



TITAGARH RAIL SYSTEMS LIMITED
(Formerly TITAGARH WAGONS LIMITED)

**CRITERIA FOR PERFORMANCE EVALUATION OF
BOARD & INDEPENDENT DIRECTORS**

TITAGARH RAIL SYSTEMS LIMITED

1. PREAMBLE

1.1. The Company is committed to adoption of the best practices in sync with its corporate governance philosophy based on the objective of fostering sustainable ethical conduct in fulfilling its responsibilities. The Board of Directors (the "Board") of **Titagarh Wagons Limited (TWL)** has adopted the following criteria pursuant to Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR)"].

1.2. The Nomination & Remuneration Committee of the Company shall lay out the criteria for performance evaluation of the Board & Independent Directors, which shall be approved by the Board. The evaluation shall be done by the entire Board (excluding the director being evaluated). The criteria shall be reviewed by the Nomination & Remuneration Committee and the Board from time to time.

2. APPLICABLE COMPLIANCES UNDER COMPANIES ACT 2013

2.0. In the Board's Report a statement is required to be given indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual Directors [Section 134 & Companies {Accounts} Rules 2014].

2.2. The Nomination and Remuneration Committee shall identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance [Section 178 & Companies (Meetings of Board and its Powers) Rules, 2014].

2.3. The performance evaluation of Independent Directors {as defined in these provisions} shall be done by the entire Board of Directors, excluding the director being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director {Section 149 – Schedule IV & Companies [Appointment and Qualification of Directors] Rules 2014}

2.4. Code for Independent Directors has been laid down. {Section 149 – Schedule IV}

3. APPLICABLE COMPLIANCES UNDER REGULATION 17 OF SEBI (LODR)

3.1. One of the key functions of the Board is to monitor and review Board Evaluation framework.

3.2. Performance evaluation of Independent Directors is stipulated.

3.3. The Nomination & Remuneration Committee shall lay down the evaluation criteria of the Independent Director and evaluation shall be done by the entire Board of Directors (excluding the director being evaluated).

3.4. The Criteria shall be disclosed in the Annual Report.

TITAGARH RAIL SYSTEMS LIMITED

3.5. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

4. CRITERIA FOR PERFORMANCE EVALUATION OF BOARD & INDEPENDENT DIRECTORS

An effective Board consciously creating a culture of leadership and transparent corporate governance with a long term vision and requisite strategies to enable the Company to become a responsible entity working for maximization of the stakeholders' value while contributing to society is at the core of its approach. Towards this Titagarh Wagons Limited ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.

Titagarh Wagons Limited also recognizes the importance of Independent Directors in achieving the effectiveness of the Board and aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board carries out an annual evaluation of its own performance, as well as the evaluation of the working of its Committees and Individual Directors. The performance evaluation was carried out in accordance with the Remuneration Policy framed by the Company within the framework of applicable laws.

QUALIFICATION AND CRITERIA OF INDEPENDENCE

- The Nomination and Remuneration Committee (NRC) and the Board shall review on an annual basis appropriate skills, knowledge and experience required of the Board as a whole and its individual members.
- NRC shall also assess the independence of the directors at the time of appointment/reappointment and the Board shall assess the same annually.
- The Board shall reassess determinants of independence when any new interest or relationships are disclosed by a Director.
- In evaluating the suitability of the individual members NRC may take into account factors such as, general understanding of the Company's business dynamics, global business and social perspective.

5. COMPLIANCES

- All evaluation shall be done annually.
- Criteria and Evaluation shall be disclosed in the Annual Report of the Company.
- On the basis of the report of performance evaluation, it shall be determined by the Nomination & Remuneration Committee & Board whether to extend or continue the term of appointment of the Independent Director subject to all other applicable compliances.

The Board may review and update the criteria from time to time as it may deem appropriate.