

## TRANSRAIL LIGHTING LIMITED

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### Nomination and Remuneration Policy

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#### Introduction

The Board of Directors (the “Board”) of Transrail Lighting Limited has adopted the following policy and procedures with regard to Nomination and Remuneration of Directors, Key Managerial Personnel and other Senior Management Personnel. This Policy shall be called as ‘**Nomination and Remuneration Policy**’.

#### Objective

This Policy provides a framework for identification of persons who are qualified to become Directors and who may be appointed in Key Managerial/Senior Management position and recommend to the Board their appointment.

This Policy provides a framework for remuneration to be paid to the members of the Board of Directors, Key Managerial Personnel (“KMP”) and the Senior Management Personnel (“SMP”) of the Company involving a balance between fixed pay and incentive.

The Policy aims to enable the company to attract, retain and motivate high quality members for the Board and KMP/SMP.

#### Definitions

“**Board or Board of Directors**” means the Board of Directors of Transrail Lighting Limited.

“**Company**” means Transrail Lighting Limited.

“**Director**” means a person who has been appointed as such on the Board of the Company and includes Executive as well as Non-Executive Directors.

“**Executive Director**” means a Director who is in the whole time employment of the Company and includes a Managing Director as well as a Whole time Director.

“**Non-Executive Director**” means a Director who is not in the whole time employment of the Company and includes an Independent Director.

“**Key Managerial Personnel (KMP)**” means a person appointed as such by the Board under Section 203 of the Companies Act, 2013.

“**Senior Management Personnel (SMP)**” means personnel of the Company who are members of its core management team excluding Board of Directors and comprising all members of management one level below the Chief Executive Officer/Managing Director/Whole Time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the board).

“**Nomination & Remuneration Committee**” means the Committee of the Board constituted as such under the provisions of Section 178 of the Companies Act, 2013.

“**Policy**” means Nomination and Remuneration Policy of Transrail Lighting Limited.

#### **A. Criteria for Selection of Board Members and KMP/SMP**

Director should possess high level of personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency. In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust. Independent directors shall be persons of integrity and possess expertise and experience and/or someone who the Committee/ Board believes could contribute to the growth/philosophy/strategy of the Company.

The appointment may be made either to fill up a vacancy caused by retirement, resignation, death or removal of an existing Executive Director or it may be a fresh appointment.

The Company shall get the concerned approval from the Board/ shareholders for appointing or continuing the employment of any person as Director, who has attained the retirement age pursuant to the requirement of the Companies Act, 2013.

The candidate for the appointment as KMP/SMP should possess adequate qualification, characteristics and work experience. The candidate should also possess high level of personal and professional ethics, integrity and values.

The existing employees in the organization may also be preferred taking into consideration his/her past performance in the Company.

#### **B. Remuneration to Executive Directors**

The remuneration to be paid to the Executive Directors shall be governed by the provisions of the Companies Act, 2013 and the approvals obtained from the Shareholders of the Company. The Nomination and Remuneration Committee shall make such recommendations to the Board, as it may consider appropriate with regard to the terms, conditions and remuneration to be paid to the Executive Directors.

#### **C. Remuneration to Non-Executive Directors**

Non-Executive directors may be paid remuneration by way of fee and reimbursement of expenses for participation in the Board and other meetings and commission and/or such other payments as may be permitted by the law applicable to such payments. Such payments shall be subject to the provisions of Companies Act, 2013.

#### **D. Remuneration to KMP/ SMP**

The remuneration to be paid to KMP and SMP shall be as per the experience and qualifications and as per the applicable laws if any .

#### **E. Compensation Structure**

The Executive Directors, KMP & SMP shall receive a competitive remuneration package consisting of the following components:

1. **Fixed Salary:** Fixed salary for their day-to-day job performance and ensures a balanced overall remuneration package. The fixed salary shall comprise of basic salary and allowances as per the rules of the Company.
2. **Variable Components:** The variable components may be linked to compliance in full or in part with the targets. These may comprise personal targets linked to their performance, delivery of annual business results by the Company and/or their specific job function having regard to the prevailing business environment or the occurrence of a specific event.
3. **Personal Benefits:** Personal benefits/perquisites as per the rules and regulations of the Company including retirement benefits such as provident fund, gratuity and/or such other benefits as per the rules of the Company.

**F. Evaluation**

The Committee shall carry out evaluation of performance of Board, its Directors, its Committees as per the applicable laws.

**G. Amendments to this Policy**

The Board of Directors of the Company shall have the power to amend or substitute any of the provisions of this Policy, or replace this Policy in its entirety with a new Policy.

In case of any amendment in the Companies Act, 2013 or Rules there under or any other relevant legislation/ law applicable in this regard, this Policy shall automatically stand amended accordingly with immediate effect.

**H. Interpretation**

- a) Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made there under or any other relevant legislation/ law applicable to the Company.
- b) In case of any dispute or difference upon the meaning/ interpretation of any word or provision in this Policy, the same shall be referred to the Committee and the decision of the Committee in such a case shall be final. In interpreting such term/ provision, the Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

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