

PROLIFIC RESOLUTION PRIVATE LIMITED

NOMINATION, REMUNERATION AND EVALUATION POLICY

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as approved by the Nomination and Remuneration Committee on May 15, 2023 and adopted by the Board of Directors on May 15, 2023

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1. PREAMBLE

The philosophy for remuneration of Directors, KMP and all other Employees of Prolific Resolution Private Limited (“Company”) is based on commitment demonstrated by the Directors, KMPs and other Employees towards the Company and truly fostering a culture of leadership with trust. The Remuneration Policy is aligned to this philosophy.

This Remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“Act”) and Regulation 19(4) read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail, and the Company shall abide by the applicable law. The Nomination and Remuneration Committee (“NRC”) has considered the factors laid down under Section 178(4) of the Act, which are as under:

- 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, KMP 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”.

This Policy is disclosed on the Website of the Company at www.prolificresolution.com.

2. DEFINITIONS




- a. “**Act**” means the Companies Act, 2013, to the extent notified, from time to time, and includes any re-enactment thereof, including all rules, notifications, circulars, clarifications and orders issued thereunder.
- b. “**Board of Directors**” or “**Board**”, in relation to a company, means the collective body of the Directors of the company.
- c. “**Independent Director**” implies a Non-Executive Director of the Company, other than a Nominee Director who satisfies criteria for independence mentioned in the Companies Act, 2013 and the Listing Regulations.
- d. “**Key Managerial Personnel**”, in relation to the company, means –
 - i) The Chief Executive Officer or the Managing Director or the Manager.
 - ii) The Company Secretary.
 - iii) The whole-time director.
 - iv) The Chief Financial Officer.
 - v) Such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - vi) Such other officer as may be prescribed.

- e. **“Nominee Director”** implies a Director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any government or any other person to represent its interests;
- f. **“Relative”** shall have the same meaning as assigned under Section 2(77) of the Companies Act, 2013;
- g. **“NRC”** implies the Nomination and Remuneration Committee of the Company constituted as per the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations

All words and expressions used in this Policy, but not defined above shall have the same meaning as assigned to them in the Companies Act, 2013 and Rules and Regulations made thereunder and the Listing Regulations.

3. APPOINTMENT/RE-APPOINTMENT AND REMOVAL OF DIRECTORS

In selecting individuals for appointment/re-appointment/removal of directors, the NRC must refer to the following guidelines/policies:

-  Criteria for Board Membership – Defined under **“Schedule A”**
-  Board Diversity Policy – Defined under **“Schedule B”**
-  Criteria for determining Independence of Directors in case of appointment of Independent Directors - Defined under **“Schedule C”**

4. TENURE OF DIRECTORS

a) Executive Directors:

In accordance with the provisions of Section 196 of the Companies Act, 2013, the Company shall appoint or re-appoint any person as its 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 Directors:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

The rationale for such re-appointment shall also be provided in the Notice to Shareholders proposing such re-appointment.

No Independent Director shall hold office for more than two consecutive terms, but such 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 or Managing Director of any listed company. The count for number of listed entities as per this clause shall be only those whose equity shares are listed on a Stock Exchange.

5. REMUNERATION OF DIRECTORS/KMP'S AND OTHER EMPLOYEES

The philosophy for remuneration of Directors, KMP and all other Employees of the company is based on commitment demonstrated by the Directors, KMPs and other employees towards the Company and truly fostering a culture of leadership with trust.

Key principles governing this remuneration policy are as follows:

A. Remuneration for Independent Directors and Non- Independent Non-Executive Directors

-  Overall remuneration should be reflective of the size of the Company, complexity of the Company's operations and the Company's capacity to pay the remuneration.
-  Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") may be paid sitting fees (for attending the Meetings of the Board and of Committees of which they may be Members) and commission within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required.
-  Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.
-  Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives). Overall remuneration practices should be consistent with recognised best practices.
-  The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company's performance, profits and any other significant qualitative parameters as may be decided by the Board.
-  The NRC will recommend to the Board, the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and Committee meetings, individual contributions at the meetings and contributions made by Directors other than in meetings.

- ✚ In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board Committee Meetings, General Meetings, Court convened meetings, meetings with Shareholders/Debenture Holders/Management, induction and training (organised by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a Director.

B. Remuneration for Managing Director (MD)/Executive Directors (Eds)/KMP/rest of the Employees

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role.

Hence remuneration should be:

- ✚ Market competitive (market for every role is defined as Companies from which the Company attracts talent or Companies to which the Company loses talent)
- ✚ Based on the role played by the individual in managing the Company including responding to the challenges faced by the Company
- ✚ Reflective of size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay
- ✚ Consistent with recognised best practices and aligned to any regulatory requirements.
- ✚ Basic/fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
- ✚ In addition to the basic/fixed salary, the Company may provide employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimisation, where possible. The Company may also provide all employees with a social security net (subject to limits) by covering medical expenses and hospitalisation through reimbursements or insurance cover and accidental death and dismemberment through personal accident insurance.

