

## **Criteria for making payment to Non- Executive Directors**

Levels of remuneration to Directors are determined such that they attract, motivate and retain Directors of quality and ability to run the company successfully. With changes in the Corporate Governance norms, 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. This is also accentuated by the Companies Act, 2013 and the recent changes to the Listing Agreement. Further, in order to be consistent with globally accepted governance practices, the Company has ushered in flexibility in respect of payment of remuneration to NEDs.

Under the SEBI(Listing Obligations and Disclosure Requirements) Regulation, 2015, Schedule V requires every company to publish 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. Section 197 of the Companies Act, 2013 and Regulation 17(6)(a) require the prior approval of the shareholders of a company for making payment to its NEDs. It has linked the remuneration paid to NEDs to their attendance at the meetings of the Board or Committees thereof pursuant to the provisions of Regulation 17(6)(b) of the SEBI(Listing Obligations and Disclosure Requirements) Regulation, 2015; following are the criteria of making payments to Non-Executive Directors:

### **Sitting Fee:**

Non-Executive Director(s) shall receive remuneration by way of sitting fee for attending meetings of the Board or Committee thereof or any other meeting as required by Companies Act, 2013, Equity Listing Agreement or other applicable law or for any other purpose whatsoever as may be decided by the Board.

### **Remuneration and 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 Company is however not obligated to remunerate its Non- Executive Director(s).

Additional commission, apart from remuneration referred 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 and effort as may be devoted and contribution as may be made by the Non-Executive Directors.

### **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 actuals for travel, incidental and / or actual out of pocket expenses incurred by such Director / Member for attending Board / Committee Meetings.

**Payment to Independent Directors:**

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

**AMENDMENTS:**

The above criteria and policy are subject to review by the Nomination & Remuneration Committee and the Board of Directors of the Company and shall be responsible for the administration, interpretation, application and review of this policy.