CRITERIA FOR MAKING PAYMENT TO NON- EXECUTIVE DIRECTORS

Background

With changes in the Corporate Governance norms, the role and responsibilities of Non-Executive Directors (NED) and the degree and quality of their engagement with the Board has undergone a substantial change over a period of time. The Non- executive Directors bring in a wider perspective in the deliberations and decision making of the Board which adds value to the Company. They also play a crucial role in the Independent functioning of the Board.

Schedule V read with Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred as "Listing Regulations"), requires every Company to publish its criteria of making payments to Non- Executive Directors in its annual report. Alternatively, as per Regulation 46 (2) of Listing Regulations, this may be put up on the Company's website and reference may be drawn thereto in its annual report.

Following are the criteria for making payments to Non –executive Directors of the Company.

Sitting Fee:

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.

Commission:

Commission may be paid within the monetary limit approved by the shareholders subject to the limit not exceeding 1% of the net profits of the Company as per the Applicable Laws. 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.

Minimum remuneration:

if, in any financial year, a company has no profits or its profits are inadequate, the company can pay remuneration to non- executive director, including an independent director by way of remuneration in accordance with the provisions of applicable law including section 197 read with the provisions of Schedule V of the Companies Act, 2013.

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:

 The services rendered are of Professional nature;

 In the opinion of the Nomination and Remuneration Committee, if the company is covered under sub-section (1) of section 178, or the Board of Directors in other cases, the director possesses the requisite qualification for the practice of the profession.

As per the provision 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), 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.

The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of NEDs.

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 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.

Review

This policy will be reviewed and amended by the Board, as and when required.

Amendment

In the event of any conflict between the Act or the SEBI regulations or any other statutory enactments ("**Regulations**") and the provisions of this policy, the Regulations shall prevail over this policy. Any subsequent amendment / modification in the Regulations, in this regard shall automatically apply to this policy.

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