

**PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED**

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**NOMINATION, REMUNERATION AND COMPENSATION POLICY**

M/s. Pilani Investment and Industries Corporation Limited (‘the Company’) is a registered NBFC-ND-SI carrying on the business of financing and investment activities by way of advancing Inter Corporate Deposits and acquisition of shares and securities of its group companies.

The Board of Directors (the ‘Board’) of Pilani Investment and Industries Corporation Limited (the ‘Company’) for the purpose of adhering and aligning with the ‘**Compensation Guidelines**’ (which required NBFCs to put in place a Board approved compensation policy) as per the RBI circular dated April 29, 2022, has adopted this policy which shall come into effect on and from 10<sup>th</sup> February, 2023.

**1. PREAMBLE:**

The Nomination, Remuneration and Compensation Policy (‘Policy’) of Pilani Investment and Industries Corporation Limited (the ‘Company’) is formulated under the requirements of applicable laws, including the Companies Act, 2013, the RBI Compensation Guidelines and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

The Policy is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnels (KMPs) and Senior Management Personnel (SMPs) and other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company.

**2. DEFINITIONS:**

‘Board’ means Board of Directors of Pilani Investment and Industries Corporation Limited.

‘Company’ means Pilani Investment and Industries Corporation Limited.

‘Policy’ means the Nomination, Remuneration and Compensation Policy.

‘Act’ means the Companies Act, 2013.

‘Guidelines’ means Compensation Guidelines as per of the RBI circular dated April 29, 2022.

‘RBI’ means the Reserve Bank of India.

‘SEBI’ means the Securities and Exchange Board of India.

‘Committee’ means the Nomination and Remuneration Committee

‘LODR Regulation’ means SEBI Listing Obligations & Disclosure Requirements Regulation, 2015.



“KMPs” means the Key Managerial Personnel.

“SMPs” means the Senior Management Personnel.

### **3. OBJECTIVES:**

In line with the requirements of the Act, the Compensation Guidelines and the SEBI LODR Regulations, 2015, the objectives and purpose of the Policy are as follows:

- To guide the Board in appointment and removal of Directors, KMPs and SMPs.
- To address issues arising out of excessive risk taking caused by misaligned compensation packages
- To ensure that there is no conflict of interest and the relationship of remuneration to performance is clear and meets appropriate benchmarks.
- To frame, review and implement of compensation policy of the company which should have the approval of the board.
- To frame principles for determining the ratio of fixed/ variable pay in the total compensation of the KMPs and SMPs which shall be in accordance with the Companies Act, 2013 and the Rules made thereunder, the Compensation Guidelines.
- To ensure interlinkage between this policy and the Succession Plan of the Company.
- To attract, retain and motivate the Board, KMPs and SMPs by providing reasonable incentives to performance, etc. and ensuring that the level and composition of remuneration is reasonable and sufficient to run the Company efficiently and successfully.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- To recommend to the Board on Remuneration payable to the Directors, KMPs and SMPs.

### **4. APPLICABILITY:**

The Policy shall be applicable to the following personnel:

- a. All the Directors of the Company.
- b. Key Managerial Personnel, which means:
  - i. Managing Director/ Whole time Director/ Manager
  - ii. Chief Executive Officer
  - iii. Company Secretary
  - iv. Chief Financial Officer.
- c. Senior Management Personnel means all the members of the management one level below the executive Directors which include the Head of Departments,



other chief functional heads/ officers and such other person as may be prescribed.

#### **5. ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE:**

- (i) Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- (ii) Recommend to the Board a policy relating to the remuneration of the Director and Key Managerial Personnel or other prescribed employees (Senior Management).
- (iii) To carry out evaluation of every Director's performance. The Company has a separate Board Performance Evaluation Policy.
- (iv) Devising a policy on Board diversity. The Company have separate Policy on Board Diversity.
- (v) Recommend to the Board, appointment and removal of Director, Key Managerial Personnel and other Senior Management personnel.
- (vi) Any other matter as the Board may decide from time to time.

Further the present NRC shall continue to be the NRC for the purpose of Compensation Guidelines.

The Committee should ensure that the proportion of variable pay in total compensation needs to be commensurate with the role and prudent risk-taking profile of KMPs/ SMPs. At higher levels of responsibility, the proportion of variable pay needs to be higher.

#### **6. DUTIES OF THE COMMITTEE:**

The duty of the Committee covers the matters relating to nomination, remuneration and compensation of the Directors, Key Managerial Personnel, Senior Management personnel and other prescribed employees of the Company.

##### ***(A) Nomination matters include:***

- (i) Ensuring that there is an appropriate induction & training programme in place for new Directors, Key Managerial Personnel, Senior Management Personnel and reviewing its effectiveness;
- (ii) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment as per the provisions of the Act;
- (iii) Determining the appropriate size, diversity and composition of the Board as per the provisions of the Act.
- (iv) Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- (v) Evaluating the performance of the Board members, Key Managerial Personnel and Senior Management Personnel in the context of the Company's performance from business and compliance perspective;



- (vi) Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- (vii) Recommend any necessary changes to the Board.
- (viii) Considering any other matters as may be requested by the Board.

**Criteria's for appointment of Directors, Key Managerial Personnel and Senior Management Personnel**

❖ **Directors**

The Committee shall identify potential candidates with appropriate qualification, knowledge, expertise and experience.

A person, to be appointed as Director should possess impeccable reputation, deep expertise and insights in sectors/areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board Members amongst other attributes.

