
CRITERIA OF MAKING PAYMENT TO NON-EXECUTIVE DIRECTORS

1. Background

With changes in the corporate governance norms brought by the Companies Act, 2013 as well as SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, (SEBI LODR) as amended from time to time, 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. The Nomination and Remuneration Committee and/or Board of Directors shall carry out performance review of each of the NED at least once a year. According to the performance of each NED, the Company shall pay remuneration to NED in such a manner so as to attract and maintain high quality members on Board.

2. Scope

Under the SEBI LODR, Regulation 46 and 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 Act, 2013 and Regulation 17 of SEBI LODR, require the approval of the shareholders of a company for making payment to its NEDs.

3. The criteria for compensating Non-Executive Directors (NEDs)

- **Sitting Fees**

The Non-executive Director(s) shall receive Sitting fees for attending meetings of the Board or Committee there of or any other meeting as required by Companies Act, 2013, SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (Listing Regulations) or other applicable law.

- **Remuneration**

Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its NEDs at a specified percentage of net profits of the Company, 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.

- **Reimbursement of actual expenses incurred**

NEDs may also be paid / reimbursed such sums incurred as actual 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 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 and policy are subject to review by the Nomination & Remuneration Committee and the Board of Directors of the Company from time to time.