**Company’s policy on directors’ appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178:**

**NOMINATION AND REMUNERATION POLICY**

**BACKGROUND**

This Nomination and Remuneration Policy has been designed by the Nomination and Remuneration Committee in compliance with Section 178 of the Companies Act, 2013 and the relevant rules in this regard.

**BRIEF OVERVIEW UNDER COMPANIES ACT 2013**

{Section 178 & Companies [Meetings of Board and its Powers] Rules 2014}

•Constitution of the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors

•The Nomination and Remuneration Committee shall 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.

•The Nomination and Remuneration Committee shall 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 senior management personnel i.e. employees at one level below the Board including functional heads.

•The Nomination and Remuneration Committee shall, 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;

•Such policy shall be disclosed in the Board's report.

**TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE**

•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.

•Act as Selection and Compensation Committee to evaluate suitability of candidates for various senior positions and determine appropriate compensation package for them.

•Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

•Removal should be strictly in terms of the applicable law/s and in compliance of principles of natural justice.

•Formulation of criteria for evaluation of Independent Directors and the Board.

•Devising a policy on the Board diversity.

•Recommend to the Board, remuneration including salary, perquisite and commission to be paid to the Company’s Executive Directors on an annual basis or as may be permissible by laws applicable.

•Recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits such as Commission, if any, payable to the Non- Executive Directors.

•Setting the overall Remuneration Policy and other terms of employment of Directors, wherever required.

**CRITERIA FOR DETERMINING THE FOLLOWING:-**

Qualifications for appointment of Directors (including Independent Directors):

•Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service.

•Their financial or business literacy/skills.

•Their experience.

•As per the applicable provisions of Companies Act 2013 and Rules made thereunder

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

Positive attributes of Directors (including Independent Directors):

•Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.

•Actively update their knowledge and skills with the latest developments in the railway/heavy engineering/infrastructure industry, market conditions and applicable legal provisions.

•Willingness to devote sufficient time and attention to the Company’s business and discharge their responsibilities

•To assist in bringing independent judgment to bear on the Board’s deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

•Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.

•To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees

•Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made thereunder as amended from time to time

Criteria for appointment of KMP/Senior Management:

•To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities.

•To practice and encourage professionalism and transparent working environment.

•To build teams and carry the team members along for achieving the goals/objectives and corporate mission.

•To adhere strictly to code of conduct

•To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.

•Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.

•Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.

**REVIEW**

The policy shall be reviewed by the Nomination & Remuneration Committee and the Board, from time to time as may be necessary.