



# **INDIAN RAILWAY FINANCE CORPORATION LIMITED**

## **NOMINATION AND REMUNERATION POLICY**

Approved on	29.08.2017
First Revision on	23.02.2025

## **NOMINATION AND REMUNERATION POLICY**

### **1.0 INTRODUCTION**

Indian Railway Finance Corporation Limited (the “**Company**”) has always considered its human resource as its prime driving force. The Company has adopted an HR policy which covers a whole gamut of HR functions such as the recruitment, promotion, training and development. These policies have been adopted by the Board of Directors of the Company (“**Board**”) and amended from time to time by the competent authority. The Company’s Board has constituted a Nomination and Remuneration Committee (the “**Committee**”). The Company, taking forward its compliance with the regulatory requirements has formulated a Nomination and Remuneration Policy (the “**Policy**”) pursuant to the requirements of Section 178 of the Companies Act, 2013 read along with rules framed thereunder, as amended from time to time (the “**Act**”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “**SEBI Listing Regulations**”).

- 2.0** The Policy has been formulated by the Company and the same was recommended for approval of the Board. The Board has approved the Policy in its meeting held on 29.08. 2017.

### **3.0 OBJECTIVES**

- 3.1 To ensure an effective process for identifying persons through a promotion policy, who are qualified to become directors and who may be appointed in Senior Management (*defined below*) in accordance with the criteria laid down and to recommend to the Board appointment of Senior Management based on the criteria fixed in this regard;
- 3.2 To recommend to the Board a policy, based on the Department of Public Enterprises (“**DPE**”) guidelines and approval received from the Government of India (“**GOI**”) in this regard, relating to the remuneration for the Senior Management and other employees;
- 3.3 In the case of whole-time directors, to formulate broad criteria for determining qualifications, positive attributes, etc., required and inform GOI about the same
- 3.4 In the case of independent directors, to formulate broad criteria for determining qualifications, positive attributes and independence of a director based on the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) 2015, as amended from time to time and inform GOI about the same;

## **4.0 DEFINITIONS**

- 4.1 Act" means the Companies Act, 2013 and rules framed thereunder, as amended from time to time.
- 4.2 Board" means the Board of Directors of the Company.
- 4.3 Committee" means the Nomination and Remuneration Committee.
- 4.4 Company" means Indian Railway Finance Corporation Limited.
- 4.5 Directors" means members of the Board.
- 4.6 Key Managerial Personnel" or KMP": The term "Key Managerial Personnel (KMP)" shall have the same meaning as defined in Section 2(51) of the Companies Act, 2013 and as revised from time to time.;
- 4.7 Officers" or „Executives" mean the permanent employees of the Company
- 4.8 Other employees" mean all the employees other than the Directors, KMPs, the Senior Management Personnel, Officers or Executives.
- 4.9 Senior Management" shall mean the officers and personnel who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity"
- 4.10 Independent Directors" shall mean an Independent Director of the Company within the meaning of the Companies Act, 2013, SEBI LODR Regulations or other applicable laws, as amended from time to time

## **5.0 COMMITTEE**

- 5.1. The Board shall determine the membership of the Committee;
- 5.2. The Committee shall comprise of atleast three non-executive directors, of which not less than one-half shall be independent directors;
- 5.3. The Company Secretary of the Company shall act as Secretary to the Committee;
- 5.4. Terms of reference of the Committee shall be continued unless terminated by the Board;
- 5.5. The Chairperson of the Committee shall be an independent director;

- 5.6. Chairperson of the Company may be appointed as a member of the Committee but shall not chair such Committee;
- 5.7. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson other than chairperson of the Company;
- 5.8. Chairperson of the Committee meeting may be present at the Annual General Meeting or may nominate some other member to answer the shareholders queries;
- 5.9. The meeting of the Committee shall be held at such regular intervals as may be required;
- 5.10. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

#### **6.0 ROLES AND RESPONSIBILITIES OF THE COMMITTEE:**

- 6.1 Decide on the annual bonus/ performance pay/ variable pay pool and policy for its distribution across the executives and non-unionized supervisors of our Company;
- 6.2 Formulation and modification of schemes for providing perks and allowances for officers and non-unionized supervisors;
- 6.3 Any new scheme of compensation like medical scheme, pension etc. to officers, non-unionized supervisors and the employees as the case may be;
- 6.4 Exercising such other roles assigned to it by the provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and any other laws and their amendments from time to time.
- 6.5 Taking on record the appointment and removal of directors, including independent directors, by the President of India, acting through respective ministries.
- 6.6 Taking on record the extension, if any, of the term of the independent directors of our Company, as may be directed by the President of India, acting through the respective ministries.
- 6.7 Taking on record the various policies, if any, promulgated by the Central Government including policy on diversity of board of the directors and criteria for evaluation of performance of the directors.

