



NOMINATION AND REMUNERATION POLICY

(Amended in Board Meeting dated 25th April 2022)

NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

In terms of Section 178 of the Companies Act, 2013 and the Rules made thereunder and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, and amendments thereof, this Nomination and Remuneration (NRC) Policy has been formulated to act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel (KMP) and Senior Management.

2. OBJECTIVE

The Key Objectives of the Policy are:

- 2.1. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors and persons who may be appointed in Senior Management, KMP positions and to determine their remuneration.
- 2.2. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, KMPs and Senior Management.
- 2.3. To determine remuneration based on the Company's size and financial position.
- 2.4. To specify the manner for evaluation of the performance of Board, its Committees and Directors individually by NRC or an external independent agency.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee.

3. DEFINITIONS

- 3.1. "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 3.2. "Listing Regulation" means SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and amendments thereof.
- 3.3. "Board of Directors" or "Board", in relation to the Company, means the collective

body of the directors of the Company.

- 3.4. "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 Regulation 19 of Listing Obligations and Disclosure Requirements, Regulations 2015 ('LODR Regulations')
- 3.5. "Company" means L&T Metro Rail (Hyderabad) Limited.
- 3.6. "Directors" mean Directors of the Company including Independent Director referred in Section 149 (6) of the Companies Act, 2013 and Nominee Director (Section 149(7) of Companies Act, 2013) on behalf of Government of Telangana State.
- 3.7. "Key Managerial Personnel" (KMP) means
 - (a). Chief Executive Officer and/or the Managing Director or the Manager;
 - (b). Whole-time director;
 - (c). Chief Financial Officer;
 - (d). Company Secretary; and
 - (e). such other officer as may be prescribed.
- 3.8. "Senior Management" means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional/Vertical Heads.

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 Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. NOMINATION & REMUNERATION COMMITTEE:

- 4.1. The Policy envisages the constitution of Nomination and Remuneration Committee, roles and responsibilities of Independent Directors, term of appointment, remuneration and evaluation of Directors.
- 4.2. The Nomination and Remuneration Committee will consist of three or more non-executive directors, out of which at least two-thirds shall be independent director(s), provided that Chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee.
- 4.3. Chairperson of the Nomination and Remuneration Committee shall be an

Independent Director.

- 4.4. The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013, Listing Regulations and the Rules made thereunder.
- 4.5. The Committee shall meet at least once in a year and at such regular intervals as may be required to carry out the objectives set out in the Policy. The Committee members may attend the meeting physically or through video conference or through permitted audio –visual mode, subject to the provisions of the Companies Act, 2013 and the Rules made thereunder.
- 4.6. Quorum for the meeting shall be 2 members or 1/3rd of the members of the committee, whichever is greater, with atleast 1 independent director present.
- 4.7. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- 4.8. In the case of equality of votes, the Chairman of the meeting will have a casting vote.
- 4.9. A member of the Committee is not entitled to take part in the proceedings of such business in which he/she is interested or concerned.
- 4.10. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.
- 4.11. The Company Secretary shall act as Secretary to the Committee.

5. ROLE AND POWERS OF THE COMMITTEE:

- 5.1. The Role and Powers of the Committee shall be as under:
 - (a). Identify persons who are qualified to become Director and persons who may be appointed in KMPs in accordance with the criteria laid down in this policy.
 - (b). To formulate the criteria for determining the qualifications, positive attributes and independence of a director.
 - (c). To formulate criteria for evaluation of Independent Directors, Chairman, Board and the Board Committees.
 - (d). Recommend to the Board, appointment and removal of Director and KMP.

- (e). The Chairperson of the Nomination and Remuneration Committee or, in his absence, any other member of the Committee authorised by him, shall be present at the General meetings of the Company, to answer the shareholders queries, if any.
- (f). The Nomination and Remuneration Committee shall set up a mechanism, if required, to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and /or Officers of the Company, as deemed necessary for proper and expeditious execution.
- (g). Evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended shall have the capabilities identified in such description.
- (h). Devise a policy on Diversity of Board of Directors.
- (i). Extension or continuation of the term of appointment of the independent director on the basis of the report of performance evaluation of independent directors.

6. APPOINTMENT CRITERIA AND QUALIFICATIONS

- 6.1** The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or KMP and recommend to the Board his / her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- 6.2** Appointment and remuneration of person at Senior Management level to be decided in accordance with qualification, expertise and experience and the position requirement by the HR department with the approval of the Managing Director of the Company.
- 6.3** The Company shall not appoint or continue the employment of any person as Whole- time Director/Managing Director 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.
- 6.4** Appointment of Independent Directors is also subject to compliance of provisions of section 149 of the Companies Act, 2013, read with Schedule IV and rules

thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and amendments thereof.

7. TERM / TENURE

7.1. Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person Managing Director or Whole-time Director for a term not exceeding three years in case of nil/inadequate profits and five years in other cases. No re-appointment shall be made earlier than one year before the expiry of term.

7.2. 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.

7.3. 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.

7.4. Retirement

- (a). The Director, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company.
- (b). The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

8. REMUNERATION OF MANAGING DIRECTOR/WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT:

8.1 The remuneration / compensation / commission etc. to the Managing Director/Whole-time Director will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.

- 8.2** Managing Director/Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- 8.3** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/Whole-time Director 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.
- 8.4** If any Managing Director/Whole-time Director 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.
- 8.5** 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 Managing Director/Whole-time Director.
- 8.6** Where any insurance is taken by the Company on behalf of its Managing Director/Whole-time Director, KMP and Senior Management 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.
- 8.7** Remuneration or performance evaluation of other KMP or person at Senior Management level shall be as per Company policy based on the prevailing grade structure in the Company.

9. REMUNERATION TO NON- EXECUTIVE / INDEPENDENT DIRECTOR:

9.1 Remuneration / Profit Linked Commission:

The remuneration / profit linked commission, if payable, shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

9.2 Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of

fees for attending meetings of the Board or any Committee of the Board.

10. MONITORING, EVALUATION AND REMOVAL:

10.1 Evaluation

The Committee shall itself or through Board or through an independent agency carry out evaluation of performance of every Director, Committee(s), Board and Chairman on yearly basis.

10.2 Removal

The Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions of Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

11. AMENDMENT TO THE POLICY

11.1 The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

11.2 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.

12. DISCLOSURE

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein.