

## **Annexure - IV**

### **Nomination and Remuneration Policy**

The Remuneration Committee of Ocean Sparkle Limited [*the 'Company'*], consisting of three [3] independent directors, was re-constituted as Nomination and Remuneration Committee by the Board of Directors at its meeting held on August 7, 2014.

#### **Objective**

The Nomination and Remuneration Committee [*the 'Committee'*] and this Nomination and Remuneration Policy [*the 'Policy'*] are in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto [*the 'Act'*] and the Human Resources Policy [*the 'HR Policy'*] of the Company.

#### **Key objectives of the Committee**

- To identify persons who are qualified, experienced and possess appropriate qualities to assume higher responsibilities including their nomination as a director and key managerial personnel of the Company and to ratify the appointment of senior management (*members of management one level below the executive directors, including functional heads*);
- To guide the Board in relation to appointment and removal of Directors and Key Managerial Personnel;
- To formulate the criteria for determining qualifications, positive attributes and independence of a director;
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board;
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management;
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication, and achievement relating to the Company's operations;
- To formulate, approve, implement and review the retention and motivation policies and schemes of the Company from time to time for the promotion and retention of talented managerial persons and create competitive advantage for the Company;
- To assist the Board in fulfilling its responsibilities;

#### **Definitions**

<b>Act</b>	Companies Act, 2013 and rules framed thereunder, as amended from time to time
<b>Board / Directors</b>	Board means Board of Directors of the Company
<b>Key Managerial Personnel</b>	The Managing Director and / or the Chief Executive Officer ; The President and / or the Manager;

	Whole-time Director; Chief Financial Officer; Company Secretary; and Such other officers as may be from time to time be prescribed under the Act and/ or specified by the Board of Directors, as Key Managerial Personnel.
<b>Senior Management</b>	Members of management one level below the Executive Directors, the Key Managerial Personnel, and Board of Directors including functional head i.e. Personnel of the company who are members of its core management team, which is constituted whether formally or informally.

The Policy is divided into four parts

<b>Part - I</b>	Deals with the matters to be dealt with and recommended by the Committee to the Board
<b>Part - II</b>	Deals with the appointment and nomination
<b>Part - III</b>	Deals with remuneration and perquisites
<b>Part - IV</b>	Functioning of the Committee

This Policy shall be included in the Report of the Board of Directors.

#### **Part-I**

#### **Matters to be dealt with, pursued, and recommended to the Board by the Committee**

The following matters shall be dealt by the Committee

<b>Size and composition of the Board</b>	Periodically review the size and composition of the Board and various Committees of the Board, and to ensure that it is structured with a spectrum of appropriate skill sets, capability, and experience in order to decide in the best interest of the company as a whole on the matters referred to it from time to time.
<b>Directors</b>	Formulate the criteria determining qualifications, positive attributes, and independence of a Director and recommending candidates to the Board, when circumstances warrant the appointment of a new Director, having regard to the range of skills, experience, and expertise, on the Board and who will best complement the Board.
<b>Succession Plans</b>	Establishing and reviewing Board and senior executive succession plans while maintaining appropriate balance of skills, experience and expertise on the Board of Directors and senior management of the Company
<b>Evaluation of performance</b>	<ol style="list-style-type: none"> <li>a. Make recommendations to the Board for adoption and determination of the appropriate performance criteria for the Directors.</li> <li>b. Formulate the framework for evaluation of performance of every Director on the Board of the Company.</li> <li>c. Identify ongoing training and education programs for the Directors on the Board, ensure that Non-Executive Directors are provided with, exposed to adequate information and knowledge of the options available in connection with the Company's business and the industry / sector at large, and update their knowledge and awareness of their responsibilities and duties.</li> </ol>

