

PRISM JOHNSON LIMITED

CIN : L26942TG1992PLC014033

*Registered Office : 305, Laxmi Niwas Apartments, Ameerpet, Hyderabad – 500 016.
Corporate Office : “Rahejas”, Main Avenue, V. P. Road, Santacruz (West), Mumbai – 400 054.*

REMUNERATION POLICY

Objective

The objective of the Remuneration Policy of Prism Johnson Limited (“the Company”) for members of the Board of Directors, Key Managerial Personnel (KMP) and Senior Management is to focus on enhancing the value, to retain and motivate employees and Directors for achieving the objectives of the Company and to place the Company in a leadership position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that -

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

While deciding the policy on remuneration of Directors, the NRC may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, various Codes of Conduct, Articles of Association, restrictions on the remuneration to

Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company, etc.

The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

Definitions

“Act” means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

“Board” means Board of Directors of the Company.

“Directors” mean Directors of the Company.

“Key Managerial Personnel” (‘KMP’) means

- Managing Director;
- Executive Director;
- Chief Executive Officer;
- Chief Financial Officer;
- Company Secretary;
- such other officer, not more than one level below the Directors who is in wholetime employment, designated as KMP by the Board; and
- such other officer as may be prescribed.

“Senior Management” shall mean officers/personnel of the Company who are members of its core management team excluding Board of Directors and shall comprise all members of management one level below the Executive Director & CEO/Managing director (including Chief Executive Officer/Manager, in case they are not part of the Board) and shall specifically include Company Secretary and Chief Financial Officer. Administrative staff shall not be included.

“SEBI LODR” shall mean the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as may be amended from time to time.

Directors

Remuneration of the Directors reflects the overall remuneration philosophy and guiding principle of the Company.

As per the policy followed by the Company, the Non-executive Directors are paid remuneration in the form of sitting fees for attending Board and Audit Committee meetings as fixed by the Board of Directors from time to time, subject to statutory provisions.

The NRC while designing the remuneration considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC ensures a balance between fixed and performance linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC considers that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director and Executive Directors

The term of office and remuneration of Managing Director and Executive Directors are subject to the approval of the Board of Directors, shareholders and Central Government, as may be required and the limits laid down under the Act from time to time.

Remuneration for Managing Director and Executive Directors are designed to remunerate them fairly and responsibly. The remuneration comprises of salary, perquisites and performance based incentive apart from retirement benefits like P.F., Superannuation, pension, Gratuity, Leave Encashment, etc., as per Rules of the Company and as may be mutually agreed to by the Managing Director/Executive Director(s) and the NRC/Board.

While considering the appointment and remuneration of Managing Director and Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration also aims to motivate personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director and Executive Directors in accordance with the provisions of Schedule V to the Act and the shareholders approval.

If any Managing Director and Executive Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limit prescribed

under the Act or without approval required under the Act, he/she shall refund such sums to the Company, within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company.

The Company shall not waive the recovery of any sum refundable to it as aforesaid unless approved by the Company by special resolution within two years from the date the sum becomes refundable.

The Managing Director and Executive Directors are entitled to customary non-monetary benefits as per policies of the Company from time to time.

Non-executive Directors

The remuneration of the Non-executive Directors is subject to the limits laid down under the Act and SEBI LODR.

The Non-Executive Directors (NEDs) are paid remuneration by way of commission and sitting fees. Pursuant to the provisions of Sections 197 and 198 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V thereto and in accordance with the shareholders' approval, the commission shall be paid as under :

- (i) In the event of adequate profits, at a rate not exceeding one percent (1%) per annum or such percentage as may be specified by the Act from time to time in this regard, of annual net profit of the Company computed in accordance with the provisions of Section 197 read with Section 198 of the Act or as may be prescribed by the Act or Rules framed thereunder from time to time and such commission to be distributed amongst and paid to the aforesaid Directors concerned in such proportions as the Board may, from time to time, determine for each of the financial year(s).

- (ii) In any financial year(s) during the currency of the tenure of any Director(s) (other than the Managing Director and/or Whole-time Director, Executive Directors and such of the remainder as may not desire to participate), the Company has no profits or its profits are inadequate or in the event the commission to all such Directors taken together exceeds limits set out in Section 197 and/or Schedule V to the Act, the Company may pay Commission to each such Director(s), in addition to sitting fees and reimbursement of expenses incurred for attending meetings of the Board of Directors of the Company and its Committees thereof, an amount per annum as approved by the shareholders from time to time and such commission to be distributed amongst and paid to the aforesaid Directors concerned in such proportions as the Board may, from time to time, determine for each of the financial year(s).

At present, the Company pays sitting fees to the NEDs for attending the meetings of the Board and Audit Committee constituted by the Board. The Board shall, at its discretion, pay sittings fees to the NEDs for attending any other Committee meetings.

Key Managerial Personnel and Senior Management

Appointment :

- The terms and conditions of the appointment of Key Managerial Personnel ('KMPs') are subject to the approval of the NRC and the Board of Directors.
- The appointment of Senior Management Personnel ('SMP') shall be approved by the Managing Director of the Company in accordance the Company's recruitment process.

Remuneration :

The NRC shall approve and recommend to the Board for its approval all remuneration payable from time to time to SMPs and (as defined in SEBI LODR) and KMPs,

including remuneration payable to new appointees, by way of increments and promotions, performance linked payments, ex-gratia payments, etc., in accordance with the approved Remuneration Policy. The remuneration of the Senior Management shall be decided based on this Policy.

Total remuneration comprises of :

1. **A fixed base salary** - set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.
2. **Perquisites** – in the form of house rent allowance/accommodation, reimbursement of medical expenses, insurance, conveyance, telephone, leave travel, etc., as may be mutually negotiated and as applicable as per Company Rules.
3. **Retirement benefits** - contribution to PF, superannuation, pension, gratuity, etc. as may be applicable as per Company Rules.
4. **Motivation/Reward** - A performance appraisal is carried out annually and promotions/increments/rewards are decided based on the appraisal and recommendation of the concerned Executive Director, where applicable, as per Company Rules.

The annual variable pay of Senior Management is linked to the performance of the Company/respective Divisions in general and their individual performance for the relevant year measured against specific Key Result Areas.

The Company while deciding the remuneration of the Senior Management members takes into consideration, inter alia, the following items:

- a) merit and seniority of the person
- b) employment scenario
- c) industry benchmark.

Other employees

The remuneration of other employees is fixed from time to time as per the guiding principles outlined above and considering industry standards and cost of living. In addition to basic salary they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable. Policy of motivation/reward are applicable to this category of personnel as in the case of those in the senior management cadre.

Disclosure of information

Information on the total remuneration of members of the Company's Board of Directors, Managing Director, Executive Director & CEOs and KMPs may be disclosed in the Board's report and the Company's annual report / website as per statutory requirements in this regard.

This Policy shall be placed on the website of the Company and the salient features of the Policy and changes therein, if any, along with the web address of the Policy shall be disclosed in the Board's Report.

This Policy shall be effective from the financial year 2014-15 as modified from time to time and shall be subject to modification from time to time. The Policy is amended pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and the amendments to the Act. The amended Policy will be effective from April 1, 2021.
