TAiNWALA

CRITERIA FOR MAKING PAYMENT TO NON-EXECUTIVE DIRECTORS

With changes in the Corporate Governance norms brought by the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the role of Non-Executive Directors (NED) and the degree of their engagement with the Board and the Company has undergone significant changes 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.

Pursuant to the provisions of Companies Act, 2013 read with Listing Regulations, following are the criteria for making payment 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 thereof or any other meeting within the limits prescribed under Companies Act, 2013.

- **REMUNERATION:**

  Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its NEDs either by monthly payment or at a specified percentage of net profits of the Company, or partly by one way or partly by other 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 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.

  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 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.