

REI AGRO LIMITED

CRITERIA FOR MAKING PAYMENT TO NON- EXECUTIVE DIRECTORS

With changes in the corporate governance norms brought by the Companies Act, 2013 as well as the Listing Agreement, 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 the Listing Agreement, Clause 49 (VIII)(C)(3) 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.

Clause 49 of the Listing Agreement provides that all fees/ compensation, if any paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of the shareholders in general meeting. Provided that, requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under 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, Listing Agreement or other applicable law or for any other purpose whatsoever as may be decided by the Board;

REMUNERATION

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. Further, net profit for this purpose shall be computed in the manner referred to in section 198 of the Companies Act, 2013.

Further, the percentage aforesaid shall be exclusive of any sitting fees payable to directors for attending meeting of the Board and various Committees and if, in any financial year, a company has

no profits or its profits are inadequate, the company shall not pay to its directors, by way of remuneration any sum exclusive of any sitting fees payable to directors for attending meeting of the Board and various Committees except in accordance with the provisions of Schedule V and if it is not able to comply with such provisions, with the previous approval of the Central Government.

The Company is however not obligated to remunerate its NEDs.

REFUND OF EXCESS REMUNERATION PAID

According to Section 197 of the Companies Act, 2013, If any such director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed by this section or without the prior sanction of the Central Government, where it is required, then such sum 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 such sum refundable to it unless permitted by the Central Government.

REIMBURSEMENT OF ACTUAL EXPENSES INCURRED

NEDs may also be paid/reimbursed such sums either as 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 member for attending Board/Committee Meetings. The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of NEDs.

STOCK OPTIONS

As per the Clause 49 of the Listing Agreement, the shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to non-executive directors, in any financial year and in aggregate.

Provided that an independent director shall not be entitled to any stock option and may receive remuneration by way of fees and reimbursement of expenses for participation in meetings of the Board and other meetings and profit related commission as may be approved by the members.

AMENDMENT TO LAW

Any subsequent amendment / modification in the Listing Agreement, Act and all other applicable laws in this regard shall automatically apply to this Policy.

REI Agro Limited ("The Company") has a policy to pay sitting fees to its Non-Executive Directors for attending meeting of the Board of Directors and the Audit Committee only. Further, the sitting fees pay by the Company is within the limits prescribed under the Companies Act, 2013.

The Company has also a policy to pay or reimburse to its Non-executive Directors such expenditure, as may have been incurred by them while performing their role in the Company which includes participation in the meetings of the Board of Directors and all other Committees of the Company.