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



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Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred to as "Listing Regulations"), requires every Company to publish its criteria for making payments to Non-Executive Directors in its annual report.

As per Regulation 46 (2) of Listing Regulations, criteria for making payments to Non-Executive Directors is to be hosted on the Company's website and reference to Weblink is to be provided in the annual report.

According to the provisions of the Companies Act, 2013 read with Listing Regulations, the following are the criteria for making payment to Non-Executive Directors of the Company:

### **Sitting Fees:**

The Non-Executive Director(s) will receive Sitting fees for attending meetings of the Board or Committee's thereof within the limits prescribed under the Companies Act, 2013 and according to provisions of regulation 17(6) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015

### **Remuneration:**

Section 197 of the Companies Act, 2013 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 in one way and partly by the other. Section 197 of the Companies Act, 2013 states that if the Company has profits and where the Company has either a 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 as remuneration to its NEDs

If the company desires to pay remuneration to its non-executive directors above the prescribed limits of section 197 of the Companies Act, 2013, then the company is required to obtain prior approval of the shareholders of the Company.

### **Criteria for fees and Remuneration:**

Within the parameters prescribed by the Companies Act 2013, the quantum of sitting fees and remuneration will be recommended by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company. Overall remuneration (sitting fees and remuneration) should be reasonable and commensurate with the responsibilities, and time spent in Board and Committee meetings by the NEDs. 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 other qualitative parameters.

**Professional Fees:**

Section 197 of the Companies Act, 2013 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 possesses the requisite qualification for the practice of the profession.

As per the provisions of Section 188 of the Companies Act, 2013, the Audit Committee and the Board of Directors of the Company shall approve the Professional fees to be paid to Non- Executive Director(s), approval of the Shareholders shall be obtain wherever required.

**Reimbursement of actual expenses incurred:**

The Non-Executive Directors may also be entitled to reimbursement of expenses incurred for attending the Shareholders meetings, Board Meetings and Committee meetings thereof.

**Refund of excess remuneration paid:**

If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the prescribed limit or without approval required under Section 197, he/she shall refund such sums 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. 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.

**Stock Options:**

As per the Regulation 17 of the Listing Regulations, the shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to Non-Executive Directors, if any in financial year and in aggregate.

An Independent Director shall not be entitled to any stock option and will receive Sitting fees and reimbursement of expenses (if any) for participation in meetings of the Board or committees.

**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.