

**Shree Ajit Pulp and Paper Limited**  
**Policy for Payment to Non-Executive Directors**

**COMPANY POLICY:**

At Shree Ajit Pulp and Paper Limited ("the Company"), Board of Directors and Management ("the Board") lays great emphasis on adding and practicing good Corporate Governance practices with a view to achieve transparency in its operation so as to boost stakeholders' confidence. The objective of this Policy is to ensure that the Non-executive Directors' are governed by comprehensive compensation criteria, that is based on their merits and valuable contributions made by them towards the success of the Company. Remuneration packages are designed to attract and retain high caliber management people as required to run the Company successfully.

**CRITERIA:**

Criteria of making payments to Non-Executive Directors will be decided by the Board it can be on the basis of:

- Contribution during the Meeting.
- Active Participation in strategic decision making.

**HEADS UNDER WHICH PAYMENTS CAN BE MADE:**

Any fee/remuneration payable to the Non-Executive Directors of the Company shall be in following manner.

**Sitting Fee:**

Non-Executive 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, Listing Regulations or other applicable law or for any other purpose whatsoever as may be decided by the Board. Non-Executive Directors' shall be paid a sitting fee for every meeting of the Board or Committee attended by them as member as decided by the Board time to time.

**Remuneration and Commission:**

Under the Companies Act, 2013, Section 197 allows a company to pay remuneration to its Non-Executive Director(s) either by way of a monthly payment or at a specified percentage of the net profits of the company.

The Company is however not obligated to remunerate its Non-Executive Director(s). Further, the section 197 of the Act provides that the remuneration payable to directors who are neither managing directors nor whole time directors, shall not exceed-

- (i) one percent of the net profits of the Company, if there is a managing or whole time director or manager,
- (ii) three percent of the net profits in any other case. Additional commission, apart from remuneration referred above, may be paid to Non-Executive Directors as may be decided by the Board of Directors of the Company from time to time, depending on the extra time and effort as may be devoted and contribution as may be made by the Non-Executive Directors.

**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 of the Central Government, where it is required, he/she shall refund such sum 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.

**Reimbursement of actual expenses incurred:**

Non-Executive Director(s) may also be paid/reimbursed such sums either has 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 Directors for attending Board/Committee Meetings.

The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of Non-Executive Director(s).

**Payment to Non-Executive Directors and Independent Directors:**

The Company has no stock options plans and no payment by way of bonus, pension and incentives etc. to its Non-Executives Directors.

The 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.

**AMENDMENTS:**

The Board shall be authorised for the administration, interpretation, application and review of this policy. The Board shall have power to bring about necessary changes to this policy, if required at any stage in compliance with the prevailing laws.