The Committee shall ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director and recommend to the Board his appointment. The Board after being satisfied with the recommendations of the Committee, may appoint such person as Director in accordance with the procedure prescribed under the provisions of the Act and the Listing Regulations for the time being in force.

Factors like eligibility criteria, independence, term and tenure of a Director shall be in accordance with the provisions under the Act and the Listing Regulations for the time being in force.

The Committee may recommend with reasons, removal of a director subject to and in accordance with the provisions of the Act, the Listing Regulations and applicable RBI Regulations.

❖ **Key Management Personnel/Senior Management Personnel**

The Committee shall identify suitable candidates for appointment as Managing Director/Executive Director/Whole Time Director/ Chief Executive Officer/Chief Financial Officer/Company Secretary of the Company and designate them as as Key Management Personnel or Senior Management Personnel of the Company on the basis of their academic, professional qualifications, relevant work experience, skill and other capabilities suitable to the position.

Further, of the appointment or removal of the aforesaid persons/Key Management Personnel/Senior Management Personnel shall be made by the by the Board based on the recommendations of the Committee in accordance with the provisions of the Act, the Listing Regulations and applicable RBI Regulations for the time being in force.



**(B) Remuneration matters includes:**

(i) Consideration and determination of the Remuneration based on the principles of (a) pay for responsibilities; (b) pay for performance and potential; and (c) pay for growth to ensure that the remuneration fixed is reasonable and sufficient to attract, retain and motivate the members.

(ii) Taking into account financial position of the Company, trend in the Industry, appointee's qualification, experience, past performance and past remuneration, etc. while determining/fixing the proposed remuneration package.

(iii) Bringing about objectivity in determining the remuneration package while striking a balance between the interests of the Company and the Stakeholders.

(iv) Other factors as the Committee may deem fit and appropriate for consideration of different elements of the remuneration and ensure compliance of provisions of the Act and other applicable laws.

(v) Consideration any other matters as may be requested by the Board.

**Criteria's for remuneration of Directors, Key Managerial Personnel and Senior Management Personnel:**

❖ **Remuneration to Non - Executive Directors including Independent Directors**

The Non - Executive Directors including Independent Directors of the Company may be paid sitting fees for attending the Meetings of the Board of Directors or its Committees thereof, as may be determined by the Board from time to time, within the limit prescribed under the Act.

Besides the sitting fees, the Non - Executive Directors including Independent Directors shall also be entitled to reimbursement of expenses as may be incurred by the them while performing their role as a Director of the Company.

❖ **Remuneration to Executive Directors**

The remuneration to be paid to Executive Directors including the Managing Director and/or the Whole -Time Director shall be governed by the applicable provisions of the Act, the Listing Regulations and applicable RBI Regulations. The remuneration including annual increments shall be recommended by the Nomination and Remuneration Committee and approved by the Board and the Shareholders of the Company, as may be required under the provisions of the Act, the Listing Regulations and applicable RBI Regulations.

The Executive Directors may also be paid commission in accordance with the provisions of the Act and the Listing Regulations and applicable RBI Regulations, if authorised by the Shareholders of the Company. The Commission payable shall be determined by the Board of Directors of the Company from time to time based on the recommendations of the Nomination and Remuneration Committee.

The Executive Directors shall not/ be paid any fees for attending the Meetings of the Board and the Committees thereof.



## ❖ **Remuneration to Key Management Personnel and Senior Management Personnel**

The remuneration to be paid to Key Management Personnel and Senior Management Personnel shall be recommended by the Nomination and Remuneration Committee and approved by the Board. Any increments to the remuneration shall also be recommended by the said Committee and approved by the Board.

### **7. COMPENSATION OF THE KMPs AND SMPs:**

The principles for determining the proportion of fixed and variable compensation of the KMPs and the SMPs shall be in accordance with the Compensation Guidelines.

The proportion of variable pay in total compensation needs to be commensurate with the role and prudent risk-taking profile of KMPs/ SMPs. At higher levels of responsibility, the proportion of variable pay needs to be higher. The variable pay should be truly and effectively variable and can be reduced to zero based on performance. In order to do so, performance measures and their relation to remuneration packages should be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism. Further, guaranteed bonus which is not linked to performance of the employee may not be paid to KMPs and SMPs and not form part of the compensation package. However, in the context of new hiring joining/sign-on bonus could be considered which will neither be part of fixed pay nor of variable pay

### **8. MALUS / CLAWBACK CLAUSE:**

The deferred compensation may be subject to malus/clawback clause which may be invoked on the occurrence of specific set of situations/ circumstances/ events which are as follows:

- In the event of negative financial performance of the company
- In the event of misconduct of the employee
- The Nomination and Remuneration Committee should identify time periods during which such deferral may be invoked.

### **9. MINUTES OF THE COMMITTEE MEETINGS:**

Proceedings of all meetings of the Committee must be entered in the Minutes Book maintained for the purpose and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and the Committee meetings for approval/confirmation and/or record purposes.

### **10. AMENDMENTS:**

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference shall be made to the Nomination and Remuneration Committee. In all such matters, the interpretation & decision of the Committee shall be final. Any or all provisions of the Nomination and Remuneration Policy would be subject to revision/amendment in accordance with



the guidelines on the subject as may be issued by the Government and/or the Regulatory Authority, from time to time. The Nomination and Remuneration Committee shall have a right to modify, add, or amend any of the provisions of this Policy with the approval of the Board. The Remuneration policy will be incorporated in the Annual Report of the Company.

**11. REVIEW OF THE POLICY:**

The Nomination & Remuneration Committee shall periodically review the Policy and incorporate appropriate changes, as deemed necessary subject to the approval of Board.

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