



## **J. J. AUTOMOTIVE LIMITED**

### **CRITERIA FOR MAKING PAYMENT TO NON-EXECUTIVE DIRECTORS**

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The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board/Committee meetings and commission as detailed hereunder:

#### **Sitting Fee:**

Such director(s) may receive remuneration by way of fee for attending meetings of the Board of Committee thereof or any other meeting as required by the Companies Act, 2013 and SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 or other applicable law or for any other purpose whatsoever as may be decided by the Board;

#### **Reimbursement of actual expenses incurred:**

NEDs may also be paid /reimbursed such sums either as fixed allowance and /or actual for travel, incidental and /or actual out of pocket expenses incurred by such Director /Member for attending Board /Committee Meetings.

#### **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 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.

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