C. Remuneration payable to Director for services rendered in other capacity

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such Director in any other capacity unless:

- ✚ The services rendered are of a professional nature;

- ✚ The NRC is of the opinion that the Director possesses requisite qualification for the practice of the profession.

D. Insurance Policies and Premium

- ✚ Today's increasingly complex legal environment means businesses face a heightened prospect of liabilities and litigations, often driven by **“adverse news events”**
- ✚ The Directors and Officers Insurance Policy shall provide cover for the personal liability of Directors and Officers arising due to wrongful acts in their managerial capacity. Defence costs are also covered and are payable in advance of final judgment. The Insurance Policy shall also provide protection for claims brought against Directors, Officers and Employees for actual or alleged breach of duty, neglect, misstatements or errors in their managerial capacity.
- ✚ The premium paid on such insurance shall not be treated as part of the remuneration. If such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

6. PROCESS AND CRITERIA FOR ANNUAL EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Board of Directors shall issue Questionnaires for the purpose of evaluating the performance of a particular Director: In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect of performance of Board itself, and individual Directors as such evaluation factors may vary in accordance with their respective functions and duties.

Based on the Questionnaire received from Directors, Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director getting evaluated.

NRC shall review performance of all Directors. Independent Directors shall review performance of the Board, Chairman and NID's in their Meeting.

Appraisal of each Director by NRC and Independent Directors of the Company shall be based on the criteria as mentioned herein below.

Performance	Rating
Satisfactory	1
Not Satisfactory	0

A. BOARD EVALUATION – QUESTIONNAIRE TEMPLATE

<i>I.Degree of fulfilment of key responsibilities – Whether the Board...</i>	
<i>Satisfactorily meets the key criteria for long term value creation for all stakeholders (as established by the Board and specific to the Company strategy)</i>	
<i>Effectively performs the responsibilities as required by law</i>	
<i>Effectively reviews and approves the Annual Operating Plan</i>	
<i>Shows effective oversight of maintenance of high standards and ethical conduct of business</i>	
<i>Takes adequate actions towards the protection and enhancement of the Company</i>	
<i>II. Board Structure and Composition – The Board...</i>	
<i>Is staffed adequately (in terms of size, skills/ expertise, experience and gender) to carry out the responsibilities</i>	
<i>Has a composition of Directors aligned to the needs and strategy of the Company?</i>	
<i>III. Establishment and Delineation of responsibilities to Committees</i>	
<i>The Board Committees established by the Board are effective in terms of their number and scope</i>	
<i>There is clarity between the Board and every Committee with respect to the role played by the Committee</i>	
<i>The Committees are effective in fulfilment of responsibilities delegated to them by the Board</i>	

<i>There is good coordination and cohesiveness in the working of the Board and the Committees</i>	
IV. Effectiveness of Board processes, information and functioning	
<i>The frequency of Board meetings is adequate</i>	
<i>The Agenda discussed in the meetings is clear and realistic in terms of number and nature of items to be covered</i>	
<i>Time allotted for every meeting is adequate to cover most of the Agenda items</i>	
<i>Information provided for the meeting is adequate and presented in a way that facilitates productive discussion</i>	
<i>Information required for the meeting is provided with adequate time for preparation</i>	
<i>Sufficient time is spent in discussing critical issues/ issues of strategic importance</i>	
<i>The Board is able to add value in matters of critical significance for the Company</i>	
<i>Discussions/ decisions made in the meeting show a large degree of alignment with the overall Company strategy</i>	
<i>The Minutes of the meeting effectively capture the discussion / decisions taken and the post meeting actions</i>	
V. Board Culture and Dynamics	
<i>All Directors have clarity of their role and responsibilities</i>	
<i>All directors feel free to speak their mind and contribute effectively on key issues</i>	
<i>There is cohesiveness in the overall working of the Board</i>	
<i>There is adequate dialogue and participation from Directors on critical issues/ issues of strategic importance</i>	
<i>Conflict/ differences of opinion between Directors are managed constructively</i>	
VI.Efficacy of Communication with External Stakeholders	
<i>The Board is adequately involved in communication with various external stakeholders such as the Financial Community, Employees, Shareholders, etc</i>	
Overall Comments:	