<b>Board diversity</b>	The Committee to assist the Board in Directors' nomination process while facilitating the diversity of gender, thought, experience, knowledge and perceptive skills on the Board, in accordance with the Boards' policy to have Directors on the Company's Board of Directors with diverse capability, talent and experience to guide and manage the affairs of the Company.
<b>Remuneration framework and policies</b>	<p>The Committee is responsible for reviewing and making recommendations to the Board on:</p> <ol style="list-style-type: none"> <li>a. The Fixation from time to time of ceiling on and Payment of, within and as per the provisions of the Act, the remuneration to the Managing Director, the other Whole-time Directors and the Key Managerial Personnel ;</li> <li>b. The amount in Aggregate of the remuneration proposed for payment by the Company to all the Non-Executive Directors and for individual remuneration for Non-Executive Directors and the Chairman, including any additional fees payable for membership of Board Committees;</li> <li>c. The remuneration policies for all employees including to the Key Managerial Personnel, senior management and other employees, including on the base pay, incentive, equity based incentives and stock options, retirement rights or superannuation arrangements and service contracts keeping in view the need to: <ol style="list-style-type: none"> <li>i. Attract, motivate, retain and nurture talent for the long term growth prospects of the Company;</li> <li>ii. Enlighten the existence of a clear relationship between executive compensation and performance together with clear cut identification and fixation of requisite and appropriate thresholds for performance measurement;</li> <li>iii. Demonstrate reasonableness and fair play while adopting best governance practices; and</li> <li>iv. Adhere to and comply with requisite legal and statutory requirements.; and</li> </ol> </li> <li>d. The disclosure and reporting requirement of remuneration paid by the Company in the financial statements and in the preparation of adequate report on the remuneration paid.</li> </ol>

