

SANTOSH FINE-FAB LIMITED

CRITERIA OF MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

Preface

With changes in the corporate governance norms brought by the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 the role of Non-Executive Directors 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 Non-Executive Directors. 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 Non-Executive Directors 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 Non-Executive Directors of the Company shall abide by the following.

Sitting fees

Independent Directors ("IDs") and Non-Independent Non- Executive Directors ("NEDs") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required.

Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.

The NRC will recommend to the Board, the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by Directors other than in meetings.

Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).

Overall remuneration practices should be consistent with recognized best practices.

Reimbursement of actual expenses incurred

On providing the requisite documentary evidence, the Non - executive Directors would be provided with all reimbursement with respect to participating and travel expenses for attending such board meetings, Committee Meetings and General Meetings as defined under companies Act and SEBI LODR. All such reimbursement subject to deduction of taxes.

Refund of excess remuneration paid

If any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the prescribed limit or without the prior sanction of the Central Government, where it is required, he shall refund such sums to the Company and until such sum is refunded, 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.

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any such amendments shall be updated on the website of the Company on a timely basis.
