

INDUSTRIAL AND PRUDENTIAL INVESTMENT COMPANY LIMITED

CIN: L65990WB1913PLC218486

**Policy on Appointment, Remuneration and
Evaluation of Directors and KMP**

1. OBJECTIVE

The objective of this policy is to comply with section 178 of the Companies Act, 2013 (the Act) and Regulation 19 read with Part D of the Schedule II of the Chapter V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. (LODR).

In compliance with the Act and the LODR the Company has constituted Nomination and Remuneration Committee. (NRC).

The NRC based on the role it has to discharge under the Act and the LODR has formulated policy for

1. the criteria for determining qualifications and positive attributes for the appointment of Directors including Independent Directors
2. the remuneration of the directors, key managerial personnel and other employees.
3. Evaluation of performance of directors
4. Board Diversity
5. Succession plan

2. DEFINITIONS

- a. **“Act”** means the Companies Act, 2013 as amended from time to time.
- b. **“Board”** means the Board of Directors of the Company.
- c. **“Company”** means Industrial & Prudential Investment Company Limited

- d. “Independent Director” (ID)** shall have the same meaning as defined under Section 149(6) of the Act read with rules made thereunder and Regulation 16(1)(b) of the LODR.
- e. “Key Managerial Personnel”** shall mean
1. the Chief Executive Officer or the managing director or the manager;
 2. the company secretary;
 3. the whole-time director;
 4. the Chief Financial Officer;
 5. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 6. such other officer as may be prescribed.
- f. "Listing Regulations"** means the Securities Exchange Board of India {Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes other regulations, guidelines, circulars, orders and rules issued by SEBI/BSE to the listed companies.
- g. "Policy"** means this policy, as amended from time to time.
- h. "SEBI"** means the Securities and Exchange Board of India.
- i. "Rules"** means the rules made under the Companies Act, 2013.
- j. "Stock Exchange(s)"** means BSE Limited where the equity shares of the Company are listed

3. POLICY

The NRC has framed this policy and approved by the Board of Directors at its meeting held on 12th August, 2022.

4. APPOINTMENT OF DIRECTORS

NRC will evaluate the following attributes and qualities before recommending to the Board

- a. Willingness to join the organisation
- b. Educational qualification
- c. Level of experience as director (Executive, Non- Executive and Independent), CEO and senior manager just one step below director.
- d. Skill for general management, business operations and leadership.
- e. Knowledge of finance and accountancy, risks management, legal, marketing, corporate governance and human resources.
- f. Directorships in other companies in general and listed companies in particular.
- g. Experience of foreign business and foreign collaborators.
- h. Experience in dealing with bureaucrats, regulators and other government agencies.
- i. Strength of Networking and public relationship attributes.
- j. Technical knowledge of business.
- k. Ability to give creative suggestion and long-term thinking.
- l. Not having disqualification to be appointed as a director.
- m. Expectation of remuneration from the company in the form of sitting fees, profit related commission, fees for professional work, stock options, etc. This is to be compared with such remuneration receivable from other companies in which such person is director (Executive, Non-executive and Independent.
- n. Period and nature of Business/Professional/other relationship with the promoters and other members of the Board.
- o. For appointment as an independent director, to examine criteria mentioned in the Act and LODR.

5. REMUNERATION

Board of Directors are paid remuneration in the following manner.

- a. Sitting Fees for attending the meetings of the Board and Committees of the Board.
- b. Remuneration of Managerial Personnel
- c. Profit related Commission
- d. Fees for doing extra work not in the capacity as a director
- e. Fees for rendering professional services
- f. Reimbursement of out-of-pocket expenses incurred for attending the Board and Committee Meetings and for carrying out other duties as per direction of the Board.

Sitting Fees

This will be paid according to the provisions of the Act and the Articles of Association. The same is to be fixed by the Board of Directors keeping in view

- a. Frequency of the meeting.
- b. Duration of meetings.
- c. Efforts required by the Director to study agenda to enable him to make constructive suggestions.
- d. Important decisions being taken where input of the directors are essential.

Approval of shareholders is not required as per the Act and the LODR.

Remuneration of Managerial Personnel

This is important method of remunerating the directors.

- A. Managerial Personnel such as MD, WTD and KMPs – These personnel to be remunerated keeping in mind the following guidelines

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- a. To attract talent and retain the same.
- b. Competition in the market
- c. Performance
- d. a balance between fixed and variable pay reflecting short and long-term performance objectives and goals set by the Company.
- e. Corporate practises

Remuneration to Executive directors who are promoters should also be determined as if they are not promoters and the following criteria to apply. Their remuneration should be fixed in conjunction with Policy on related party transactions. However, some extra factors such as responsibilities, risk bearing and their stock holding to be given due weightage.

The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

- (i) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
- (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director.

Remuneration to be paid to the managerial personnel is to be approved by the shareholders which may be either ordinary or special depending upon the quantum of maximum and minimum remuneration.

Remuneration of Non- Executive and Independent Directors

This is generally linked to profit of the Company. Such remuneration is to be approved by the shareholders by way of special resolution.

The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

Stock option to NED (IND is excluded) to be approved by the Shareholders.

6. EVALUATION PROCESS

This is an important role of the NRC.

The NRC will evaluate as per the guidance note on Board Evaluation issued by SEBI vide Circular SEBI / HO CFD/CMD/CIR/2017/004 dated January 5, 2017.

Norms of evaluation of the Board, its Committee, each director individually, non-executive director and independent director are summarised below.

- a. Attendance
- b. Participate in discussion.
- c. Expression of opinion which is independent and objective in the interest of the stakeholders.
- d. Understanding of the items on agenda
- e. Constructive suggestion for the growth of the Company
- f. Exhibiting knowledge of the Company's business
- g. Suggestion on risk management.

- h. Giving direction to the Board for strategic business policy
- i. Willingness to devote time
- j. Concern about compliance and good corporate governance.
- k. CSR Policy
- l. Communication skill and persuasive attitude.
- m. Follow up of the matters/concerned raised during the meeting.
- n. Frankness in exhibiting view different from other directors
- o. Upholding integrity, ethics and trustworthy.
- p. Compliance with the code of conduct.

7. DIVERSITY AND SUCCESSION PLAN

The Company follows the principle of Diversity and dynamism in order to sustainable development.

Attributes of Diversity are

- age, gender,
- ethnicity,
- physical abilities,
- marital status,
- ideologies,
- background,
- knowledge and skills

The Board will always strive to have composition of members of the Board having

- Experience of diverse nature.
- Gender in having the right representation of female members to also ensure statutory compliance as applicable
- Varied Qualifications, knowledge and core skills/ expertise / competencies.

Succession Plan

In order to achieve the continuity, sustainable development and diversity of the composition of the Board, NRC will recommend maintenance of ratio between the promoter directors and independent directors at all time.

8. AMENDMENTS

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

9. SCOPE AND LIMITATIONS

In the event of any conflict between the provisions of this Policy and the Act or Listing Regulations or any other statutory enactments or rules, the provisions of Listing Regulations/Act or statutory enactments or rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.

10. PRESENT SITUATION

Currently, the Managing Director and Chief Financial Officer are also KMP of Paharpur Cooling Towers Limited, holding company. They are not drawing any remuneration. Other directors are paid profit related commission as per approval granted by members of the Company.