#### **7.0 CRITERIA FOR DETERMINING QUALIFICATIONS. POSITIVE ATTRIBUTES AND INDEPENDENCE OF DIRECTORS**

- 7.1 (i) Being a government company within the meaning of the Companies Act, 2013 and in terms of Article ----- of the Articles of Association of the Company, all Directors on the Board of IRFC are nominated / appointed / reappointed by the President of India acting through the administrative ministry i.e., MoR.

- (ii) The nomination / appointment / reappointment of Directors and their eligibility criteria, qualifications, experience and selection procedure etc., is also subject to the prescribed norms of Department of Personnel & Training (DoPT), Department of Public Enterprises (DPE), Public Enterprises Selection Board (PESB) etc., as applicable from time to time, the compliance of which is taken care at the end of the administrative ministry.
- (iii) Being a NBFC, inter-alia, the appointment of Directors in IRFC shall be also subject to due diligence as per the Policy on fit & proper criteria of Directors of the company.
- (iv) The appointment or removal of Directors of the Company shall be approved by the Board of Directors on the recommendation of NRC and subject to such other approvals etc., as may be required under applicable statutory provisions.

**7.2 Criteria for selection of other senior management/ Key Managerial Personnel will be in line with the promotion policy as approved by the Board.**

- 7.2.1 Criteria for selection of Independent Directors to be intimated to GOI/ MoR to be adopted at the time of appointment of Non Official Part Time Director (Independent Directors) will be as per section 149 (6) of the Companies Act, 2013 read with Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “**SEBI Listing Regulations**”) with such exceptions and amendments from time to time.
- 7.2.2 Every independent director shall, at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, submit a declaration that he meets the criteria of independence as provided in clause (b) of sub-regulation (1) of regulation 16 and subsection (6) of Section 149 of the Companies Act, 2013 and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence..
- 7.2.3 The term of appointment of independent directors shall be determined by the Government of India as IRFC is a Government Company. Any suggestion in this regard from the Committee will be reviewed by the Board and intimated to the Government of India.
- 7.2.4 The independent directors shall follow Schedule IV to the Companies Act, 2013 and as revised from time to time with regard to the guidelines of professional conduct, role and functions and duties.

### 7.3 Removal

- 7.3.1 The appointing authority of the Directors of the Company is the President of India. Hence, their removal shall be based on the Government of India orders in this regard.
- 7.3.2 The removal of KMPs other than Directors and the Senior Management would be as per the internal rules and regulations of the Company. The removal of Directors and KMPs would also be subject to adherence to the procedures laid down under the Act and applicable regulations.

## 8.0 **REMUNERATION TO DIRECTORS, KMP AND SENIOR MANAGEMENT**

- 8.1 The remuneration and compensation to be paid to the Directors, KMP and Senior Management will be determined based on the DPE guidelines and notifications issued by GOI from time to time and as per the terms of appointment of director issued by the President of India. The variable payment which is related to performance will be decided by the Committee based on the scheme formulated in accordance with the GOI and DPE guidelines and approved by the Board. Where any insurance is taken by the company on behalf of its Managing Director, Directors, Chief Financial Officer, Company Secretary and Senior Management and any other employees for indemnifying them against any liability, the premium payable to any such personnel shall not be treated as part of their remuneration. The Government Nominee Director shall not be entitled to receive any sitting fees from the Company, as per norms of the Government of India.
- 8.2 The pay structure devised & approved by Government of India will be reviewed by the Committee on the following basis:
  - 8.2.1. 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;
  - 8.2.2. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - 8.2.3. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- 8.3 The observations of the Committee will be reviewed by the Board and intimated to the Government of India.
- 8.4 **Minimum Remuneration:** Since the remuneration for Directors are fixed in accordance with the Government of India order and terms of appointments as specified in their appointment letter issued from Ministry of Railways, they will be paid the remuneration in case of no profit or inadequate profit.

**8.5 Compensation to Independent Directors:** The independent director may receive compensation by way of sitting fees for attending meetings of Board or committees thereof as may be decided by the Board, subject to the provisions of the Act and the SEBI Listing Regulations. The sitting fee paid to Non- Official/ Independent Directors for attending the meetings of Board and Committees thereof, are as per the provisions of the Companies Act, 2013.

**8.6 Criteria for evaluation of Independent Directors and Board of Directors:** The performance of the Board of Directors and Independent Directors will be evaluated by Government of India based on the performance of the Company and the MOU Score achieved.

**9.0 DISSEMINATION OF POLICY** This Policy be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the Board's Report.

#### **10.0 AMENDMENT(S)**

This policy may be reviewed by the Board from time to time and amended if required, including in view of changes in the regulatory environment, if any. The Chairman & Managing Director is authorized to carry out minor modifications in this policy and to approve such changes, as may be required in order to comply with the applicable / amended provisions of law or to comply with any direction, circular etc. issued by the Regulator(s); and to settle any issue with respect to interpretation of this policy.

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