

Dolphin Offshore Enterprises (India) Limited

Nomination cum Remuneration and Board Diversity Policy

I. Introduction:

This Nomination cum Remuneration and Board Diversity Policy ("**Policy**") has been formulated and recommended by the Nomination and Remuneration Committee ("**Committee**") in their meeting held on August 06, 2014, pursuant to section 178 of the Companies Act, 2013 and the rules made thereunder (collectively, the "**Act**") and as per revised Clause 49 of the Listing Agreement.

The Policy applies to the Board of Dolphin Offshore Enterprises (India) Limited (the "Company") and does not apply to diversity in relation to employees of the Company.

The Policy has been adopted by the board of directors of Dolphin Offshore Enterprises (India) Limited ("**Company**") in their meeting held on February 04, 2015.

This Policy lays down the guidelines to be followed in relation to:

- (A) appointment of the directors, and key managerial personnel of the Company; and
- (B) Fixation of the remuneration of the directors, key managerial personnel and other employees of the Company.
- (C) A greater diversity of ideas, skills, knowledge, experience, ethnicity and gender throughout our organisation is very important for the continuing long term success of the Company and also to ensure that it is well equipped to lead the business effectively, embraces new ideas and makes good use of differences in experiences, backgrounds and perspectives to satisfy all the different stakeholders.

The objective of this Policy is to inter-alia:

- (a) attract, recruit, and retain good and exceptional talent;
- (b) list down the criteria for determining the qualifications, positive attributes, and independence of the directors of the Company;

- (c) ensure that the remuneration of the directors, key managerial personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;
- (d) motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- (e) ensure a transparent nomination process for directors whether for Non-Executive or Executive positions with the diversity of thought, experience, knowledge, perspective and gender in the Board and to also ensure that management fulfil its obligations to its shareholders to recruit the best person, on merit, to the relevant role ; and
- (f) fulfill the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long-term value creation for its stakeholders.
- (g) Regarding all appointments to the Board, whether for Non-Executive or Executive positions, management will carefully consider the benefits of greater diversity, including gender diversity, whilst ensuring that management fulfil its obligations to its shareholders to recruit the best person, on merit, to the relevant role.

II. Nomination and Appointment:

A. Executive Directors:

1. As per the Act, the Company is required to have a managing director and/ or a Chief Executive Officer (CEO), or a manager, and in their absence, a whole time director.
2. The Company currently has, and has always appointed, a managing director & CEO, a joint managing director & CFO and Executive Chairman (whole time director designated as executive chairman)in accordance with the applicable laws. Accordingly, this Policy currently provides for the appointment of the managing

director, jt. managing director and executive chairman of the Company (“Executive **Director(s)**”). If in future, the Committee deems fit to appoint separately a chief executive officer (if any), chief financial officer (if any), or manager or a whole time director (other than executive chairman) for the Company, then this Policy will be suitably amended to provide for the appointment and remuneration of such personnel.

3. Process to be adopted for the nomination and appointment of a Executive Director:
 - (a) The Committee will identify and recommend to the board of directors of the Company (“**Board**”), person(s) who is qualified and eligible for appointment as the executive Director of the Company, provided such person(s) meets the criteria set out under this Policy.
 - (a) If the talent is available and to the extent possible, such appointment shall be from the promoters group and will be subject to execution of formal agreement between the Company and the executive Director.
 - (b) The person(s) so identified and recommended by the Committee to the Board, for appointment as the executive Director, and the agreement setting out the terms and conditions of his/her appointment and remuneration, will be subject to approval of the Board, and of the shareholders at the next general meeting of the Company.
 - (c) If the terms and conditions of appointment of the executive Director are at variance to the conditions specified under Schedule V of the Act, then such appointment will be subject to the approval of the Central Government.
4. For a person to be appointed as a Managing Director (“**Candidate**”), he/she should fulfil/meet the following criteria:
 - (a) The Candidate should have been allotted a director’s identification number.

