



# **UTTAM SUGAR MILLS LIMITED**

## **(Criteria for making payment to Non- Executive Directors)**

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With changes in the corporate governance norms brought by the Companies Act, 2013 as well as Listing Regulations, 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.

As per Regulation 46 (2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the listed entity shall disclose the criteria of making payments to Non-Executive directors on the website of the Company, if the same has not been disclosed in annual report.

### **PAYMENT TO NON EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT DIRECTORS)**

In keeping with the above, any fee/remuneration payable to the Non-Executive Directors (NEDs) including Independent Directors of the Company shall abide by the following:-

**a) Sitting Fee:**

Non Executive Directors may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or any other meeting as required under the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 or other applicable law or for any other purpose whatsoever as may be decided by the Board.

**b) Commission:**

As per the provisions of Section 197 of the Companies Act, 2013, company may pay remuneration to its Non-Executive Directors 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 commission to its Non-Executive Directors. 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.

**c) Professional Fee:**

As per the provisions of Section 197 of the Companies Act, 2013, company may pay remuneration to its Non-Executive Directors for services rendered , 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 Directors, and with the approval of the Shareholders where ever required.

**d) Payment to Non-Executive Directors – By way of Monthly Remuneration :**

Ministry of Corporate Affairs has issued a notification dt. 18.03.2021 which, inter alia, provides for payment of monthly remuneration to Non-Executive Directors (including Independent Directors). Accordingly, now the company can also make payment of monthly remuneration to Non-Executive Directors. Remuneration to NEDs shall be subject to approval of the Nomination Remuneration Committee (NRC), and the Board of Directors of the Company. This payment will also be subject to approval by the Shareholders of the Company in the next Annual General Meeting.

**e) Reimbursement of actual expenses incurred:**

Non-Executive Directors will also be reimbursed actual cost incurred for travel, hotel and other incidental expenses incurred by the directors for participating in the meeting of the Board and Committees thereof.

The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of Non-Executive Directors.

**Remuneration to NEDs shall be paid as approved by the Nomination Remuneration Committee (NRC), and the Board of Directors of the Company. This payment will also be subject to approval by the Shareholders of the Company in the next Annual General Meeting, if required by any Law.**