

Criteria of Making Payments to Non-executive Directors of the Company

Non-executive Directors of the Company are made payments in accordance with the provisions of The Companies Act, 2013 (“Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

Section 197 of the Act - 1) The remuneration payable to Directors who are neither Managing Directors nor Whole-time Directors shall not exceed,-

- (a) one per cent. of the net profits of the company, if there is a managing or whole-time director or manager;
- (b) three per cent. of the net profits in any other case.

The percentages aforesaid shall be exclusive of any fees payable to Directors for professional services.

2) The remuneration payable to the Directors shall be determined, in accordance with and subject to the provisions of section 197 of the act, either by the articles of the company, or by a resolution or, if the articles so require, by a special resolution, passed by the company in general meeting and the remuneration payable to a director determined aforesaid shall be inclusive of the remuneration payable to him for the services rendered by him in any other capacity:

Provided that any remuneration for services rendered by any such director in other capacity shall not be so included if-

- (a) the services rendered are of a professional nature; and
- (b) in the opinion of the nomination and remuneration committee, if the company is covered under section 178(1) of the act, or the Board of Directors in other cases, the director possesses the requisite qualification for the practice of the profession.

3) A director may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board: Provided that the amount of such fees shall not exceed one lakh rupees per meeting of the Board or committee thereof:

Provided that for Independent Directors and Women Directors, the sitting fee shall not be less than the sitting fee payable to other directors.

4) A director or manager may be paid remuneration 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.

Regulation 17(6) of the Listing Regulations

- 1) The board of directors shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors and shall require approval of shareholders in general meeting.
- 2) The requirement of obtaining 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 the Companies Act, 2013 for payment of sitting fees without approval of the Central Government.
- 3) The approval of shareholders mentioned, shall specify the limits for the maximum number of stock options that may be granted to non-executive directors, in any financial year and in aggregate.
- 4) The approval of shareholders by special resolution shall be obtained every financial 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.
- 5) Independent directors shall not be entitled to any stock option.

Regulation 23(2)(e) of the Listing Regulations : Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of Regulation 23(1).