
CRITERIA FOR MAKING PAYMENT TO NON- EXECUTIVE DIRECTORS

Schedule V read with Regulation 46 (2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

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With changes in the corporate governance norms brought by the Companies Act, 2013 as well as Equity Listing Agreement, the role of Non-Executive Directors (NED) and the degree and quality of their engagement with the Board and the Company has undergone significant changes over a period of time. The Company is being hugely benefited from the expertise, advice and inputs provided by the NEDs. 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 NEDs are determined such that they attract, retain and motivate directors of the quality and ability required to run the Company successfully.

As per Regulation 46 (2) (f) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “Listing Regulations”), every Listed entity shall disseminate its criteria of making payments to NEDs in its annual report. Alternatively, this may be put up on the company’s website and reference may be drawn thereto in its annual report.

As per Section 197 of the Companies Act, 2013 and Regulation 17(6)(a) of Listing Regulations, the company shall comply with the following:

- a) The Nomination and Remuneration Committee shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors and shall require approval of board of directors and shareholders
- b) The approval of fees shall also specify the limits for the maximum number of stock options that may be granted to non-executive directors, in any financial year and in aggregate. The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.
- c) Independent directors shall not be entitled to any stock option.

The Company shall also abide by the following:

- **Sitting Fee**

NED’s may receive remuneration by way of sitting fee for attending meetings of the Board of Directors or Committee thereof or any other meeting as required by the Companies Act, 2013, Listing Regulations or other applicable law or for any other purpose whatsoever as may be decided by the Board. Provided that the amount of such fees shall not exceed Rupees One Lakh per meeting of the Board of Directors or Committee;

The requirement of obtaining approval of shareholders in 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 for payment of sitting fees without approval of the Central Government.

The sitting fees paid to Independent director and women director should not be less than the sitting fee payable to other directors.

- **Commission**

Under the Companies Act, 2013, Section 197 allows a company to pay remuneration to its NEDs either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other. The due commissions shall be paid within the limits defined under Section 197 or any regulations as may have been defined under Listing Regulations or any other applicable law in this regard.

The aggregate commission payable to all the NEDs will be recommended by the NRC to the Board based on Company's performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters.

- **Professional Fees**

Under the Companies Act, 2013, Section 197 allows a Company to pay remuneration to its NEDs for services rendered by any such Director if:

- a) The services rendered are of Professional nature;
- b) In the opinion of Nomination and Remuneration Committee, the Director possess the requisite qualification for the practice of the profession.
- c) As per the provision of Section 188 of the Companies Act, 2013, the Audit Committee and the Board of Directors of the Company shall also approve the Professional fees to be paid to Non- Executive Director(s), and with the approval of the Shareholders where ever required.

- **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 member for attending Board/Committee Meetings or for Company's work.

- **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 under Section 197 of the Companies Act, 2013, such remuneration shall be refunded to the Company within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company. Provided, the Company shall not waive the recovery of any sum refundable to it unless approved by the Company by Special Resolution within two years from the date the sum becomes refundable.

Provided that where the company has defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor, the prior approval of the bank or public financial institution concerned or the non-convertible debenture holders or other secured creditor, as the case may be, shall be obtained by the company before obtaining approval of such waiver.

- **Review of the Criteria**

The Criteria shall be reviewed at such intervals, as is deemed necessary by the Nomination and Remuneration Committee and Board of Directors. Consequent upon any changes in regulatory guidelines, such change shall be deemed to be a part of such criteria until the same is reviewed and approved next time.

- **EFFECTIVE DATE**

Provisions of the regulations under this policy shall be applicable to the company from the date when the securities of the company are listed on Stock Exchanges.