

CRITERIA FOR MAKING PAYMENT TO NON-EXECUTIVE DIRECTORS

INTRODUCTION:

SEBI (Listing Obligation & Disclosure Requirement) Regulation 2015 (Listing Regulations) provides that all fees/ compensation, if any paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of the shareholders in the general meeting. Provided that, the requirement of obtaining prior approval of shareholders in the general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Companies Act, 2013.

The Non-Executive Directors bring in a wider perspective on the deliberations and decision-making of the Board which adds value to the Company. They also play a crucial role in the independent functioning of the Board. Pursuant to the provisions of Companies Act, 2013 read with the Listing Regulations, following are the criteria for making payment to Non-Executive Directors of the Company:

(1) Payment to Non Executive-Non Independent Directors:

- **Sitting Fee:** The Non-executive Director(s) shall receive sitting fees for attending meetings of the Board or Committee thereof or any other meeting within the limits prescribed under Companies Act, 2013.
- **Remuneration:** Section 197 of the Companies Act, 2013 allows a company to pay remuneration (excluding sitting fees) to its NEDs either by monthly payment or at a specified percentage of net profits of the Company, or partly by one way and /or partly by other 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.
- **Refund of excess remuneration paid:**

If any such director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, such remuneration shall be refunded to 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.
- **Reimbursement of actual expenses incurred :** NEDs 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 NEDs for attending Board/Committee Meetings.

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



(2) Payment to Non-Executive-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.

The above criteria are subject to review by the Nomination & Remuneration Committee and the Board of Directors of the Company.
