

SHANTI EDUCATIONAL INITIATIVES LIMITED

283, New Cloth Market, Raipur, Ahmedabad.
Web: www.sei.edu.in, Email: info@seil.edu.in

CRITERIA FOR MAKING PAYMENT TO NON-EXECUTIVE DIRECTORS

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- The definition of Independent Director has now prescribed in the Companies Act, 2013, earlier it was only in Listing Agreement, which signifies the importance of Independent and Non-Executive Directors on the Board of the Company. Similarly the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 also states that Board of the Company shall have optimum composition of Executive and Non-Executive Directors. It ensures that functioning of the Board is being conducted in effective and efficient manner. It's also benefits the Company in two ways (i) Fulfillment of Regulatory Requirement (ii) Devotion of their valuable time and advising the Board on the strategic and critical issues using their expertise and experience enhanced the value of an organization and creates confidence among the investors.
- To continuously take advantage of their experience and expertise it is very much necessary to attract, remunerate and motivate them. Therefore the Nomination and Remuneration Committee of the Board has been entrusted with the said responsibility and has laid down the following :
- The Companies Act, 2013 prescribes the total managerial remuneration payable by a public company to its executive, non-executive and Independent Directors in respect of any financial year shall not exceed eleven percent of the net profits of the company for that financial year computed in the manner prescribed under the act. However the above ceiling may be increased with the previous sanctioned of the Central Government. They may be paid remuneration either by way of a monthly payment or at specified percentage of the net profits of the Company or partly by one way and partly by the other.
- Taking into account the regulatory requirement Independent Directors ("ID") and Non- Independent Non- Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission if any within limits prescribed under the law. The payment of sitting fees and commission will be recommended by the Nomination and Remuneration Committee taking into consideration Company's performance, profits, shareholder value creation and any other significant qualitative parameters, challenges faced by the Company and its future growth imperatives and should be approved by the Board.
- Non-Executive and Independent Directors may also be paid such fair and reasonable expenditure either as fixed allowance and /or actual that may have been incurred while performing his/her role as a Director of the Company. This includes expenses incurred for travel, boarding and lodging and incidental and /or actual out of pocket expenses incurred by such Directors for attending Board/Committee Meetings/General Meetings and in obtaining professional advice in the furtherance of his/her duties as a director.
- 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.