



VISHNU PRAKASH R PUNGLIA LIMITED

ENGINEER, CONTRACTOR & DESIGNER

An ISO 9001: 2015 Certified Company

CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

- Non-executive directors (NEDs) are typically individuals who are not involved in the day-to-day operations of the company but provide independent oversight, strategic guidance, and expertise to the board of directors. Payments to non-executive directors are subject to various factors and considerations, often influenced by the company's structure, industry norms, regulations, and corporate governance practices.
- With changes in the corporate governance norms brought by the Companies Act, 2013 as well as the SEBI (Listing Obligation Disclosure Requirement) Regulation 2015, 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 NEDs 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.
- Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") may be paid sitting fees and commission within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required.
- The NED's shall not be eligible for any remuneration/commission, unless specifically approved by the Board of Directors of the Company (hereinafter referred to as "Board", which term shall include Nomination and Remuneration Committee of the Board) on recommendation of the Nomination and Remuneration Committee ("NRC") and by the shareholders.
- The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company's performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
- Board, pursuant to provisions of section 197 (5) of the Companies Act, 2013 read with rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, has accorded their consent to fix the sitting fees payable to the Independent Directors of the Company to Rs 5,000, for every meeting of the Board of Directors and Committee Meetings attended by them, in its meeting held on Tuesday, February 14, 2023.
- 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. The Company is however not obligated to remunerate its NEDs.
- In addition to the sitting fees, the Company may reimburse the Director(s) the actual expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Committee meetings, general meetings etc.

CIN: U45203MH2013PLC243252

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