

# **CUBICAL FINANCIAL SERVICES** **LIMITED**

## **CRITERIA OF MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS**

### **INTRODUCTION**

With changes in the corporate governance norms brought by the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 the role of Non-Executive Directors 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 Non-Executive Directors. 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 Non-Executive Directors are determined such that they attract, retain and motivate Directors of the quality and ability required to run the Company successfully. In keeping with the above, any fee/remuneration payable to the Non-Executive Directors of the Company shall abide by the following:

### **COMPONENTS OF REMUNERATION**

The remuneration of Non-Executive Directors may consist of the following components:

#### **Sitting Fees**

NEDs may receive remuneration by way of sitting fee for attending meetings of Board and Committees, as approved by the Board of Directors, within the permissible limits as provided under the applicable laws from time to time.

#### **Commission**

Under the Act, 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 a managing director or whole-time Director or Manager, then maximum of 1% of its net profits can be paid as remuneration to its NEDs. In case there is no Managing Director/s 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.

### **Reimbursement of Expenses**

Reasonable expenses incurred by NEDs for attending Board meetings, Committee meetings, and other official engagements on behalf of the company shall be reimbursed to them.

### **Payment to the Independent Directors**

An Independent Director (“Independent Director” as per sub-section (6) of Section 149 of the Companies Act, 2013) 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 Committees.