

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

[Framed under regulation 8(1) of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018]

The Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 have enhanced the corporate governance norms to be complied by all Companies and dynamic business environment have placed more onerous responsibilities on the NonExecutive Directors (NEDs).

The role of NEDs particularly the Independent Directors and the degree and quality of their engagement with the Board and the Company has undergone significant changes. The responsibilities and obligations imposed on the NEDs have increased manifold in the recent years on account of a number of factors, including the growth in the activities of the Company and the rapid evolution arising out of legal and regulatory provisions and requirements.

Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company, taking into consideration the challenges faced by the Company and its future growth imperative. Keeping in view the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

### **A) Sitting fees**

A NED may receive remuneration by way of sitting fee for attending meetings of the Board and Committee thereof. The Board has the flexibility to enhance the sitting fees within the parameters prescribed by law.

### **B) Commission**

Section 197(6) 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 by one way and partly by the other.

### **C) Reimbursement of actual expenses incurred**

NEDs may also be paid/reimbursed such sums incurred as actuals for travel, incidental and/or actual out of pocket expenses incurred by such Director/Member for attending Board/Committee Meetings.

### **D) 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.

## **E) Remuneration**

Under the Companies Act, 2013, Section 197 allows a Company to pay remuneration (excluding sitting fees) to its NEDs for services rendered by any such Director at a specified percentage of net profits of the Company, subject to the prior approval of the shareholders of the Company.

The above criteria and policy are subject to review by the Nomination & Remuneration Committee and the Board of Directors of the Company.