- (b) The Candidate should not be below the age of 21 years. If the Candidate has completed 70 years of age, then the Candidate may be appointed after complying with the provisions of Act.
- (c) The Candidate should not be an undischarged insolvent or should not have, at any time, been adjudged as an insolvent.
- (d) The Candidate should not have, at any time, been convicted by a court of an offence and sentenced for a period which offence the Board considers unacceptable after considering the provisions of applicable laws for the time being in force.
- (e) The Candidate should not be disqualified to act as a director pursuant to the provisions of the Act.
- (f) The Candidate should not be a director, who has been at any time removed from directorship by the Company in accordance with the provisions of the Act.
- (g) The Candidate should not have been sentenced to imprisonment for any period, or to a fine exceeding Rs. 1000, for the conviction of an offence under any of the statutes set out at **Annexure 1**.
- (h) The Candidate should not have been detained for any period under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (52 of 1974).
- (i) If the Candidate is a managerial person in more than 1 company, then the remuneration which he/she draws from 1 or more companies should be within the ceiling provided in section V of Part II of Schedule V of the Act.
- (j) The Candidate should be a 'resident of India' as per Schedule V of the Act.
- (b) The Candidate should not be holding office as a director or any other office in a competing firm/entity.

- (k) The Candidate should possess the following minimum qualification and experience:
 - (i) He/she should hold a graduate or professional degree or qualification from a reputed institution.
 - (ii) He/she should have experience in business administration and management (with due regard for the benefits of diversity on the Board) as the Board and Committee deem fit and proper.

B. Non-Executive Directors:

1. As per the Act, the Company is required to have a minimum of 3 directors and upto a maximum of 15 directors, which maximum number can be increased pursuant to a special resolution passed by the Company. The Act and clause 49 of the equity listing agreement ("**Listing Agreement**") also stipulates the composition of the Board such as gender, ratio of non-executive to executive directors, and the number of independent directors.
2. Process to be adopted for the nomination and appointment of non-executive directors:
 - (a) The Committee will identify and recommend to the Board, person(s) who is qualified and eligible for appointment as a non-executive director of the Company ("**Non-Executive Director**") from all the available sources including but not limited to advertisement, executive search firms etc., not being an independent director of the Company ("**Independent Director**"), provided such Non-Executive Director meets the criteria set out under this Policy.
 - (b) The appointment of the Non-Executive Director will be subject to execution of formal agreement between the Company and the Non-Executive Director.

- (c) The person(s) so identified and recommended by the Committee to the Board, for appointment as a Non-Executive Director, and the agreement setting out the terms and conditions of his/her appointment and remuneration, will be subject to approval of the Board, and of the shareholders at the general meeting of the Company.
 - (d) The Committee will also consider and provide its inputs on the appointment to the Board of an alternate director, small shareholders' director and a nominee director.
3. For a person to be appointed as a Non-Executive Director ("**Candidate**"), he/she should fulfil/meet the following criteria:
- (a) The Candidate should have been allotted a director's identification number.
 - (b) The number of companies in which such Candidate may be holding office as a director or a chairman or committee member should not exceed the limit stipulated by the Act.
 - (c) The Candidate should not be disqualified to act as a director pursuant to the provisions of the Act.
 - (e) The Candidate should not be holding office as a director or any other office in a competing firm/entity.
 - (f) The Candidate should possess the following minimum qualification and experience:
 - (i) He/she should be a graduate.
 - (ii) He/she should have experience in business administration and management (with due regard for the benefits of diversity on the Board)as the Board and Committee deem fit and proper.

C. Independent Directors:

1. In terms of section 149 (4) of the Act, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and rules made thereunder, the Company is required to have at least [2] directors as independent directors.
2. Process to be adopted for the nomination and appointment of an Independent Director:
 - (a) The Committee will identify and recommend to the Board, person(s) who is qualified and eligible for appointment as an Independent Director of the Company, provided such person(s) meets the criteria set out under this Policy.
 - (b) The Committee may also select the Independent Director may be selected from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by an authorised agency as per the Act and/or from all the available sources including but not limited to advertisement, executive search firms. . However, the Committee will nonetheless carry out its own verification and satisfy itself as to the candidature of the Independent Director.
 - (c) The appointment of an Independent Director will be subject to issuance by the Company of a formal letter of appointment in the manner provided by the Act.
 - (d) The person(s) so identified and recommended by the Committee to the Board, for appointment as the Independent Director, and the agreement setting out the terms and conditions of his/her appointment and remuneration will be subject to approval of the Board, and of the shareholders at the next general meeting of the Company.

