

## PRIMA PLASTICS LIMITED

### POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

#### **1. Guiding Principles:**

- i. The term of employment and Remuneration of Managing Director) ("MD"), Whole Time Director ("WTD"), Key managerial Personnel ("KMP") and Senior Management Personnel ("SMP") shall be such that it is capable of attracting and retaining talented Managerial Personnel essential to run the Company.
- ii. *The Remuneration policy shall ensure:*
  - a. *The level of composition of remuneration is reasonable and sufficient to attract, retain and motivate directors/KMPs and SMPs who have the requisite knowledge, skill, experience, expertise(including but not limited to the attributes stated here) which are required to ensure the smooth working of the Company.*
  - b. *There is a clear nexus of remuneration to performance with appropriate performance bench marks.*
  - c. *The Remuneration of directors, KMP and SMP is a pay which is in consonance with the short and long term goals of the Company.*
  - d. *Remuneration packages be linked to the achievement of Corporate performance targets which are linked with stakeholder interests.*
- iii. *While determining the Remuneration of MD/WTD and KMP, the following be taken into consideration:*
  - a. *Pay and employment conditions with peers;*
  - b. *Benchmarking with the industry practices in which it operates;*
  - c. *Performance of the individual;*
  - d. *Company Performance;*
  - e. *Adherence to Policies of Code of Conduct of the Company;*
  - f. *For the purpose of benchmarking with industry practices, due consideration to be given to scale of operations, size of business, complexity, data reliability and transparency and the geographical area be also taken into account.*
  - g. *To align the pay structures across at different levels in the Company.*
  - h. *Within the prescribed limit as per the Companies Act, 2013.*

## **2. Remuneration Policy:**

### **A. Key managerial Personnel and Senior Management Personnel (other than managing Director/Whole Time Director):**

- i. Remuneration packages to be designed in such a manner that:
  - a) It motivates the managerial personnel to achieve the business objectives and builds a performance oriented work environment which recognises and rewards achievement of Company's short and long term goals.
  - b) Attracts quality executives that are contributors to the growth of the organisation and to remunerate them fairly and responsibly.
  - c) Remuneration to be basic salary, HRA allowance, travel allowances, medical allowances, telephone reimbursements, etc.
  - d) Remuneration packages may be altered with due consideration to domestic companies of similar size and operating in the same industry and progress of the Company.
  - e) The remuneration to be paid to the Key managerial Personnel (KMPs) i.e. CEO, CFO, CS and Senior management Personnel that are at one level below the Board of directors shall be determined by the Nomination and Remuneration Committee (NRC) at its meeting.
- ii. The NRC Committee will determine the Remuneration to be offered based on the relevant qualification, experience of the individual, prevailing market conditions and the Company's profitability.
- iii. The NRC may also consider to grant Stock options to KMP and SMP pursuant to Stock Option plan, adopted by the Company, if any.

### **B. Executive Chairman / Managing Director:**

- i. Remuneration to the Executive Chairman and MD shall be recommended by the NRC Committee and will be subject to approval of the Board of Directors of the Company and the shareholders of the Company when so ever required as per the provisions of the applicable laws.
- ii. Remuneration shall be based on performance evaluation done annually based on clear performance bench marks established taken into consideration the domestic companies, which are similar in size and complexity.
- iii. The total remuneration for the Executive Chairman and Managing Director shall be comprised of the following:
  - (a) Salary (both fixed and variable)

- (b) Perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, medical reimbursements, medical and personal accident insurance, club memberships etc.
- (c) Retirals, made in accordance with laws and applicable policies of the Company.
- (d) The Directors as long as are functioning in capacity of Executive Chairman and Managing Director shall not be entitled to sitting fees for attending the Board or Committee Meetings thereof.
- (e) The Executive Chairman and Managing Director shall be entitled to bonus pay.
- (f) It be ensured that the total remuneration payable to the Executive Chairman and Managing Director shall not increase 10% of the net profit of the Company (not exceeding 5% individually), computed in accordance with Section 198 of the Companies Act, 2013.

**C. Non Executive Directors:**

- i. The Non Executive Directors (NEDs) shall be entitled to such sitting fees as may be decided by the board of directors/share holders from time to time for attending the Meetings of the Board and of the Committee(s) thereof.
- ii. Independent Directors shall not be eligible for Stock option plans, adopted by the Company, if any.
- iii. The Non Executive Directors will also be eligible to claim reimbursement of expenses for travel, hotel stay and other incidental expenses incurred for performance of their duties and attending the Board / Committee meeting(s) during the tenure of appointment.

**3. Director and Officer Liability Insurance:**

- i. The Company shall provide an insurance cover to Directors & KMP for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust shall not be treated as part of remuneration paid to them.
- ii. The premium paid by the Company, for such insurance cover, call the Directors and officers liability policy (D&O policy), taken for the above purpose shall be paid by the Company without any charge to the Directors and KMPs.

**4. Applicability:**

- i. This Remuneration Policy shall be applicable to all existing and future employment agreements with KMPs and SMPs and also with Directors of the Company.
- ii. In all respects the remuneration policy shall be subject to overall guidance of the board of Directors based on the recommendations received from the Nomination and Remuneration Committee, subject to approval by the Board.

**5. Disclosure:**

The disclosure of this policy may be made in the board's report and on the website of the Company.