

## Criteria for payment of remuneration to Non-executive Directors (NEDs) of Alkem Laboratories Limited ('the Company')

The NEDs play a crucial role to the independent functioning of the Board. NEDs bring in external and wider perspective to the decision-making by the Board. They provide leadership and strategic guidance, while maintaining objective judgment. The NEDs also help the Company in ensuring that all legal requirements and corporate governance are complied with and well taken care of.

The responsibilities and obligations imposed on the NEDs have increased manifold in the recent years on account of a number of factors, including the growth in the activities of the Company and the rapid evolution arising out of legal and regulatory provisions and requirements.

### **Remuneration to the NEDs:**

#### **Sitting fees**

Non-executive directors are paid a sitting fee of Rs. 20,000/- for every meeting of the Board and/or committee thereof attended by them.

#### **Commission**

Pursuant to the resolution passed by the shareholders of the Company on 16<sup>th</sup> March, 2015, the Board of Directors is authorised to pay commission to the NEDs and Independent Directors subject to a maximum limit of 2% of the net profits of the Company for each financial year.

Apart from sitting fees and commission referred to above and reimbursement of travelling and stay expenses for their attending the Board and committee meetings, no payment by way of bonus, pension, incentives etc. is made to any of the NEDs.