

EIMCO ELECON

Remuneration to Non-Executive Directors Criteria for making payment to Non-Executive Directors

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

Under the Equity Listing Agreement, Clause 49(VIII)(C)(3) requires every company to publish its criteria of making payments to NEDs in its annual report. Alternatively, this may be put up on the company's website and reference may be drawn thereto in its annual report. Section 197 of the Companies Act, 2013 and Clause 49(II)(C) require the prior approval of the shareholders of a company for making payment to its NEDs.

In keeping with the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

Sitting Fee:

Such director(s) 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 Agreement or other applicable law or for any other purpose whatsoever as may be decided by the Board.

Commission:

The shareholders of the Company at their meeting held on 5th August, 2014 had approved the payment of commission each NED subject that the total commission to all the Non-executive Directors along with the applicable service tax thereon, if any, shall not exceed 1(one) per cent of the net profit of the Company in any financial year, as may be permissible under the Companies Act, 2013 and any other applicable law at the discretion of the Board.

□ **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.

The above criteria and policy are subject to review by the Nomination & Remuneration Committee and the Board of Directors of the Company.

By order of the Board

For EIMCO ELECON (INDIA) LTD.,

Sd/-

Nilesh D. Shelat

Company Secretary