**Part - II**

**Policy for appointment and removal of Director, Key Managerial Personnel and Senior Management**

<b>Appointment criteria and qualifications</b>	<ol style="list-style-type: none"> <li>a. A person being considered for appointment as Director or as a Key Managerial Personnel position should possess adequate qualification, expertise and experience for which position he / she is being considered.</li> <li>b. The Committee shall lay down policy for reasonable investigation into the integrity of persons being considered for appointment as Director, Key Managerial Personnel, and position and to ascertain the qualification, expertise, and experience possessed by such persons.</li> <li>c. After reasonable due diligence is conducted, the Committee shall submit its recommendations to the Board in connection with and for</li> </ol>
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	<p>consideration of such persons' appointment to the position of Director or Key Managerial Position as the case may be;</p> <p>d. The Committee shall have the discretion to decide on the adequacy and sufficiency of the qualification, expertise, and experience possessed by the person for his / her appointment to the concerned position;</p> <p>e. Persons of impeccable reputation and integrity, possessing acknowledged expertise in the avocation of their calling and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, with complementary skills in relation to other members on the Board shall be considered for appointment to the position of Director on the Board of Directors of the Company;</p> <p>f. The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the maximum age under the Companies Act, 2013. Provided that the term of the person holding this position may be extended at the discretion of the Committee beyond the age with the approval of the shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond sixty / seventy years as the case may be.</p> <p>g. A whole-time Key Managerial Personnel of the Company shall devote his full time for the Company and shall also not hold office in more than one company while in employment of the Company other than in subsidiary companies of the Company. However, a whole-time Key Managerial Personnel can be appointed as a Director in any other company, with the permission of the Board of Directors of the Company.</p>				
<b>Term / Tenure</b>	<table border="1"> <tr> <td data-bbox="479 1094 690 1276"><b>Managing Director / Whole-time Director</b></td> <td data-bbox="690 1094 1461 1276">The Company shall appoint or re-appoint any person as its Managing Director / Whole-time Director for a term not exceeding five [5] years at a time. No re-appointment shall be made earlier than one year prior to the date of expiry of such term</td> </tr> <tr> <td data-bbox="479 1276 690 1890"><b>Independent Director</b></td> <td data-bbox="690 1276 1461 1890"> <p>The tenor of appointment as an Independent Director on the Board of the Company shall be for a period not exceeding five consecutive years at a time and such Independent Director shall be eligible for re-appointment by approval of a special resolution by the Company to that effect and provided disclosure of such re-appointment is made in the Boards' Report.</p> <p>No Independent Director shall hold office for not more than two consecutive terms. Provided however that such Independent Director shall be eligible for appointment after expiry of three years from the date, he or she ceased to be an Independent Director of the Company. However, if a person who has already served as an Independent Director for five years or more on the Board of Directors of the Company as on April 1, 2014 or such other date as may be determined by the Committee while complying with the Act, such person shall be eligible for appointment for one more term of five</p> </td> </tr> </table>	<b>Managing Director / Whole-time Director</b>	The Company shall appoint or re-appoint any person as its Managing Director / Whole-time Director for a term not exceeding five [5] years at a time. No re-appointment shall be made earlier than one year prior to the date of expiry of such term	<b>Independent Director</b>	<p>The tenor of appointment as an Independent Director on the Board of the Company shall be for a period not exceeding five consecutive years at a time and such Independent Director shall be eligible for re-appointment by approval of a special resolution by the Company to that effect and provided disclosure of such re-appointment is made in the Boards' Report.</p> <p>No Independent Director shall hold office for not more than two consecutive terms. Provided however that such Independent Director shall be eligible for appointment after expiry of three years from the date, he or she ceased to be an Independent Director of the Company. However, if a person who has already served as an Independent Director for five years or more on the Board of Directors of the Company as on April 1, 2014 or such other date as may be determined by the Committee while complying with the Act, such person shall be eligible for appointment for one more term of five</p>
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	<p>years only. Provided further that persons who have completed two consecutive terms as Independent Directors shall not be appointed or be associated with the Company in any other capacity, either directly or indirectly during the period of three years from the date of expiry of the second consecutive term as an Independent Director.</p> <p>A person cannot simultaneously hold the position of Independent Director on the Board of Directors in more than seven number of listed companies. Further provided that a person serving as a Whole-time Director of any listed company cannot simultaneously hold the position of Independent Director on the Board of Director of more than 3 (Three) listed companies. Compliance of this regulation shall be mandatory and it shall so be ensured at the time of appointment of an Independent Director on the Board of Directors of the Company.</p>
<b>Removal</b>	<p>Subject to the provisions and compliance of the Companies Act, 2013 and the rules and regulations thereunder, if a Director or any Key Managerial Personnel incurs any disqualification mentioned in the said Act and / or the rules made thereunder or under any other applicable Act, rules and regulations, the Committee may, while recording the reasons in writing, recommend to the Board the removal of such Director or Key Managerial Personnel.</p>
<b>Retirement</b>	<p>The Whole-Time Directors, Key Managerial Personnel, and senior management personnel shall retire as per the provisions of the Companies Act, 2013 and the prevailing HR Policy of the Company as may be applicable. The Board shall have the discretion to retain beyond the retirement age, the Whole-time Directors and Key Managerial Personnel in the same position and remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company. Similarly the Senior Management Personnel may be retained beyond the age of retirement in the same position and remuneration or otherwise at the discretion of the relevant authority specified in the Company's HR policy.</p>

### Part - III

Policy relating to the remuneration for Directors, Key Managerial Personnel, and other employees

<b>General</b>	<ol style="list-style-type: none"> <li>a. The remuneration / compensation / commission etc., to Directors will be determined by the Committee and recommended to the Board for approval. The committee and the Board shall be bound by and shall ensure compliance of the agreements with various parties including the investors, if any, in this regard;</li> <li>b. The remuneration and commission to be paid to the Managing Director and Whole-time Directors shall be in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder;</li> <li>c. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which, in the case of</li> </ol>
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	<p>Managing Director and Whole-time Directors shall at all times be within the limits approved by the Shareholders and be compliant of the provisions of the Act;</p> <p>d. Where any liability insurance cover is obtained by the Company for and against any liability incurred by and for indemnifying the Managing Director, Whole-time Directors, Chief Financial Officer, Company Secretary, or other employees, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such persons. Provided that, if such person is proved guilty, the premium paid on such insurance shall be treated as part of the remuneration.</p>
<p><b>Remuneration to Key Managerial Personnel and other employees</b></p>	<p>The Policy on remuneration for Key Managerial Personnel and other employees is as below:</p>
	<p><b>Fixed pay</b> The remuneration and reward structure for employees may comprise of two broad components – annual remuneration and long-term rewards. The Committee would determine the remuneration of the Directors and formulate guidelines for remuneration payable to the employees.</p> <hr/> <p><b>Annual remuneration</b> Annual remuneration refers to the annual compensation payable to the employees of the Company. This may comprise of two parts – a fixed component and a performance-linked variable component. The variable component shall be determined on the basis of the extent of achievement of the individual’s performance objectives, performance of the business unit to which such personnel is assigned and the overall performance of the business of the Company. Each employee shall be required to execute a performance contract clearly articulating the key performance measures for that particular defined role against which the actual performance would be evaluated. An employee’s variable pay may therefore be directly dependent on key performance measures that represent the best interests of the Company and its shareholders.</p> <p>The objective is to set the total remuneration at levels to attract, motivate, retain, and nurture high-caliber and high potential personnel in competitive business environment. The total remuneration level may be reset annually based on a comparison with the relevant peer group, established through market intelligence and / or independent compensation surveys, from time to time.</p>
	<p><b>Long term rewards</b> 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,</p>