3. For a person to be appointed as an Independent Director (“**Candidate**”), he/she should fulfil/meet the following criteria:
- (a) If the Candidate is already an independent Director, then his tenure and term will be as per the Act and the equity listing agreement.
 - (b) The Candidate should have been allotted a director’s identification number.
 - (c) The number of companies in which such Candidate may be holding office as an independent director or a chairman or committee member should not exceed the limit stipulated by the Act.
 - (d) The Candidate should not be disqualified to act as a director pursuant to the provisions of the Act.
 - (g) The Candidate should not be holding office as a director or any other office in a competing firm/entity.
 - (e) The Candidate should, in the opinion of the Board, be a person of integrity and possesses relevant expertise and experience.
 - (f) The Candidate should not be or should not have been a promoter of the Company or its holding, subsidiary or associate company.
 - (g) The Candidate should not be related to promoters or directors in the Company, its holding, subsidiary or associate company.
 - (h) The Candidate should not have or should not have had any pecuniary relationship with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the 2 immediately preceding financial years or during the current financial year.

- (i) None of the Candidate's relatives should have or should have had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% more of its gross turnover or total income or Rs. 50,00,000 or such higher amount as may be prescribed, whichever is lower, during the 2 immediately preceding financial years or during the current financial year.
- (j) Neither himself/herself nor any of his/her relatives:
- (i) should hold or should have held the position of a key managerial personnel or should be or should have been an employee of the Company or its holding, subsidiary or associate company in any of the 3 financial years immediately preceding the financial year in which he/she is proposed to be appointed.
- (ii) should be or should have been an employee or proprietor or a partner, in any of the 3 financial years immediately preceding the financial year in which he/she is proposed to be appointed, of:
- a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or
 - any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
- (iii) should hold together with his/her relatives 2% or more of the total voting power of the Company;
- (iv) should be a Chief Executive or director, by whatever name called, of any non-profit organisation that receives 25% or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that

holds 2% or more of the total voting power of the Company; or

- (v) should be a material supplier, service provider or customer or a lessor or lessee of the Company.
- (k) The Candidate should not be less than 21 years of age.
- (l) The Candidate should possess the following minimum qualification and experience:
 - (i) He/she should hold minimum a degree in management from a reputed institution
 - (ii) He should have the knowledge and expertise in corporate governance, and business management and administration (with due regard for the benefits of diversity on the Board) as the Board and Committee deem fit and proper.

D. Key Managerial Personnel:

1. As per section 203 of the Act and rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to appoint the following whole time key managerial personnel:
 - (a) managing director, or chief executive officer or manager and in their absence, a whole-time director;
 - (b) company secretary; and
 - (c) chief financial officer.
 - (d) Such other officer as may be prescribed by the Central Government from time to time

2. Apart from the Managing Director & CEO, the Company currently has Joint Managing Director cum Chief Financial Officer and a Company Secretary.

A 'chief financial officer' would mean a person appointed as the chief financial officer of a company.

A 'company secretary' would mean a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980, and who is appointed by a company to perform the functions of a company secretary under the Act.

3. In the event the Board decides to have separate Chief Financial Officer, then the following process to be adopted for the nomination and appointment of a Chief Financial Officer:

- (a) The Committee will identify and recommend to the Board, person(s) who is qualified and eligible for appointment as a Chief Financial Officer.
- (b) The appointment of the Chief Financial Officer will be subject to issuance by the Company of a formal letter of appointment in the manner provided by the Act.
- (c) The person(s) so identified and recommended by the Committee to the Board, for appointment as a Chief Financial Officer, and the letter of appointment setting out the terms and conditions of his/her appointment and remuneration, will be subject to approval of the Board.

4. For a person to be appointed as a Chief Financial Officer ("**Candidate**"), he/she should fulfil/meet the following criteria:

- (a) The Candidate should hold a finance degree such as MBA (in finance), CA, ICWA, or any similar degree or qualification from a reputed institution as the Board and Committee deem fit and proper.
- (b) The Candidate should have at least [10] years of experience in finance.

