CRITERIA OF MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

BACKGROUND

With changes in the corporate governance norms brought by the Companies Act, 2013 ("the Act") as well as Equity Listing Agreement, the role of Non-Executive Directors ("NED") and the degree and quality of their engagement with the Board of Directors ("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.

As per Regulation 46(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulation") listed entity shall disseminate following information on the website of the Company.

CRITERIA OF MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

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, Equity Listing Agreement or other applicable law or for any other purpose whatsoever as may be decided by the Board of Directors.

- **Remuneration:**
  Section 197 of the Act allows a Company to pay remuneration (excluding sitting fees) to its NEDs either by monthly payment or at a specified percentage of net profits of the Company, or partly by one way or partly by other subject to the prior approval of the shareholders of the Company.

  Remuneration referred to above, may be paid to NEDs as may be decided by the Board of the Company from time to time, depending on the extra time that may be devoted, and contributions made by the NEDs to the Company.

- **Professional Fees:**
  Section 197 of the Act 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 provision of Section 188 of the Act, the Audit Committee and the Board of the Company shall approve the Professional fees to be paid to NEDs, and with the approval of the members of the company wherever required.

- **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 or for Company's work.

  The Nomination and Remuneration Committee (NRC) is entrusted with the role of reviewing the compensation of NEDs.

- **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 the prior sanction of the Central Government, where it is required, such person shall refund such sums 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 sum refundable to it unless permitted by the Central Government.

- **Stock Options:**
  As per the Regulation 17 of the Listing Regulations, the member's resolution shall specify the limits for the maximum number of stock options that can be granted to NEDs, 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

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/ or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

In case any provisions of the Policy are contrary to or inconsistent with the provisions of the Companies Act, 2013, rules framed thereunder and Listing Regulations ("Statutory Provisions"), the provisions of Statutory Provisions shall prevail.

DISSEMINATION

The policy shall be hosted on the website of the Company
i.e. https://www.advancetechforge.com/

****

Effective Date: November 11, 2024
Date of Approval by Board of Directors: November 11, 2024