

Prabhat Technologies (India) Limited



Remuneration Policy

1. Purpose:

- 1.1 Section 178(3) of the Companies Act, 2013 and Regulation 19 (4) read with Schedule II Part D (A) (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires every Nomination and Remuneration Committee (N&RC) to devise a Policy on remuneration of Directors, Key Managerial Personnel and other employees.
- 1.2 The N&RC is responsible for recommending to the Board, a Policy relating to the remuneration of Directors, Key Managerial Personnel and other employees.

2. Overview:

- 2.1 Nomination and Remuneration Committee has laid down this Policy to ensure compliance with Section 178 (4) which states that:
 - 2.1.1 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;
 - 2.1.2 relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - 2.1.3 remuneration to Whole-time Directors, Key Managerial Personnel and Senior Management Personnel 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.

3. Company Philosophy:

- 3.1 Prabhat's compensation philosophy is based on three primary factors:
 - 3.1.1 Being competitive with peer-group companies both within and outside of health care with financial performance similar to Prabhat
 - 3.1.2 Making individual performance the primary driver of total pay
 - 3.1.3 Linking pay to achievement of Prabhat's business goals
- 3.2 Simply stated, Prabhat's compensation is intended to compare favorably with the pay programs of other leading health care companies as well as other high-performing companies outside of the health care arena that have a similar size, scope and financial performance to Prabhat and operate in markets where we compete for talent.

Prabhat Technologies (India) Limited

- 3.3 While employees are paid based on their skills and levels of performance, employee pay at Prabhat is, on average, targeted to be competitive at the median pay of other leading companies.
- 3.4 Prabhat is dedicated to providing a solid foundation of employee benefits that will allow employees to meet their personal and family needs. We recognize the importance of financial security for things that matter most to the employee and their family. Our benefits philosophy is based on three primary core values:
- 3.4.1 Prabhat cares and is concerned for the health, welfare and financial well-being of its employees,
- 3.4.2 Prabhat has established competitive benefits as part of the Total Rewards offered to its employees,
- 3.4.3 Prabhat has developed standards for effective management of employee benefit programs.
- 3.5 Prabhat is committed to offering comprehensive and competitive benefit packages designed to meet the changing needs of our employees and our diverse businesses.

4. Definitions:

- 4.1 **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 4.2 **Key Managerial Personnel** means
Chief Executive Officer or the Managing Director or the Manager;
Company Secretary;
Whole-time Director;
Chief Financial Officer; and
Such other officer as may be prescribed under the Act.
- 4.3 **Senior Management** means personnel of the company who are members of its core management team, excluding the Board of Directors, comprising all members of management one level below the Executive Directors including the functional heads.
- 4.4 **Other Employees** means all other employees of Prabhat Technologies (India) Limited but do not include employees who have signed collective or union agreements or on contractual basis.

5. Remuneration for Non-Executive Directors (Independent & Non- Independent Directors):

5.1 Sitting Fees

- 5.1.1 Non-Executive Directors (NEDs) (other than those employed with any Prabhat group company) will be paid sitting fees for attending each meeting of the Board and its Committees as determined by the Board from time to time in accordance with the provisions of the Act.

Prabhat Technologies (India) Limited

Quantum of sitting fees may be subject to review on a periodic basis, as and when required subject to the applicable statutory provisions of the Companies Act, 2013, as amended from time to time.

5.2 Reimbursement of reasonable expenses

5.2.1 The Company may pay or reimburse to the NEDs such expenditure as may have been incurred by them for attending the Board/Committee meetings. This may include reimbursement of expenditure incurred by them for accommodation, travel and any out of pocket expenses for attending Board / Committee meetings, general meetings, court convened meetings, meetings with shareholders / creditors / management, site visits, induction and training (organized by the Company for Directors)

5.2.2 In the case of Independent Directors the Company may pay / reimburse any expenses incurred (subject to reasonable limits) by the Independent Director for professional advice from Independent advisors in the furtherance of their duties as Independent Directors.

5.3 Stock Options

5.3.1 Independent Directors shall not be entitled to any stock options of the Company.

5.4 Insurance policy for Non- Executive Directors

5.4.1 Where any insurance is taken by the Company on behalf of its NEDs, for indemnifying them against any statutory liability, the premium paid on such insurance would not constitute part of their remuneration.

6. Remuneration for Managing Director (“MD”), Executive Directors (“ED”)

6.1 The remuneration to MD / ED and any change thereof shall be approved by the Board on the recommendation of the Committee subject to approval by the shareholders of the Company within the limits prescribed under the Act and Central Government approval wherever required.

6.2 Fixed remuneration is payable by way of salary, perquisites and allowances. The Committee shall recommend to the Board, annual increments in salary effective 1st April each year.

6.3 Apart from the fixed remuneration, there is a variable component of a performance linked bonus / Commission which is payable on an annual basis. The amount of performance bonus / commission shall be determined by the Board based on the recommendation of the Committee and in alignment with Company policy. There can be components of one-time incentive or special incentives basis his agreed compensation structure with the host countries in case of expatriates. The same will be as recommended by the Committee and approved by the Board of Directors.

6.4 The Company shall provide retirement benefits as per statutory requirements. Additionally there may be certain other retirement benefits that may be provided to MD / ED such as pension, gratuity, superannuation etc.

Prabhat Technologies (India) Limited

7. Minimum Remuneration:

7.1 If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its MD & EDs in accordance with the provisions of Schedule V of the Act.

8. Provisions for excess remuneration:

8.1 If MD / ED 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 recovery of such sum refundable to it unless permitted by the Central Government.

9. Key Managerial Personnel (“KMP”), Senior Management and Other Employees

9.1 Base Salary

9.1.1 Salaries to KMP, Senior Management and other employees are decided basis the level of responsibility and individual performance. Base pay structure would depend upon:

Position evaluations

Periodic surveys of appropriate comparison companies

Salary ranges which reflect job worth based on competitive comparisons

9.2 Bonus, Perquisites, Allowances and Benefits

9.2.1 In addition to the fixed salary, certain perquisites, allowances and benefits are provided to the KMPs, Senior Management and other employees

9.2.2 The Company currently provides all employees with social security in terms of insurance towards hospitalization (*Mediclaim* insurance) accidental death and dismemberment (personal accident insurance).

9.2.3 The Company provides retirement benefits as per statutory requirements.

9.2.4 The Company provides a performance linked cash bonus to all employees based on performance of the Company in general and the individual's performance for the relevant financial year measured against specific key result areas, which are aligned to the Company's objectives and policies.

Prabhat Technologies (India) Limited

10. Merit Pay

- 10.1 The common effective date for merit pay increase is on April 1st of the calendar year. Merit pay is intended to focus solely on individual performance against goals and expectations determined for an individual during the Performance Excellence review process.

11. Policy implementation

- 11.1 The Nomination and Remuneration Committee (“N&RC”) is responsible for recommending this Remuneration Policy to the Board.
- 11.2 The Board is responsible for approving and overseeing implementation of this Policy (with the support of the N&RC).

12. Review of this Policy

- 12.1 This Policy shall be subject to review by the Committee at such intervals as may be deemed necessary. Changes (if any) recommended by the Committee shall be placed before the Board for its approval.
