



Exceeding Expectations...Always

PEARL GLOBAL INDUSTRIES LIMITED

NOMINATION AND REMUNERATION POLICY

(Revised: February 11, 2025)

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 (the Act) read along with the applicable rules thereto and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the listing schedule. (as amended from time to time) (the 'Listing Regulations').

The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. To provide Key Managerial Personnel and Senior Management reward linked directly to their efforts, performance, dedication and achievement relating to the Company's operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.6. To devise a policy on Board diversity
- 1.7. To develop a succession plan for the Board and to regularly review the plan;
- 1.8. To act as compensation committee in terms with regulation 5 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

2. DEFINITIONS

- 2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. **Board** means Board of Directors of the Company.
- 2.3. **Directors** mean Directors of the Company.
- 2.4. **Key Managerial Personnel** means
 - i. Chief Executive Officer,
 - ii. Managing Director or the Manager;
 - iii. Executive/Whole-time Director;
 - iv. Chief Financial officer;
 - v. Company Secretary; and

such other officer as may be prescribed by the statutory provisions or as may be designated by the Company as KMP.

2.5. **NRC** means the Nomination and Remuneration Committee as constituted or reconstituted by the board of directors of the Company.

2.6. **Senior Management** shall mean the officers and personnel of the Company 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.

3. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

3.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether the qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position concerned.
- c) The Company shall not appoint or continue the employment of any person as Managing Director or Whole-Time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such a motion indicating the justification for extension of appointment beyond seventy years.

3.2. Additional Criteria for appointment of an Independent Director

- a) The NRC shall consider the qualification for independent director as provided under Section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- b) The NRC shall consider the candidature for Independent Directorship in the Company only from the databank of Independent Directors, maintained by the Indian Institute of Corporate Affairs.

3.3. Term / Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

- An Independent Director shall hold office for a term up to five (5) consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company.
- No Independent Director shall hold office for more than two consecutive terms, but such an Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-Time Director of a listed company or such other number as may be prescribed under the Act.

3.4. Evaluation

The Committee shall carry out an evaluation of the performance of every Director, KMP and Senior Management Personnel at regular interval (yearly) on the whether they:

- i. act objectively and constructively while exercising their duties.
- ii. exercise responsibilities in a bona fide manner in the interest of the Company.
- iii. devote sufficient time and attention to their professional obligations for informed and balanced decision making.
- iv. allow any extraneous considerations that will vitiate their exercise of objective independent judgment in the paramount interest of the company, while concurring in or dissenting from the collective judgment of the Board in its decision making.
- v. abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person.
- vi. refrain from any action that would lead to loss of their independence.
- vii. informed the board, where circumstances arise which make an independent director lose his independence.
- viii. assist the company in implementing the best corporate governance practices.
- ix. strive to attend all General Meetings, Board Meetings and Committee Meetings of which they are member.
- x. participate constructively and actively in the committees of the Board in

- which they are chairpersons or members.
- xi. keep themselves well informed about the company and the external environment in which it operates.
 - xii. unfairly obstructs the functioning of an otherwise proper Board or committee of the Board.
 - xiii. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company.
 - xiv. report concerns about unethical behaviors, actual or suspected fraud or violation of the company's code of conduct or ethics policy.
 - xv. act within their authority, assisting in protecting the legitimate interests of the company, shareholders and its employees.
 - xvi. preserve confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

3.5. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.6. Retirement

The KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

4. POLICY RELATING TO THE REMUNERATION OF THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

4.1. General

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee or as per policies framed by the committee. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) Increments in the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- c) Where any insurance is taken by the Company on behalf of it replace with Directors, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is

proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

4.2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel

a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/the Person authorized by the Board or the Committee.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director/Managing Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If Whole-time Director/Managing Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of such sum refundable to it unless permitted by the Central Government.

4.3. Remuneration to Non- Executive / Independent Director

a) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such an amount as may be prescribed under the law from time to time.

b) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

5. MEMBERSHIP

5.1 The Committee shall consist of a minimum of three (3) members,

5.2 All members of the NRC shall be Non-Executive Directors of the Company and

two-third of them being independent.

5.3 Minimum two (2) members shall constitute a quorum for the Committee meeting.

5.4 Membership of the Committee shall be disclosed in the Annual Report.

5.5 Term of the Committee shall be continued unless terminated by the Board of Directors.

6. **CHAIRPERSON**

6.1 Chairperson of the Committee shall be an Independent Director.

6.2 Chairperson of the Board may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

6.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

6.4 Chairperson of the Nomination and Remuneration Committee meeting should be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

7. **FREQUENCY OF MEETINGS**

The meetings of the Committee shall be held at such regular intervals as may be required.

8. **COMMITTEE MEMBERS' INTERESTS**

8.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

8.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

9. **SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

10. **VOTING**

10.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

10.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

11. **NOMINATION DUTIES**

The duties of the Committee in relation to nomination matters include:

- 11.1 Ensuring that there is an appropriate induction in place for new Directors, KMP and members of Senior Management and reviewing its effectiveness;
- 11.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 11.3 Identifying and recommending Directors who are liable to retire by rotation.
- 11.4 Determining the appropriate size, diversity and composition of the Board;
- 11.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 11.6 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 11.7 Delegating any of its powers to one or more of its members or the Secretary of the Committee; and
- 11.8 Considering any other matters, as may be requested by the Board.

12. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

- 12.1 to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate with respect to elements of the remuneration of the members of the Board.
- 12.2 to approve the remuneration of the Senior Management including KMP of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- 12.3 to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- 12.4 to consider any other matters as may be requested by the Board.
- 12.5 Professional indemnity and liability insurance for Directors, KMP and senior management.