	<p>relative position in the organization, and length of service under the supervision and approval of the Committee. The Company may implement various long-term awards schemes that could include long-term incentive programme spread over several years with payouts in multiple tranches linked to Company's performance. Another form of long-term awards could be the issue of stock options of the Company. Stock options may be granted to employees who have consistently recorded high performance and who shall be selected by the Committee based on the criticality of their role function, past-performance, and potential for growth and assumption of higher responsibilities. The details of this scheme would be formulated from time to time.</p> <p>These long-term reward schemes may be implemented to attract and retain key talent in the Company.</p>
<p><b>Minimum remuneration to Managing Director and Whole-time Directors</b></p>	<p>If in any financial year, the Company records, either no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and Whole-time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013. If the Company is unable to comply with the said provisions, such remuneration shall be paid to its Managing Director and the Whole-time Directors with the previous approval of the Central Government.</p>
<p><b>Remuneration to Non-Executive / Independent Directors</b></p>	<p><b>Remuneration</b></p> <p>The remuneration payable to each Non-Executive Director shall be based on the remuneration structure as determined and / or revised by the Board from time to time depending on individuals' contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder.</p> <p>The remuneration to the Non-executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders that was recommended by the Nomination and Remuneration Committee and approved by the Board of Directors from time to time, subject to the limit not exceeding 1.00% of the profits of the Company computed as per the applicable provision of the Companies Act, 2013.</p>
	<p><b>Stock options</b></p> <p>The independent directors shall not be entitled to any stock option of the Company</p>

<b>Sitting Fee payable to Independent Directors</b>	The Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
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**Part - IV**  
**Functioning of the Committee**

<b>Membership</b>	The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent. Minimum two members shall constitute a quorum for the Committee meeting. Membership of the Committee shall be disclosed in the Annual Report. Term of the Committee shall be continued unless terminated by the Board of Directors. Subject to the provisions of the Act, the Board shall have the power to review, revise, change or rotate the Directors nominated on the Committee from time to time.
<b>Chairperson</b>	The Chairperson of the Committee shall be an Independent Director. The Chairperson of the Company may be appointed as a member of the Committee but not as Chairperson of the Committee. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
<b>Frequency of meetings</b>	The meeting of the Committee shall be held at such regular intervals as may be required.
<b>Committee Members' Interest</b>	A member of the Committee shall be excused from being present during discussion on his or her own remuneration or when his or her performance is being evaluated. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee
<b>Secretary</b>	The Company Secretary of the Company shall act as Secretary of the Committee
<b>Voting</b>	All matters before the Committee shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee. In the case of equality of votes, the Chairman of the meeting will have a casting vote.
<b>Minutes of the meeting</b>	Proceedings of all meetings must be recorded and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting

*This Policy shall be reviewed by the Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as often as the Committee may deem it fit and appropriate. Any changes or modification to this Policy, as recommended by the Committee, would be placed before the Board of Directors for approval. The changes and modification of policy would come into effect as per the approval of the Board of Directors.*