

MILKFOOD LIMITED

CRITERIA OF MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

With changes in the Corporate Governance norms, the role and responsibilities of Non-Executive Directors (“NEDs”) and the degree and quality of their engagement with the Board has undergone a substantial change over a period of time. The Non-executive Directors bring in a wider perspective in the deliberations and decision making of the Board which adds value to the Company. They also play a crucial role in the Independent functioning of the Board.

Overall remuneration should be reflective of the size of the Company, complexity of the sector/industry/company's operations and the company's capacity to pay the remuneration.

Overall remuneration practices should be consistent with recognised best practices. Following are the criteria for making payments to Non-Executive Directors of the Company:

1. Sitting Fee

The NEDs shall receive Sitting fees for attending meetings of the Board including Committee thereof (of which they may be members) and commission within regulatory limits as required by Companies Act, 2013, SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (“Listing Regulations”) or other applicable law.

Quantum of sitting fees may be subject to review on a periodic basis, as required.

Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the Nomination, Remuneration and Compensation Committee (NRCC) and approved by the Board.

Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).

2. Remuneration

Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its NEDs at a specified percentage of net profits of the Company, subject to the prior approval of the shareholders of the Company. Remuneration referred to above, may be paid to Non-Executive Directors as may be decided by the Board of Directors of the Company with the prior approval/recommendations of Nomination, Remuneration and Compensation Committee from time to time, depending on the extra time that may be devoted and contributions made by the Non-Executive Directors to the Company.

3. Reimbursement of expenses incurred

NEDs may also be paid/reimbursed such sums incurred for travel, incidental and/or out of pocket expenses incurred by such Director/Member for attending Board/Committee Meetings.

4. Payment to Independent Directors

An Independent Director shall not be entitled to any stock option and shall receive Sitting fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit related remuneration up to a specified/approved percentage of net profits in such proportion, as may be permissible under the Companies Act, 2013 and any other applicable law at the discretion of the Board.

The above criteria and policy are subject to review by the NRCC and the Board of Directors of the Company from time to time.
