

## **CRITERIA OF MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS**

Non-Executive Directors of the Company play an essential role as a part of the Board. They bring in external and wider perspective to the deliberations and decision-making by the Board. They also help ensuring good Corporate Governance norms.

The responsibilities and obligations imposed on the Non-Executive Directors have increased manifold in the recent years on account of a number of factors, including the growth in the activities of the Company and the rapid evolution arising out of legal and regulatory provisions and requirements. They devote their valuable time in deliberating on the strategic and critical issues in the course of the Board and Committee meetings of the Company and give their valuable advice, suggestion and guidance to the management of the Company from time to time. Levels of remuneration to the Non-Executive Directors are determined such that they attract, retain and motivate director's quality and ability required to run the Company successfully.

The aggregate commission payable to all the Non-Executive Directors will be recommended by the Nomination and Remuneration Committee to the Board based on Company's performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board. The Nomination and Remuneration Committee will recommend to the Board, the quantum of commission for each Director based upon the outcome of the evaluation process.

As per Regulation 46(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 a listed entity shall disseminate following information on the website of the Company:

### **Criteria of making payments to non-executive directors.**

In keeping with the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

#### **➤ SITTING FEE:**

Non-Executive Directors shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by them, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and other applicable law.

#### **➤ REMUNERATION:**

Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its Non-Executive Directors at a specified percentage of net profits of the Company, subject to the prior approval of the shareholders of the Company. Remuneration referred to above, may be paid to Non-Executive Directors as may be decided by the Board of Directors of the Company from time to time, depending on the extra time that may be devoted and contributions made by the Non-Executive Directors to the Company.

Further, the section also states that where the company has either managing director or whole-time director or manager, then a maximum of 1% of its net profits can be paid as remuneration

to its Non-Executive Directors. In case there is no managing director or whole-time director or manager, then a maximum of 3% of net profit can be paid. Thus, the basis of payment to the Non-Executive Directors is the net profit of the Company.

Currently the Company is not paying Commission to its Non-Executive Directors.

➤ **REIMBURSEMENT OF ACTUAL EXPENSES INCURRED:**

Non-Executive Directors may also be paid/reimbursed such sums either as fixed allowance and /or actual as fair compensation for travel, boarding and lodging and incidental and /or actual out of pocket expenses incurred by such member for attending Board/Committee Meetings or for Company's work.

The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of NEDs.

➤ **PAYMENT TO INDEPENDENT DIRECTORS:**

An Independent Director shall not be entitled to any stock option and shall receive sitting fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit related remuneration up to a specified percentage of net profits in such proportion, as may be permissible under the Companies Act, 2013 and any other applicable law at the discretion of the Board.

**DISCLAIMER**

In any circumstances, where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the newly enacted law, rule, regulation or standard will take precedence over this Policy until such time the Policy is changed to conform to the Law, rule, regulation or standard.