

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

### **1. Introduction:**

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) provides that all fees/compensation, if any, paid to non-executive directors (NED), including independent directors, shall be fixed by the Board of Directors and shall require previous approval of the shareholders in general meeting. Provided that, requirement of obtaining prior 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 Companies Act, 2013 (“Act”) for payment of sitting fees without approval of the Central Government. In keeping with the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

### **2. Sitting Fee:**

Non-Executive director(s) may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or any other meeting as required by Act, Equity Listing Agreement or other applicable law or for any other purpose whatsoever as maybe decided by the Board.

### **3. Commission:**

Section 197 of the Act 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. 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 NEDs. 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 NEDs is as per provisions of Act and rules made thereunder and as may be approved by the Board of Directors, subject to shareholders’ approval.

### **4. Professional Fees:**

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

1. The services rendered are of Professional nature;
2. In the opinion of Nomination and Remuneration Committee the Director possesses the requisite qualification for the practice of the profession.

As per the provisions of Section 188 of the Act the Audit Committee and the Board of Directors of the Company shall approve the Professional fees to be paid to Non- Executive Director(s), and with the approval of the Shareholders wherever required.

### **5. Reimbursement of actual expenses incurred:**

NEDs may also be paid/reimbursed such reasonable sums incurred by them for travel, boarding and lodging and incidental and /or actual out of pocket expenses incurred by such director for attending Board/Committee Meetings/general meetings or for Company's work.

**6. Payment to Independent Directors:**

An Independent Director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or Committees thereof and profit related commission up to a certain percentage of net profits in such proportion, as may be permissible under the applicable law and as may be approved by the Board of Directors for payment to NED.

**7. Amendments:**

The Company reserves the right to modify and/or amend this document at any time subject to the applicable provisions the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.