

Criteria for making payment to Non- Executive Directors

With the changes in the corporate governance norms brought by the Companies Act, 2013 (Act) as well as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing regulations), the role of Non-Executive Directors including Independent 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.

Regulation 46(2)(f) of the Listing Regulations [Clause 49(VIII)(C)(3) of the erstwhile Equity Listing Agreement (LA)], 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 Regulation 17(6) of the Listing Regulations [Clause 49(II)(C) of LA] require approval of the shareholders of a company for making payment to its NEDs. Further, as per Regulation 17(6)(ca) of the Listing Regulations, approval of the shareholders by way of a special resolution shall be required if the payment of remuneration to single NED exceeds 50% of the total remuneration paid to all 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 in terms of the provisions of the Act, Listing Regulations or other applicable law or for any other purpose whatsoever as may be decided by the Board;

➤ **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. Further, the section also states that where the company has either managing director or whole-time director or manager, then a maximum of 1% of its net profits can be paid as remuneration to its NEDs. In case there is no managing director or whole-time director or manager, then a maximum of 3% of net profit can be paid. Thus, the basis of payment to the NEDs is the net profit of the Company.

The Company is however not obligated to remunerate its NEDs.

Remuneration Criteria for Non- Executive Directors

Greenply Industries Limited

➤ **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, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it.

➤ **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 Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of NEDs.

➤ **No stock option 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.

The shareholders of the Company at their meeting held on 25th August, 2015 had approved the payment of commission of Rs.10,00,000/- (exclusive of applicable taxes) to each NED (excluding Nominee Director) w.e.f. FY 2014-2015 subject that the total commission to all the Non-executive Directors along with the applicable tax thereon, if any, shall not exceed 1(one) per cent of the net profit of the Company in any financial year. Further, sitting fee is also paid to the NEDs for attending Board meetings or Committee meetings thereof within the limits prescribed in the Act, 2013.

By order of the Board
For Greenply Industries Limited

Sd/-
Rajesh Mittal
Managing Director
DIN: 00240900

Date: 08.02.2019
Place: Kolkata