

LOTUS CHOCOLATE COMPANY LIMITED

Criteria for making payment to non-executive directors

The change in corporate governance norms brought by companies Act 2013 in line with equity listing agreement, the role of Non-executive Directors (NED) and the degree and quality of their engagement with the Board and the company has gone enormous change over the period of time. They devote their valuable time in deliberating on strategic and critical issues in Board and committee meetings and giving their valuable advice, suggestion and guidance to the management of the company from time to time.

Criteria for making payment to Non-executive Directors:

Pursuant to section 197, 198 and all other applicable sections of Companies Act 2013. And companies (appointment of Managerial personnel) rules and including any statutory modifications or re-enactment thereof the, the non executive directors of the company be paid remuneration, in addition to the sitting fees for attending the meetings of the Board of Directors or committees thereof, as the Board of directors may from time to time determine not exceeding the limits as specified under section 198 of the companies Act 2013.

Sitting Fees:

Such director may receive remuneration by way of fee for attending meeting of Board of Committee thereof or any other meeting as may be required by the Companies Act 2013.

Commission:

Under Companies Act 2013, section 197 allows a company to pay remuneration to NED's either by way of Monthly payment or at a specified Percentage of the net profits of the company or partly by one way and partly by 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 NED's. In case there is no Managing Director or whole time Director then 3% of the net profit can be paid.

Professional Fees:

Under Companies Act 2013, Section 197 of the company allows a company to pay remuneration to its Non-Executive Directors the services rendered by any such director if

- If the services rendered are professional in nature
- In the Opinion of Nomination and Remuneration Committee the Director possess the qualification for the practice of profession.

Over all Remuneration to non –executive directors, sitting fees and other remuneration payable should be reasonable , sufficient to attract, retain and Motivate Directors aligned to company requirements by taking into consideration the challenges faced by the company and its future growth prospects.