MANIKARAN POWER LIMITED

CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

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The Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 have enhanced the corporate governance norms to be complied by all Companies and dynamic business environment have placed more onerous responsibilities on the Non-Executive Directors (NED).

With changes in the Corporate Governance norms brought by the Companies Act, 2013 as well as the Listing Regulations, the role of Non - Executive Directors particularly the Independent Directors and the degree and quality of their engagement with the Board and the Company has undergone significant changes. The Company is being hugely benefited from their expertise, advice and inputs. They devote their valuable time in the course of the Board and Committee meetings of the Company and give their valuable advice, suggestions and guidance to the management of the Company from time to time.

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

- **Professional Fees**

  Under the Companies Act, 2013, Section 197 allows a Company to pay remuneration to its NEDs for services rendered by any such Director if:

  a) The services rendered are of Professional nature;

  b) In the opinion of Nomination and Remuneration Committee the Director possess the requisite qualification for the practice of the profession.

  As per the provision of Section 188 of the Companies Act, 2013, the Audit Committee and the Board of Directors of the Company shall approve the Professional fees to be paid to Non-Executive Director(s), and with the approval of the Shareholders where ever required.

- **Sitting Fee:**

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, Equity Listing Agreement or other applicable law or for any other purpose whatsoever as may be decided by the Board;

- **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. Currently the Company is not paying Commission to its NEDs.

- **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.

- **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 or for Company's work. The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of NEDs.