

**CRITERIA FOR MAKING PAYMENTS TO NON-
EXECUTIVE DIRECTORS
OF
MODERN CONVERTERS LIMITED**

CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

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 benefits 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 they give their valuable advice, suggestions 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. In keeping with the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

Sitting Fee

Subject to the limits prescribed under applicable law (as per the presently applicable provisions, which shall not exceed one lakh rupees per meeting) 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 by Companies Act, 2013, Equity Listing Regulations or other applicable law or for any other purpose, whatsoever as may be decided by the Board;

Provided that for Independent Directors and Women Directors, the sitting fee shall not be less than the sitting fee payable to other Directors.

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. Thus, a company can pay fee/ compensation (excluding sitting fee) and compensation by complying with the provision of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

However, currently the Company is not paying Commission to its NEDs.

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.

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.

However, currently the Company is not paying any such profit related commission.
