



GUJARAT POLY ELECTRONICS LIMITED

Criteria of making payments to Non-Executive Directors:

With changes in the corporate governance norms, 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 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 to actively participate for company's success.

SEBI (Listing Obligation Disclosure Requirement) Regulation 2015 requires every company to publish its criteria of making payments to NEDs in its annual report. Alternatively, as per Regulation 46 (2) of Listing Regulations, this may be put up on the company's website and reference may be drawn thereto in its annual report.

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

Sitting Fee:

The NEDs (which expression includes Independent Directors) may receive remuneration by way of sitting fee for attending meetings of the Board or Committee thereof or any other meeting as required under The Companies Act, 2013, SEBI (Listing Obligation Disclosure Requirement) Regulation 2015 or other applicable law. The quantum of sitting fees will be recommended by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company which should be reasonable and commensurate with the responsibilities, time spent in Board and Committee meetings by the NEDs.

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 aggregate commission payable to all the NEDs will be recommended by the NRC to the Board based on Company's performance, profits, etc.

Reimbursement of actual expenses incurred:

The NEDs may also be paid/reimbursed such sums either as fixed allowance and /or actual as fair



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compensation for travel, boarding and lodging and incidental and /or actual out of pocket expenses incurred by such member for attending Board Meetings or for Company's work.

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 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 Company reserves the right to modify and/or amend this document at any time subject to the applicable provisions the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