B. INDIVIDUAL DIRECTOR EVALUATION (EXCLUDING CHAIRMAN) – QUESTIONNAIRE TEMPLATE

Name of Director:	
I.Attendance at Board and Committee Meetings	
II. Contribution at Meetings	
<i>I am well informed of the agenda and well prepared on the issues to be discussed</i>	
<i>I provide meaningful and constructive contribution and inputs in meetings</i>	
<i>I display independence of judgment</i>	
<i>I display candour in expressing views even when they are in divergence with the rest of the Board</i>	
<i>I have built effective working relationships with other Board members</i>	
III. Guidance/support to Management outside Board/Committee Meetings	
<i>I am accessible to the Senior Management of the Company and have built effective working relationships with them</i>	
<i>I provide a good degree of direction/ guidance to Senior Management outside of Meetings</i>	
<i>I display initiative with respect to follow-up and closure of critical issues</i>	
<i>I am proactive in efforts to gain knowledge about the Company and industry</i>	
Overall Comments:	

C. CHAIRMAN SELF ASSESSMENT – QUESTIONNAIRE TEMPLATE

Name of Chairman	
I. Attendance at Board and Committee Meetings	
II.Contribution at Meetings	
<i>I am well informed of the agenda and well prepared on the issues to be discussed</i>	
<i>I provide meaningful and constructive contribution and inputs in meetings</i>	
<i>I display independence of judgment</i>	
<i>I display candour in expressing views even when they are in divergence with the rest of the Board</i>	
<i>I have built effective working relationships with other Board members</i>	
III.Guidance/support to Management outside Board/Committee Meetings	
<i>I am accessible to the Senior Management of the Company and have built effective working relationships with them</i>	
<i>I provide a good degree of direction/ guidance to Senior Management outside of Meetings</i>	
<i>I display initiative with respect to follow-up and closure of critical issues</i>	

<i>I am proactive in efforts to gain knowledge about the Company and industry</i>	
IV. Effectiveness as Chairman	
<i>I provide effective leadership to the Board</i>	
<i>I set an effective strategic agenda of the Board (in conjunction with the Company's Management) with focus on long term value creation for all stakeholders.</i>	
<i>I encourage active engagement by all the Members of the Board and promote effective relationships and open communication.</i>	
<i>I communicate effectively with all stakeholders and enable meaningful relationships, as required.</i>	
<i>I motivate and provide guidance to the MD/ CEO.</i>	
Overall Comments:	

D. BOARD COMMITTEE ASSESSMENT – QUESTIONNAIRE TEMPLATE

<i>I.Degree of fulfilment of key responsibilities</i>	
<i>The Committee effectively performs the responsibilities</i>	
<i>The mandate of the Committee is sufficient in addressing the objectives for which it was set up by the Board</i>	
<i>II. Adequacy of Committee Composition</i>	
<i>The Committee is staffed adequately in terms of size, skills/ expertise, experience) to carry out the responsibilities</i>	
<i>III. Effectiveness of Meetings</i>	
<i>The frequency of Committee Meetings is adequate</i>	
<i>The Agenda discussed in the meetings is clear and realistic in terms of number and nature of items to be covered</i>	
<i>Time allotted for every meeting is adequate to cover most of the Agenda items</i>	
<i>Information provided for the meeting is adequate, timely and presented in a way that facilitates productive discussion (i.e. material is relevant with the right amount of detail and is “reader-friendly”)</i>	
<i>Sufficient time is spent in discussing critical issues/ issues of strategic importance</i>	
<i>The Committee does not wander into unwanted tangents while discussing Agenda items</i>	
<i>Appropriate balance is maintained in analysing the past, discussing current issues and planning for future</i>	
<i>Discussions/ decisions made in the Meeting show a large degree of alignment with the overall Company strategy</i>	
<i>There is an effective system for monitoring and driving closure of critical post meeting actions/ decisions</i>	

<i>IV. Quality of relationship of the Committee with the Board and Management</i>	
<i>There is clarity between the Board, Management and Committee with respect to the role played by the Committee</i>	
<i>There is good coordination and cohesiveness in the working of the Board, Management and the Committee</i>	
<i>Committee Members are accessible to Senior Management Employees</i>	
<i>Adequate opportunities are availed by the Committee to be exposed to the Company's Management and to understand the Company's products and operations</i>	
<i>The Board and the Management shows a high degree of responsiveness/ acceptance of the guidance/ direction provided by the Committee</i>	
<i>Overall Comments:</i>	

7. REVIEW OF POLICY AND AMENDMENT

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Committee has the right to change/amend the policy as may be expedient considering the law for the time being in force.

8. COMPLIANCE RESPONSIBILITY

Compliance of this policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarification from the Management in this regard.

SCHEDULE A

CRITERIA FOR BOARD MEMBERSHIP

The Nominations and Remuneration Committee works with the Board to determine the appropriate characteristics, skills, and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education, and public service. Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

In evaluating the suitability of individual Board members, the Committee considers many factors, including general understanding of marketing, finance, operations management, public policy, international relations, legal, governance and other disciplines relevant to the success of the Company in today's business environment; understanding of the Company's business; experience in dealing with strategic issues and long-term perspectives; maintaining an independent familiarity with the external environment in which the Company operates and especially in the directors particular field of expertise; educational and professional background; personal accomplishment; and geographic, gender, age, and ethnic diversity.

