



INTER STATE OIL CARRIER LIMITED

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NOMINATION & REMUNERATION POLICY OF THE COMPANY

I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations'), the Board of Directors of the Company re-constituted the Nomination and Remuneration Committee comprising of three non-executive Independent Directors as required. The Committee has reviewed and formulated "Nomination and Remuneration Policy" in compliance with the provisions of Section 178 of the Companies Act, 2013 read with the applicable rules thereto and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations').

Section 178 of the Companies Act, 2013, inter-alia provides that the Committee shall formulate the criteria for determining qualifications, positive attitudes and independence of a Director and recommend to the Board a policy relating to remuneration for Directors, Key Managerial Personnel (KMP) and other employees;

The Remuneration Policy of the Company, is designed to attract, motivate and retain quality people in a competitive market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The Nomination and Remuneration Policy applies to Directors, Key Managerial Personnel and other employees of the Company as per the provisions of the Companies Act, 2013.

II. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, SEBI Listing Regulations and/or any other SEBI Regulations as amended from time to time.

III. OBJECTIVE

- a) To make recommendations to the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- b) To 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;
- c) To evaluate the performance of the members of the Board and provide necessary reports to the Board for further evaluation and to ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- d) To make recommendations to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management and to ensure that such remuneration 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.

IV. DEFINITIONS:

"Board" means Board of Directors of the Company.

"Company" means "Inter State Oil Carrier Limited

"Employees' Stock Option" means the option given to the directors, officers or employees of a Company or of its holding Company or subsidiary Company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the Company at a future date at a pre-determined price.

“Independent Director” means a director referred to in Section 149 (6) of the Companies Act, 2013 and in Regulation 16 of SEBI Listing Regulations;

“Key Managerial Personnel” (KMP) means persons referred to in Section 2(51) of Companies Act, 2013;

- (i) Chief Executive Officer or the Managing Director or the Manager;
- (ii) Company Secretary;
- (iii) Whole-time Director;
- (iv) Chief Financial Officer,
- (v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) Such other officer as may be prescribed.

“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 the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Policy or This Policy” means, 'Nomination and Remuneration Policy.’

“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.

Senior Management” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board).

V. APPOINTMENT AND REMOVAL:

A. Appointment criteria and qualifications:

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 to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager 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 based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

B. Term / Tenure:

1. **Managing Director/Executive Director/Whole-time Director/Manager:** The Company shall appoint or re-appoint any person as its Managerial Person 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.

No Independent Director shall hold office for more than two consecutive terms, 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.

C. Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).

D. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Managing Director / Executive Director / Whole Time director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations made thereunder.

E. Retirement:

The Managing Director / Executive Director / Whole Time Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Managing Director / Executive Director / Whole Time director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to such approvals as may be required in this regard.

F.Membership: The Committee shall consist of a minimum of three non executive directors , majority of them being independent. Minimum two members shall constitute a quorum for the Committee meeting.

G.Chairman/Chairperson: Chairman/Chairperson of the Committee shall be an Independent Director. Chairman of the Company may be appointed as a member of the Committee, but shall not be a Chairman of the Committee. In the absence of the Chairman/Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman/Chairperson.

H: Minutes of Committee meeting: Proceedings of all the meetings must be recorded and signed by the Chairman/Chairperson of the Committee at the subsequent meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

VI. PROVISIONS RELATING TO REMUNERATION:

A. General:

1. The remuneration / compensation / commission etc. to Managing Director, Executive / Whole Time Directors, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to Managing Director, Executive / Whole Time Directors shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force and in accordance with and subject to the relevant provisions of the Articles of Association of the Company.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.
4. Where any insurance is taken by the Company on behalf of its Managing Director, Executive / Whole Time Directors, KMP and any other employees 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.

B. Remuneration to Non-Executive / Independent Director:

Sitting fees- The Non Executive/Independent Directors 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 Rs. 1 lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

No commission shall be paid

Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

C. Executive / Whole Time Directors

I. Appointment/ Re-appointment, Remuneration and Terms and Conditions:

Appointment and Re-appointment, if any, of Executive Directors/ Whole Time Directors including remuneration and other terms and conditions thereof shall be in accordance with the provisions of Section 196, 197 of the Companies Act, 2013 read with Schedule V appended thereto. The Committee will recommend the appointment or re-appointment, if any, of any of the Executive/ Whole time Directors to the Board and same will be approved by the shareholder's at General meetings by passing the necessary resolution in terms of provisions of Companies act, 2013.

The components of remuneration package may include the following:

- Basic Pay
- Allowances
- LTA
- Any other perks and benefits.

II. Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive/ Whole Time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central government.

III. Over all Maximum Managerial Remuneration

The total managerial remuneration payable by the Company to its Directors, including Managing Director and Whole Time Directors and its Managers in respect of any financial year shall not exceed 11% of the net profit of the Company for that financial year calculated in the manner as laid down in Section 198 of Companies Act, 2013 except that the Remuneration of the Directors shall not be Deducted from the Gross profit.

In the event of Payment of Remuneration exceeding 11% of net profit necessary formalities to be complied with as per the said Act.

IV. Provisions for excess remuneration

If any Executive/ Whole Time Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she 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 recovery of such sum refundable to it unless permitted by the Central Government.

D. Key Managerial Personnel and Senior Management

Remuneration of KMP and Senior Management Personnel is proposed by the Company's Nomination and Remuneration Committee and subsequently approved by the Board of Directors of the Company. The remuneration is evaluated annually against the performance of the Company, individual performance/ contribution and decides Remuneration rationally.

The KMP (s) and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

'VII. Policy on diversity of Board:

The Board of Directors shall have the optimum combination of executive and non-executive Directors including Independent Directors from the different fields like Operations, Management, Finance & Accountancy, Legal, Sales and Marketing, Human Resources etc or as may be considered appropriate by the Committee from time to time.

The Board shall have at least one member who has accounting or related financial management expertise and at least three members who are financially literate. And the Board should have at least one woman director as its member.

VIII. Assistance from Outside Agency

The committee may take the assistance of External expert/agency as and when required to ensure that recommendations are based on rationale as also parameter to judge the performance level through a process.

IX. Amendment / Revision

Any policy including Remuneration Policy is dynamic concept. Hence it will be reviewed periodically & bring changes/ amendment as and when required based on business need, benchmark with comparable Industries and any other factors relevant in the context of formulation of Remuneration Policy that has direct linkage between business growth & attract, retain & motivate people on sustainable basis.