

**PRISM INTERNATIONAL PRIVATE LIMITED**  
**NOMINATION, REMUNERATION & BOARD EVALUATION POLICY**

**A) CRITERIA FOR EVALUATING DIRECTORS AND KEY MANAGERIAL PERSON**

**1. Personal Specification for Directors**

**1.1 Qualification:**

- Degree holder in relevant disciplines (e.g. management, accountancy, legal);
- Recognized specialist

**1.2. Experience:**

- Experience of management in a diverse organization
- Experience in accounting and finance, administration, corporate and strategic planning or fund management
- Demonstrable ability to work effectively with a Board of Directors

**2. Skills:**

- Excellent interpersonal, communication and representational skills
- Demonstrable leadership skills
- Extensive team building and management skills
- Strong influencing and negotiating skills
- Having continuous professional development to refresh knowledge and skills

**3. Abilities and Attributes:**

- Commitment to high standards of ethics, personal integrity and probity
- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the work place.

**4. Independence:**

- Person of integrity and possesses relevant expertise and experience
- Not a promoter of the company or its holding, subsidiary or associate company or member of promoter group of the company
- Not related to promoters or directors in the company, its holding, subsidiary or associate company
- Apart from receiving Director's Remuneration has or had no material pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during current & immediately preceding 3 financial years
- None of the relatives of the person
  - a. is holding securities of or interest in the Company, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified
  - b. is indebted to the Company, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;
  - c. has given a guarantee or provided any security in connection with the indebtedness of any third person to the Company, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year; or
  - d. has any other pecuniary transaction or relationship with the Company, its holding,

subsidiary or associate company amounting to two percent or more of its gross turnover or total income:

Provided that the pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company or their promoters, or directors in relation to points (a) to (d) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.

- Neither person nor relatives hold position of a key managerial personnel or employee of the company or its holding, subsidiary or associate company or any company belonging to the promoter group of the Company in any of the 3 financial years immediately preceding the financial year of proposed appointment.

Provided that in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment.

- Not an employee or proprietor or a partner, in any of the 3 financial years immediately preceding the financial year of proposed appointment of a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company or any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% per cent. or more of the gross turnover of such firm
- Not holds together with relatives 2% per cent. or more of the total voting power of the company; or is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company
- Not a chief executive or director, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors, or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company
- Not a material supplier, service provider or customer or a lessor or lessee of the Company
- not less than 21 years of age
- not a non-independent director of another company on the board of which any non-independent director of the Company is an independent director
- such other qualifications that may be prescribed as may be prescribed from time to time.

## **B) BOARD EVALUATION:**

Under the applicable provisions of the Companies Act, 2013

- a) the Board of Directors shall carry out evaluation of performance of the Board, its Committees and Individual Director on an annual basis.
- b) an Independent Directors shall bring an objective view in the evaluation of performance of Board and management.

The performance evaluation criteria of the Board shall also include:

1. Structure of the Board - Competency, Experience and Qualifications
2. Meetings of the Board
3. Board Discussions
4. Role of the Board of Directors
5. Risk Evaluation

The performance evaluation criteria of Individual Directors and Committees shall also include:-

1. Experience and Competency of Directors
2. Understanding and knowledge of Entity and Sector
3. Availability and attendance for board / committee meetings
4. Mandate, Composition and Regularity of Committees

**C) POLICY FOR REMUNERATION TO DIRECTORS, KEY MANAGERIAL PERSON AND OTHER EMPLOYEES:**

**Base Compensation (fixed salaries)**

Must be competitive and reflective of the individual's role, responsibility and experience in relation to performance of day-to-day activities, usually reviewed on an annual basis; (includes salary, allowances and other statutory/non- statutory benefits which are normal part of remuneration package in line with market practices).

**Variable salary**

For some of the employees, part of the total salary may be paid as variable salary based on performance against pre-determined financial metrics as approved by the Board while approving annual budget. The Variable salary will not exceed 25% of the total salary

**Retirement Benefits**

Contribution to Provident fund, Gratuity etc. as per Company rules and statutory requirements.

**Director's remuneration**

Section 197(5) provides for remuneration by way of a fee to a director for attending meetings of the Board of Directors and Committee meetings or for any other purpose as may be decided by the Board.

Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its directors, including managing director and whole time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.

The Company with the approval of the Shareholders may authorize the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V.

The Company may with the approval of the shareholders authorize the payment of remuneration up to five percent of the net profits of the Company to its anyone Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official. The Company may pay remuneration to its directors, other than Managing Director and Whole Time Director up to one percent of the net profits of the Company, if there is a managing director or whole time director or manager and three percent of the net profits in any other case.

The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.

The Independent Directors shall not be entitled to any stock option and may receive

remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board and profit related commission as may be approved by the members. The sitting fee to the Independent Directors shall not be less than the sitting fee payable to other directors subject to provisions of section 197 and the rules made thereunder.

The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income Tax Rules.

The remuneration payable to the Key Managerial Personnel and the Senior Management shall be as may be decided by the Board having regard to their experience, leadership abilities, initiative taking abilities and knowledge base and determined keeping in view the industry benchmark, the relative performance of the company to the industry performance and review on remuneration packages of other organizations.