

MAHALAXMI RUBTECH LIMITED
(CIN: L25190GJ1991PLC016327)

CRITERIA FOR MAKING PAYMENT TO NON-EXECUTIVE DIRECTORS

Adopted by Board of Directors: 30th May, 2014



MAHALAXMI RUBTECH LIMITED

(CIN: L25190GJ1991PLC016327)

Criteria of making payments 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, 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 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.

Pursuant to Regulation 46(2)(f) the Listing Regulations, 2015, every listed Company requires to upload criteria of making payments to non-executive directors, if the same has not been disclosed in annual report. Section 197 of the Companies Act, 2013 requires the prior approval of the shareholders of a company for making payment to its NEDs.

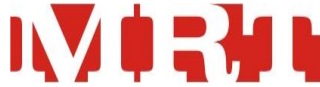
In keeping with the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

➤ **Sitting Fee:**

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, Listing Regulations, 2015, or other applicable law or for any other purpose whatsoever as may be decided by the Board; ***However, Sitting Fees is not being paid to its NEDs.***

➤ **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 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. ***However, Commission is not being paid to its NEDs.***



MAHALAXMI RUBTECH LIMITED

(CIN: L25190GJ1991PLC016327)

➤ **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 approval, where it is required, such remuneration shall be refunded 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 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.

Sitting fee is being paid to the NEDs for attending Board meetings or Committee meetings thereof within the limits prescribed in the Act, 2013.