

# **MAHESHWARI LOGISTICS LIMITED**

## **CRITERIA OF MAKING PAYMENT TO NON - EXECUTIVE DIRECTORS (NEDs)**

With changes in the corporate governance norms brought by the Companies Act, 2013 as well as SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 ('Listing Regulation'), the role of Non-Executive Directors (NED) and the degree and quality of their engagement with the Board and the Company has undergone significant changes over a period of time. The Company is being hugely benefited from the expertise, advice and inputs provided by the NEDs. They devote their valuable time in deliberating on the strategic and critical issues in the course of the Board and Committee meetings of the Company and give their valuable advice, suggestion and guidance to the management of the Company from time to time. Levels of remuneration to the NEDs are determined such that they attract, retain and motivate directors of the quality and ability required to run the Company successfully.

Under the Listing Regulation, every Company require to publish its criteria of making payments to NEDs in its annual report. Alternatively, this may be put up on the Company's website and reference may be drawn thereto in its annual report. Section 197 of the Companies Act, 2013 and Regulation 17(6)(a) of Listing Regulation require the prior approval of the shareholders of a company for making payment to its NEDs.

In keeping with the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

### **SITTING FEE:**

The Non-executive Director(s) may receive Sitting fees for attending meetings of the Board or Committee there of or any other meeting as required by Companies Act, 2013, Listing Regulations or other applicable law as may be decided by the board from time to time.

### **REMUNERATION:**

Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its NEDs at a specified percentage of net profits of the Company, 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.

**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 the net profit of the Company.

Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the Nomination and Remuneration Committee NRC and approved by the Board. However, the Company is not obligated to remunerate its NEDs.

**REFUND OF EXCESS REMUNERATION PAID:**

If any such director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

**REIMBURSEMENT OF ACTUAL EXPENSES INCURRED:**

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

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

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