- (c) The Candidate should not be employed or holding any position as a chief financial officer or any other post in any other firm/entity except provisions of Section 203 of the Companies Act, 2013.
 - (d) The Candidate should not have been sentenced to imprisonment for any period, or to a fine exceeding Rs. 1000, for the conviction of an offence under any law.
5. Process to be adopted for the nomination and appointment of a Company Secretary:
- (a) The Committee will identify and recommend to the Board, person(s) who is qualified and eligible for appointment as a Company Secretary.
 - (b) The appointment of the Company Secretary will be subject to issuance by the Company of a formal letter of appointment in the manner provided by the Act.
 - (c) The person(s) so identified and recommended by the Committee to the Board, for appointment as a Company Secretary, and the letter of appointment setting out the terms and conditions of his/her appointment and remuneration, will be subject to approval of the Board.
6. For a person to be appointed as a Company Secretary ("**Candidate**"), he/she should fulfil/meet the following criteria:
- (a) The Candidate should be a qualification company secretary.
 - (b) The Candidate should not be a 'company secretary in practice'.

'company secretary in practice' would mean a company secretary who is deemed to be in practice under sub-section (2) of section 2 of the Company Secretaries Act, 1980.

- (c) The Candidate should not be employed or holding any position as a company secretary or any other post in any other firm/entity except provisions of Section 203 of the Companies Act, 2013.
- (d) The Candidate should have at least [10] years of experience in secretarial and compliance.
- (e) The Candidate should not have been sentenced to imprisonment for any period, or to a fine exceeding Rs. 1000, for the conviction of an offence under any law.

III. **Evaluation:**

1. The reappointment or extension of term and the remuneration of Executive Directors and Non Directors will be as per the performance evaluation report pursuant to the performance evaluation carried out by the Board (excluding the director being evaluated).
2. The criterion for such performance evaluation of the employee has been set out at **Annexure 2**.

IV. **Remuneration:**

A. **Executive Directors:**

1. The Committee to recommend the remuneration of the Executive Directors to Board for its approval.
2. Such remuneration shall be subject to approval of the shareholders of the Company, in the next general meeting.
3. If proposed remuneration is at variance to the conditions specified in Schedule V of the Act, then such remuneration will also be subject to the approval of the Central Government.
4. The current terms of the remuneration of the Executive Directors is as under:

- (a) The remuneration of the Executive Directors shall consist of the following:

Designation	Basic salary per month (in Rs.)
Executive Chairman, Whole Time Director	9,00,000
Managing Director	8,00,000
Joint Managing Director	7,75,000

- (b) In addition to the above, the Executive Chairman/Managing Director/Joint Managing Director shall be entitled to the following:

i) **Gas, electricity, water and furnishing:** The expenditure incurred on gas, electricity, water and furnishings shall be reimbursed by the Company.

ii) **Medical Reimbursement:** All medical expenses incurred for him and his family, medical insurance premium and personal accident insurance premium together shall not exceed one month's basic salary.

iii) **Leave Travel Concession:** for self and family once in a year in accordance with the rules of the Company.

iv) **Club fees:** Fees of Clubs subject to a maximum of two clubs; this will not include admission and life membership fees.

v) **Contribution to Provident Fund and Superannuation Fund** in accordance with the rules of the Company and the respective funds.

vi) **Gratuity** as per the provisions of the Payment of Gratuity Act, or as per the Gratuity Scheme of the Company, whichever is higher.

vii) **Car & Telephone:** Provision for a car with driver for use on Company's business and telephone at residence. Joint Managing Director has option to avail perquisite of Car from

the Company or its wholly owned subsidiary i.e. Dolphin Offshore Shipping Limited as per provision of the Companies Act, 2013.

viii) **Leave** unavailed of to be allowed to be encashed as per rules of the Company.

(c) **Commission:** Such amount of commission (in addition to salary and perquisites hereinafter stated) calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors, which together with the salary and monetary value of perquisites shall not exceed the ceiling, laid down in Section 197 of the Companies Act, 2013.

(d) The Managing Director is currently not entitled to any stock options.

B. Non Executive Directors:

1. The Committee to recommend the remuneration of the Non Executive Directors to the Board for its approval, and will be subject to approval of the shareholders of the Company.
2. The current terms of the remuneration of the Non Executive Directors is as under:
3. A Commission based on the profit of the Company, upto such amount, as may be decided by the Board and the shareholders, from time to time.
4. Sitting fees of such amounts as may be determined from time to time and upto such amount, as may be decided by the Board and the shareholders, if required.
5. Any Increment in sitting Fees will be subject to approval of the Board and the shareholders.