The Board evaluates each individual in the context of the Board as a whole, with the objective of having a group that can best perpetuate the success of the Company's business and represent stakeholders' interests through the exercise of sound judgment, using its diversity of experience.






In determining whether to recommend a Director for re-election, the Committee, also considers the Director's past attendance at meetings, participation in meetings and contributions to the activities of the Board, and the results of the most recent Board self-evaluation.

Board Members are expected to rigorously prepare for, attend and participate in all Board and applicable Committee Meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with the responsibilities of the Company.

SCHEDULE B




BOARD DIVERISTY POLICY

The Company believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives, including to:

-  Drive business results;
-  Make corporate governance more effective;
-  Enhance quality and responsible decision-making capability;
-  Ensure sustainable development;
-  Enhance the reputation of the Company.

The Nomination and Remuneration Committee is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions. The Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation, or any other personal or physical attribute which does not speak to such person's ability to perform as a Board Member

Accordingly, the Committee shall:

-  Assess the appropriate mix of diversity, skills, experience and expertise required on the Board and assess the extent to which the required skills are represented on the Board
-  Make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience and expertise on the Board
-  Periodically review and report to the Board requirements, if any, in relation to diversity on the Board.

The Board shall have an optimum combination of Executive, Non-executive and Independent directors in accordance with requirements of the Companies Act, 2013, Listing Regulations

The effective implementation of this Policy requires that Shareholders are able to judge for themselves whether the Board as constituted is adequately diverse. To this end, The Company shall continue to provide sufficient information to Shareholders about the qualifications and characteristics of each Board Member.

SCHEDULE C
CRITERIA FOR DETERMINING INDEPENDENCE OF DIRECTORS IN CASE OF
APPOINTMENT OF INDEPENDENT DIRECTORS

An Independent Director means a Non- Executive Director other than Nominee Director who satisfies the following criteria:

- 1) In the opinion of the Board, is a person of integrity, expertise and experience
- 2) Who is or was not Promoter or Member of the Promoter Group of the Company, its holding, subsidiary or associate Company
- 3) Who is not related to Promoters or Directors of the Company, its holding, subsidiary or associate Company
- 4) Who does not have any material pecuniary relationship apart from receiving Director's remuneration with the Company, its holding, subsidiary or associate Company during current financial year or during three preceding financial years
- 5) None of whose relatives-
 - i) Is holding any securities /interest in the Company, its holding, subsidiary or associate Company of face value of 50 lakhs or 2% of paid up capital of Company, its holding, subsidiary or associate Company or such higher sum as may be prescribed* during current financial year or during three preceding financial years
 - ii) Is indebted to the Company, its holding, subsidiary or associate Company or their Promoters or Directors in excess of such amount as may be prescribed* during current financial year or during three preceding financial years
 - iii) Has given any guarantee or provided any security for indebtedness of any 3rd person to the Company, its holding, subsidiary or associate Company or their Promoters or Directors for such amount as may be specified* during current financial year or during three preceding financial years
 - iv) Has any pecuniary transaction or relationship with the Company, its holding, subsidiary or associate Company exceeding 2% or more of the gross turnover or total income

*With respect to pecuniary transaction or relationship with the Company, its holding, subsidiary or associate Company or their Promoters or Directors shall not exceed 2% of its Gross turnover or total income or 50 lakh rupees or such higher amount as may be specified, whichever is lower.
- 6) Neither himself nor his relatives
 - i) Holds or has held position of Key Managerial Personnel or is or was employee of the Company, its holding, subsidiary or associate Company in any of the 3 financial years immediately preceding the financial year in which he is proposed to be appointed
 - ii) Is or has been employee, proprietor or partner of: A firm of auditors, company secretaries or cost auditors of the Company, its holding, subsidiary or associate Company in any of 3 financial years immediately preceding the financial year in which he is proposed to be appointed

Is or has been employee, proprietor or partner of: Any legal or consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to 10% or more of the gross turnover of the firm

- iii) Holds together with his relatives 2% or more of total voting power of the Company
 - iv) Is a CEO or Director of any Non -Profit Organization that receives 25% or more of its corpus from the Company, its holding, subsidiary or associate Company, any of its Promoters, Directors or that holds 2% or more of the total voting power of the Company
 - v) Is a material supplier, service provider, customer or lessor or lessee of the Company
- 7) Who is not less than 21 years of age
- 8) Who is not a Non -Independent Director of another Company, on the Board of which any Non – Independent Director of the Company is an Independent Director.