment of the Independent Director on the basis of the report of performance evaluation of independent directors.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- 1) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- 2) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- 3) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.
- 4) Appointment of Directors, KMPs and Senior Management Personnel is subject to compliance of provisions of the Companies Act, 2013.

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- 5) The appointment of a Director or a KMP, as recommended by the Nomination and Remuneration Committee further requires the approval of the Board.

TERM / TENURE

- 1) Managing Director/Whole-time Director: The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- 2) Independent Director: An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- 3) No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

EVALUATION

In accordance to Section 178 (2) of the Act, the Committee shall carry out evaluation of performance of all the Directors, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

REMOVAL

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, rules and regulations and the policy of the Company.

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RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

- 1) Remuneration to Managing Director / Whole-time Directors/ Executive Directors:
 - a) The Remuneration/ Commission/ Compensation etc. to be paid to Managing Director / Whole- time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
 - b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate regarding remuneration to Managing Director / Whole- time Directors/ Executive Directors.
 - c) The remuneration and commission to be paid to Directors shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
 - d) Increments to the existing remuneration/ compensation structure of Directors shall be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Directors.
 - e) Where any insurance is taken by the Company on behalf of its Directors 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.
- 2) Remuneration to Non- Executive / Independent Directors:
 - a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

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- b) All the remuneration of the Non- Executive Directors (excluding sitting fees for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
 - c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share-based payment schemes of the Company.
 - d) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
 - i) The Services are rendered by such Director in his capacity as the professional; and
 - ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
 - e) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share- based payments to be made to Directors (other than Independent Directors).
- 3) Remuneration to Key Managerial Personnel and Senior Management:
- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive any, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
 - b) The Compensation Committee of the Company, constituted for the purpose of administering the Employee Stock Option/ Purchase Schemes, shall determine the stock options and other share- based payments to be made to Key Managerial Personnel and Senior Management.
 - c) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
 - d) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

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POLICY ON BOARD DIVERSITY

- The Board of Directors shall have the optimum combination of Directors from the different areas/ fields like [production, management, quality assurance, finance, sales and marketing, research and development, Human Resources etc.,] or as may be considered appropriate.
- The Board shall have at least one Board member who has accounting or related financial management expertise.

DEVIATION FROM THE POLICY

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

IMPLEMENTATION

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may delegate any of its powers to one or more of its members.

AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**This Policy was approved and adopted by the Board of Directors in their meeting held on February 21, 2018.*