6. The Non Executive Directors are currently not entitled to any stock options.
7. The Non Executive Directors shall be entitled to travel and lodging expenses for attending Board/Committee Meetings or any other function/Job of the Company.

C. Independent Directors:

1. The Committee to recommend the remuneration of the Independent Directors to the Board for its approval, and will be subject to approval of the shareholders of the Company.
2. The current terms of the remuneration of the Independent Directors is as under:
 - (a) Sitting fees of such amounts as may be determined from time to time and upto such amount, as may be decided by the Board and the shareholders, if required.
 - (b) Commission based on Profit of the Company, upto such amount, as may be decided by the Board and approved by the shareholders of the Company, from time to time.
3. Any Increment in sitting Fee will be subject to approval of the Board and the shareholders.
4. The Independent Directors will not be entitled to any stock options.
5. The Independent Directors shall be entitled to travel and lodging expenses for attending Board/Committee Meetings or any other function/Job of the Company.

D. Key Managerial Personnel:

1. The Committee to recommend the remuneration of the Company Secretary and Chief Financial Officer, if any to the Board for its approval.

2. Increment for each year will be determined by the Committee based on the performance evaluation report.
3. Such increment will be subject to approval of the Board.

E. Employees:

1. The Committee to determine the remuneration of the employees of the Company, other than whole time key managerial personnel.
2. Increment for each year will be determined by the Committee based on the performance evaluation conducted in accordance with **Annexure 2**.
3. The Company has not come with any stock option till now.

V. General:

1. The Board will constitute of atleast 1 woman director.
2. The Board will constitute of atleast 1 director who has stayed in India for a total period of not less than 182 days in the previous calendar year.
3. If the total managerial remuneration payable by the Company to all its directors in any financial year exceeds the limits stipulated under the Act and rules made thereunder, then the Company will obtain requisite approval of the Central Government.
4. Atleast three (3) months before the retirement or resignation of any director or whole time key managerial personnel, the Committee will initiate the process of identifying and recommending new candidates to replace such retiring or resigning directors or whole time key managerial personnel.

VI. Measurable objectives

The Committee will discuss and agree annually measurable objectives for

achieving diversity on the Board and recommend them to the Board for adoption. At any given time the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

VII. Monitoring and reporting

The Committee will report annually, in the corporate governance section of the Company's Annual Report, on the process it has used in relation to Board appointments. Such report will include a summary of this Policy, the measurable objectives set for implementing the Policy and the progress made towards achieving those objectives.

VIII. Review of the Policy

The Committee will review the Policy annually, which will include an assessment of the effectiveness of the Policy. The Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

For **Dolphin Offshore Enterprises (India) Limited**

Satpal Singh
Managing Director & CEO

March 23, 2015

Annexure 1
List of Statues

The Managing Director should not have been sentenced to imprisonment for any period, or to a fine exceeding Rs. 1000, for the conviction of an offence under any of the following Acts, namely:

- (a) the Indian Stamp Act, 1899 (2 of 1899);
- (b) the Central Excise Act, 1944 (1 of 1944);
- (c) the Industries (Development and Regulation) Act, 1951 (65 of 1951);
- (d) the Prevention of Food Adulteration Act, 1954 (37 of 1954);
- (e) the Essential Commodities Act, 1955 (10 of 1955);
- (f) the Companies Act, 2013;
- (g) the Securities Contracts (Regulation) Act, 1956 (42 of 1956);
- (h) the Wealth-tax Act, 1957 (27 of 1957);
- (i) the Income-tax Act, 1961 (43 of 1961);
- (j) the Customs Act, 1962 (52 of 1962);
- (k) the Competition Act, 2002 (12 of 2003);
- (l) the Foreign Exchange Management Act, 1999 (42 of 1999);
- (m) the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986);
- (n) the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (o) the Foreign Trade (Development and Regulation) Act, 1922 (22 of 1922);
and
- (p) the Prevention of Money-Laundering Act, 2002 (15 of 2003).

Annexure 2
Criteria for performance evaluation

The same is attached herewith