



CIN L27320UP1985PLC007582

RAKAN STEELS LIMITED

Regd Office : Rakan I.T.I., NH-2, 1 Km Before Bara Tall Plaza,
Umran, Rania, Kanpur Dehat - 209311
Website : www.rakansteels.co.in

Criteria for making payments to Non-Executive Directors

Schedule V read with Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred as "Listing Regulations"), Section 197 of the Companies Act, 2013 and Regulation 17(6) (a) of Listing Regulations require the prior approval of the shareholders of a Company for making payment to its Non-Executive Directors (hereinafter referred as "NEDs").

However, the 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.

Accordingly, the following criteria is laid down for **Rakan Steels Limited** (hereinafter referred as "the Company").

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

Remuneration to Non- Executive / Independent Director:

1. Sitting Fees:

The NEDs (which expression includes Independent Directors) may receive remuneration by way of fees for attending meetings of Board or Committee thereof in accordance with the criteria specified by the Board.

2. Commission:

Section 197 of the Companies Act, 2013 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



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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.

3. Criteria for fee and commission:

Within the parameters prescribed by the Companies Act, the quantum of sitting fees and commission will be recommended by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company. Overall remuneration (sitting fees and commission) should be reasonable and commensurate with the responsibilities, time spent in Board and Committee meetings by the NEDs. The aggregate commission payable to all the NEDs will be recommended by the NRC to the Board based on Company's performance, profits, return to investors, shareholder value creation and such other qualitative parameters.

4. Professional Fees:

Under the Companies Act, 2013, Section 197 allows a Company to pay remuneration to its NEDs for services rendered by any such Director if:

- a. The services rendered are of Professional nature;
- b. In the opinion of Nomination and Remuneration Committee the Director possess the requisite qualification for the practice of the profession.

As per the provisions of Section 188 of the Companies Act, 2013, the Audit Committee and the Board of Directors of the Company shall approve the Professional fees to be paid to Non- Executive Director(s), and with the approval of the Shareholders wherever required.



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5. Reimbursement of actual expenses incurred:

The Non-Executive Directors are also entitled for reimbursement of expenses incurred for attending the Shareholders meetings, Board Meetings and Committee meetings thereof, induction and training (organised by the Company for Directors).

6. Refund of excess remuneration paid:

If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the prescribed limit or without approval required under Section 197, he shall refund such sums to the Company, within two years or such lesser period as may be allowed by 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 unless approved by the Company by Special Resolution within two years from the date the sum becomes refundable.

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.