

CRITERIA FOR MAKING PAYMENT TO NON-EXECUTIVE DIRECTORS

INTRODUCTION

SEBI (Listing Obligation Disclosure Requirement) Regulation 2015 provides that all fees/compensation, if any paid to nonexecutive directors, 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 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:

1. 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 Companies Act, 2013, Equity Listing Agreement or other applicable law or for any other purpose whatsoever as may be decided by the Board.

2. 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. 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 Companies Act, 2013 and rules made thereunder and as may be approved by the Board of Directors subject to shareholders approval.

Currently the Company is not paying any Commission to its NEDs and further the company is also not obligated to remunerate its NED's.

3. 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:

- A. The services rendered are of Professional nature.
- B. In the opinion of Nomination and Remuneration Committee the Director possess 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 wherever required.

Currently the Company is not paying any Professional Fees to its NEDs.