

DIANA TEA COMPANY LIMITED

Criteria of making payment to Non- Executive Directors

With changes in the corporate governance norms brought by the Companies Act, 2013 as well as Listing Regulation, 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 Regulation 34 (Schedule V) of the Listing Regulation 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. As per Section 197 of the Companies Act, 2013 and Regulation 17(6)(b) of Listing Regulation, no approval of shareholders in general meeting is required for making payments to non-executive director if the payment is made within the limits prescribed under the Companies Act,2013 for payment of sitting fees without approval of the Central Government.

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:

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.



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.



Payment 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.

➤ **Amendments:**

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