

# **ROSMERTA DIGITAL SERVICES LIMITED**

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## **CRITERIA FOR MAKING PAYMENT TO NON- EXECUTIVE DIRECTORS**

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Schedule V read with Regulation 46 (2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

## **CRITERIA FOR MAKING PAYMENT TO NON- EXECUTIVE DIRECTORS**

With changes in the corporate governance norms brought by the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 as well as 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 undergone significant changes over a period of time. The **Company** has 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.

### **Interpretation:**

In the Code, unless the context otherwise requires:

- (i) headings and underlining are for convenience only and shall not affect the interpretation or construction of this code or any provisions contained herein.
- (ii) words importing the singular shall include the plural and vice versa; and words importing either gender shall include the other.
- (iii) the words and expressions not defined herein in this code but defined in any other legislation shall have the meanings assigned to them under the respective legislations.

### **Policy:**

As per Regulation 46 (2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**Listing Regulations**”) every listed entity shall disseminate 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 up thereto in its annual report. 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 NEDs.

In keeping with the above, any fee / remuneration payable to the NEDs shall be subject to the relevant provisions contained in the Article of Association. In addition to the provisions under the Articles of Association of the Company, the Company shall also abide by the following:

- **Sitting Fee**

NEDs (which expression shall include Independent Directors) 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. Provided that the amount of such fees shall not exceed Rupees 1,00,000/- (Rupees One Lakh only) per meeting of the Board or Committee.

- **Commission**

Under the Companies Act, 2013, Section 197 allows a company to pay commission 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. The due commission shall be paid within the limits defined under section 197 or any regulations as may have been defined under Listing Regulations or any other applicable law in this regard. Thus, the basis of payment to the NEDs shall be the net profit of the Company.

- **Professional Fees**

Under the Companies Act, 2013, Section 197 allows a Company to pay professional fees 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 NED possess the requisite qualification for the practice of the profession.

As per the provision 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 NEDs with the approval of the Shareholders 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 is entrusted with the role of reviewing the reimbursements of NEDs.

- **Payment to Independent Directors**

An independent director 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 committee thereof and profit related commission up to a certain percentage of net profits in such proportions, as may be permissible under the applicable law.

- **Refund of excess remuneration paid:**

If any NED draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required under Section 197 of the Companies Act, 2013, such remuneration shall be refunded by the said NED to the Company within 2 (two) years or such lesser period as may be allowed by the Company, and until such sum is refunded, the NED shall hold such amounts 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 2 (two) years from the date the sum becomes refundable.

- **Amendment:**

The Company reserves its right to amend or modify this Policy in whole or in part, at any time subject to the applicable provisions the Companies Act, 2013 and the Listing Regulations.

- **Effective date:**

This Policy shall come into effect on [09-Jul-2024]