
PROCAL ELECTRONICS INDIA LIMITED

CRITERIA FOR MAKING PAYMENT TO NON- EXECUTIVE DIRECTORS

Levels of remuneration to Directors are determined such that they attract, motivate and retain Directors of quality and ability to run the company successfully. With changes in the Corporate Governance norms, 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. This is also accentuated by the Companies Act, 2013 and the recent changes to the Listing Agreement. Further, in order to be consistent with globally accepted governance practices, the Company has ushered in flexibility in respect of payment of remuneration to NEDs. It has linked the remuneration paid to NEDs to their attendance at the meetings of the Board or Committees thereof, Pursuant to the provisions of Clause 49(IV) (E) (iii) of the Listing Agreement with BSE, following are the criteria of making payments to Non-Executive Directors.

Sitting Fee:

Such Director(s) shall receive remuneration by way of Sitting fee for attending meetings of the Board or Committee thereof or any other meeting as required by Companies Act, 2013, Listing Agreement or other applicable law or for any other purpose whatsoever as may be decided by the Board;

Commission:

Section 197 of the Companies Act, 2013, 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 Additional commission, apart from commission referred to above, may be paid to Non-Executive Directors as may be decided by the Board of Directors of the Company from time to time, depending on the extra time and efforts as may be devoted and contribution as may be made by the Non-Executive Directors.

Reimbursement of actual expenses incurred:

NEDs may also be paid / reimbursed such sums either as fixed allowance and /or actuals for travel, incidental and / or actual out of pocket expenses incurred by such Director / Member 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 Sitting 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 at the discretion of the Board.

The above criteria and policy are subject to review by the Nomination & Remuneration Committee and the Board of Directors of the Company.