



Remuneration policy

- **Introduction**

The Company considers human resources as its invaluable assets. This policy on Nomination and Remuneration of Directors, Key Managerial Personnel and other employees has been formulated in terms of the provisions of the Companies Act 2013 and listing Regulations in order to pay equitable remuneration to Directors, Key Managerial Personnel and employees of the company and to harmonize the aspirations of human resources consistent with goals of the company.

- **Objective & Purpose of Policy**

The objective of the remuneration is to motivate employees to excel their performance, recognize their contribution and retain talent in the organization and reward merit. Remuneration of employees largely consists of base remuneration, perquisites and performance incentives. The components of the total remuneration vary from different grades and are governed by industry pattern, qualifications & experience of the employee, responsibilities handled and individual performance, etc.

- **Definitions**

Independent Director means a director referred to in Section 149(6) of the Act and the Clause 49, as amended from time to time.

Key Managerial Personnel (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Reg.19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations,2015 .

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. This would include all members of management one level below the Executive Directors, including all functional heads.

- **Composition of the Committee**

The composition of the Committee is / shall be in compliance with the Act, Rules made there under and as per requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time.

- **Role of the Committee**

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- ii. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy;
- iii. Lays down the evaluation criteria for performance evaluation of Independent Director and the Board;
- iv. Recommend to the board, appointment, remuneration and removal of Director, KMP and Senior Management;
- v. To devise a policy on board diversity.

- **Criteria for Determining the followings**

Qualifications for appointment of Directors (including Independent Directors)

- i. Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service;
- ii. Their financial or business literacy/skills;
- iii. Their textile industry experience;
- iv. Other appropriate qualification/experience to meet the objectives of the Company;
- v. As per the applicable provisions of Companies Act, 2013, Rules made there under and as per provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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):

- i. Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively and the willingness to address issues proactively;
- ii. Actively update their knowledge and skills with the latest developments in the railway/heavy engineering/infrastructure industry, market conditions and applicable legal provisions;
- iii. Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- iv. 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;
- v. 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;
- vi. To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees;
- vii. Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there under and as per provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

Independence Review Procedures

1. Annual Review

The director's independence for the independent director will be determined by the Board on an annual basis upon the declaration made by such Director as per the provisions of the Companies Act, 2013 read with Rules thereon and as per provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

2. Individual Director's Independence Determinations

If a director nominee is considered for appointment to the Board between Annual General Meetings, a determination of independence, upon the recommendation of the Committee, shall be made by the Board prior to such appointment.

All determinations of independence shall be made on a case-by-case basis for each director after consideration of all the relevant facts and circumstances and the standards set forth herein. The Board reserves the right to determine that any director is not independent even if he or she

satisfies the criteria set forth by the provisions of the Companies Act, 2013 read with Rules thereon and as per provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations,2015

3. Notice of Change of Independent Status

Each director has an affirmative obligation to inform the Board of any change in circumstances that may put his or her independence at issue.

- **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

- **Term**

The Term of the Directors including Managing / Whole time Director / Independent Director shall be governed as per the provisions of the Act and Rules made there under and the Listing Regulations, as amended from time to time.

Whereas the term of the KMP (other than the Managing / Whole time Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

- **Evaluation**

The Committee shall carry out evaluation of performance of every Director. The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment / re-appointment /continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

- **Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations there under and /or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

- **Remuneration of Managing / Whole-time Director, KMP and Senior Management**

The remuneration / compensation / commission, etc., as the case may be, to the Managing / Whole time Director will be governed by the relevant provisions of the Companies Act, 2013 and applicable Rules and Regulations and will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required. Further, the Chairman & Managing Director of the Company is authorised to decide the remuneration of KMP (other than Managing / Whole time Director) and Senior Management based on the standard market practice and prevailing HR policies of the Company.

- **Remuneration to Non-executive / Independent Director**

Refer separate Company's policy as "Criteria for making payment to Non-Executive Directors"

- **Modification and Amendments**

The policy is subject to modification, amendment and alterations by the management as may be necessary and in accordance with any statutory/regulatory requirements.

