



METAL COATINGS (INDIA) LIMITED

CRITERIA OF MAKING PAYMENT TO NON-EXECUTIVE DIRECTORS

[In terms of Regulation 46(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

With changes in the Corporate Governance norms, the role and responsibilities of Non-Executive Directors (NED) and the degree and quality of their engagement with the Board has undergone a substantial change over a period of time. The Non-Executive Directors bring in a wider perspective in the deliberations and decision-making of the Board which adds value to the Company. They also play a crucial role in the Independent functioning of the Board.

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, suggestions and guidance to the management of the Company from time to time.

Contribution of the NEDs in Board and Committee Meetings, time devoted by them, participation in strategic decision making, timely guidance to the Board on important policy matters of the Company, performance of the Company and industry practices and benchmarks forms the main criteria for determining payments to Non-Executive Directors.

Under Part A of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") every listed company is required to publish its criteria of making payments to NEDs in its annual report. Alternatively, this may be put up on the Company's website as per regulation 46(2)(f) and reference may be drawn thereto in its annual report.

Following is the criteria for making payments to Non-Executive Directors of the Company:

- **Sitting Fee:** NEDs shall receive Sitting fees for attending meetings of the Board or Committees thereof or any other meeting as required by Companies Act, 2013, Listing Regulation or other applicable laws. The Board has the flexibility to enhance the sitting fees within the parameters prescribed by law.
- **Commission:** Section 197(6) 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.
- **Refund of excess remuneration paid:** 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, such director shall hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it unless permitted by the Central Government.
- **Reimbursement of actual expenses incurred:** NEDs may also be paid / reimbursed such sums incurred as actuals for travel, incidental and / or actual out of pocket expenses incurred by such Director / Member for attending Board / Committee Meetings and training (organised by the company for Directors)

- **Stock Options:** As per the Regulation 17 of the Listing Regulations, the shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to non-executive directors, in any in financial year and in aggregate.

Provided that an independent director shall not be entitled to any stock option and may receive remuneration by way of fees and reimbursement of expenses for participation in meetings of the Board and other meetings and profit related commission as may be approved by the members.

AMENDMENTS

The Company reserves the right to modify and/or amend this document at any time subject to the applicable provisions the Companies Act, 2013 and Listing Obligations.