

ELCID INVESTMENTS LIMITED

Criteria for making payments to Non-Executive Directors

Introduction:

In reference to the SEBI (Listing Obligation Disclosure Requirement) Regulation 2015 provides that all fees/ compensation, if any paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of the shareholders in general meeting subject to the conditions. The Requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under Companies Act, 2013 for payment of sitting fees without approval of the Central Government. In keeping with the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

Sitting Fee:

Non-Executive director(s) may receive remuneration by way of Sitting fees for attending meetings of the Board/Committees thereof or any other meeting as required by Companies Act, 2013, Equity Listing Agreement or other applicable law or for any other purpose whatsoever as may be decided by the Board.

Remuneration/Commission:

Under the Companies Act, 2013, Section 197 allows a company to pay remuneration to its Non-Executive Director 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 the remuneration payable shall not exceed 1% of its net profits. In case there is no managing director or whole-time director or manager, then the remuneration shall not exceed 3% of the net profit. The mentioned percentage of the remuneration shall be excluding the Sitting fees as paid and approved by the board of directors. Thus, the basis of payment to the NEDs is as per provisions of Companies Act, 2013 and rules made thereunder and as may be approved by the Board of Directors subject to shareholders approval. Currently the Company is not paying any Commission to its NEDs.

The Board of Directors shall recommend all fees or compensation, if any, paid to non-executive directors including the independent directors and shall require approval of shareholders in general meeting. The Maximum number of Stock options that may be granted to non-executive directors shall be approved by the shareholders, in any financial year and in aggregate.

The Approval of shareholders by special resolution shall be obtained every financial year in which the annual remuneration payable to a single non-executive director exceeds fifty

per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

Reimbursement of actual expenses incurred:

Non-Executive Directors may also be paid/reimbursed such reasonable sums incurred by them for travel, boarding and lodging and incidental and /or actual out of pocket expenses incurred by such member for attending Board/Committee Meetings/general meetings or for Company's work.

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 and as may be approved by the Board of Directors for payment to Non-Executive Directors.

Amendment:

Any or all provisions would be subject to revision / amendment by the Board of Directors of the Company based on the guidelines on the subject as may be issued, from time to time.