

K I C METALIKS LIMITED

Creteria of Making Payments to Non-Executive Directors

1. BACKGROUND

With changes in the corporate governance norms brought by the Companies Act, 2013 as well as SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, ('SEBI Listing Regulations') as amended from time to time, 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. The Nomination and Remuneration Committee and/or Board of Directors shall carry out performance review of each of the NED atleast once a year. According to the performance of each NED, the Company shall pay remuneration to NED in such a manner so as to attract and maintain high quality members on Board.

Under the SEBI Listing Regulations, Regulation 46 and Schedule V requires every Company 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 Act, 2013 and Regulation 17 of SEBI LODR, require the 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 FEES**

Such 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, SEBI Listing Regulations or other applicable law or for any other purpose whatsoever as may be decided by the Board; within the permissible limits as provided under the applicable law from time to time.

- **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 a 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/s 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

The Company is however 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. The Company shall not waive the recovery of any sum refundable to it.

- **REIMBURSEMENT OF ACTUAL EXPENSES INCURRED**

  NEDs may also be paid/ reimbursed expenses towards travel, boarding and lodging and incidental and/ or actual out of pocket expenses incurred by such NEDs for attending Board/Committee Meetings.

- **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.