

# **BHARUCH DAHEJ RAILWAY COMPANY LIMITED**

## **NOMINATION & REMUNERATION POLICY**

### **1. Introduction**

The Company considers human resources as its invaluable assets. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 in order to pay equitable remuneration to the Directors, KMPs and employees of the Company and to harmonise the aspirations of human resources consistent with the goals of the Company.

### **2. Objective and purpose of the policy**

The objectives and purpose of this policy are:

2.1 To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board policies relating to the remuneration of the Directors, Key Managerial Personnel and other employees. This includes, reviewing and approving corporate goals and objectives relevant to the compensation of the Managing Director/Whole Time Director (“MD/WTD“), evaluating the MD/WTD's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the board), determine and approve the MD/WTD's compensation level based on this evaluation; and making recommendations to the board with respect to non-MD/WTD, executive officer compensation, and incentive-compensation;

2.2 To suitably address the following issues: Committee member qualifications; Committee member appointment and removal; Committee structure and operations; and Committee reporting to the Board.

2.3 To formulate the criteria for evaluation of performance of all the Directors on the Board;

2.4 To lay out remuneration principles for employees linked to their effort, performance and achievement relating to the Company's goals.

### **3. Constitution of the Nomination and Remuneration Committee**

The Board has constituted the “Nomination and Remuneration Committee“ of the Board on 20<sup>th</sup> August, 2015. This is in line with the requirements under the Companies Act, 2013 (“Act“).

The Board has authority to reconstitute this Committee from time to time.

### **3.1 Definitions**

- ‘Board’ means Board of Directors of the Company.
- ‘Directors’ means Directors of the Company.
- ‘Committee’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act.
- ‘Company’ means Bharuch Dahej Railway Company Limited (BDRCL).
- ‘Independent Director’ means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.
- ‘Key Managerial Personnel (KMP)’ means-
  - i) the Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
  - ii) the Company Secretary; and
  - iii) the Chief Financial Officer
- ‘Senior Management’ means personnel of the company who are members of its core management team excluding Board of Directors comprising all functional/departmental heads, Company Secretary and Chief Financial Officer.
- Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **3.2 General**

This Policy is divided into three parts: -

Part — A covers the matters to be dealt with and recommended by the Committee to the Board;

Part — B covers the appointment and nomination; and

Part — C covers remuneration and perquisites etc.

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

***Part — A***

*Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee*

The following matters shall be dealt by the Committee:-

(a) Size and composition of the Board:

The Company is JV/SPV incorporated on the basis of PPP mode in which the size and composition of the Board is decided by the Shareholders Agreement. Accordingly, there will be 10 Directors on Board. The Chairman of the Board will be nominated by the Ministry of Railways. Rail Vikas Nigam Limited will nominate 3 members on the Board. Adani Petronet (Dahej) Port Private Limited, Two Government Entities namely Gujarat Maritime Board and Gujarat Industrial Development Corporation will nominate one member on the Board. Managing Director will be selected from open market through selection process.

Besides, there will be Two Independent Directors pursuant to Section 149 of the Companies Act, 2013. One will be woman director on the Board.

(b) Directors Qualifications etc. and Succession plan for senior positions:

The Committee shall be responsible for formulating the criteria determining qualifications, positive attributes and independence of a Director and recommending in advance of an impending vacancy candidates to the Board from amongst such persons as will best complement the Board;

The Committee shall also establish and review succession plans for the Board and senior executives in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management;

(d) Evaluation of performance:

The Committee shall make recommendations to the Board on appropriate performance criteria for the Directors. This task shall include formulation of the criteria and framework for evaluation of performance of every Director on the Board of the Company individually and of the Board of Directors as a body.

The Committee shall also identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the options of the business, the industry and their legal responsibilities and duties.

(e) Board diversity:

The Committee shall be expected to assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board, in accordance with the Board Diversity policy.

(f) Remuneration framework and policies:

The Committee is responsible for reviewing and making recommendations to the Board on:

(i) the remuneration of the Managing Director, Whole-time Directors and KMPs

(ii) the total level of remuneration of Non-Executive Independent Directors. Since other non executive directors other than Independent Directors are nominees of their parent company which are shareholders of the Company may not accept the sitting fees, yet they may be offered some token amount towards re-imbusement of incidental expenses as decided by the Board.

(iii) Guiding the Company to compile and bring out an exhaustive document covering all issues related to personnel management, called HR Manual, for all employees including KMPs, senior management and other employees indicating base pay, incentive payments, employee welfare schemes, other

incidental benefits, equity awards, retirement scheme and benefits and service contracts having regard to the need to:

- (A) attract and motivate talent to pursue the Company's long term growth;
- (B) demonstrate a clear relationship between executive compensation and performance; and
- (C) be reasonable and fair, having regard to best governance practices and legal requirements.

(v) the Company's superannuation arrangements and compliance with relevant laws and regulations in relation to superannuation arrangements; and

(vi) the Company's remuneration reporting in the financial statements and remuneration report.

## PART — B

### *Policy for appointment and removal of Director, KMPs and Senior Management*

#### 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 senior management level and recommend to the Board his/her appointment.
2. A person to be appointed as Director, KMP or senior management level 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 is sufficient / satisfactory for the concerned position.
3. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board members.
4. The Company shall not appoint or continue the employment of any person as Managing Director /Executive Director who has attained the age of seventy years and shall not appoint Independent Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the

discretion of the committee 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.

5. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

### Term / Tenure

#### 1. Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director and Whole Time Director 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 reappointment after expiry of three years of ceasing to be 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.

### 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 Director or KMP subject to the provisions of the said Act, rules and regulations.

### Retirement

The Whole-time Directors, KMP and senior management personnel 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 Whole-time Directors, KMP and senior management personnel in the same position/ remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

## PART — C

### Policy relating to the remuneration for Directors, KMPs and other employees

#### General

1. The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director.
4. Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary 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. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

#### Remuneration to KMPs and other employees

A separate policy indicating appointment, remuneration, retirement, superannuation benefits and other benefits for KMPs (other than Managing Director) and other employees shall be formulated with the approval of the Committee and kept in a separate compilation called HR Manual.

#### Remuneration to Non-Executive / Independent Directors

(a). Remuneration

The remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder.

The remuneration to the Non-executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

*Note:* The Company normally has Four Board meetings in a year, and Independent Directors are expected to attend all four quarterly Board meetings and the AGM.

(b). Stock options

The Independent Directors shall not be entitled to any stock option of the Company.

**Policy review**

This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which make any of the provisions in the policy inconsistent with the Act or regulations, provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

This Policy is framed approved on December 11, 2015.