

The Patna Electric Supply Co. Ltd

33A, Jawaharlal Nehru Road, Chatterjee International, Unit A-9, 8th Floor Russel Street, Kolkata-700071

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Website: www.patnaelectricssupplycompany.com

CODE ON REMUNERATION AND COMPENSATION POLICY FOR NON-EXECUTIVE DIRECTORS (NEDS)

1. PREAMBLE

This Code provides a framework for determining the **remuneration structure of Non-Executive Directors (NEDs), including Independent Directors, of The Patna Electric Supply Co. Ltd.** (“the Company”). The policy aims to ensure that the remuneration paid is in line with regulatory requirements, promotes accountability, reflects the contribution of directors, and supports the long-term interests of the Company and its shareholders.

This Code is framed pursuant to:

- **Regulation 46(2)(f)** of SEBI (LODR) Regulations, 2015;
- **Section 197 and 198** of the Companies Act, 2013;
- **Part C of Schedule V** to SEBI (LODR) Regulations, 2015;
- Good governance practices.

2. OBJECTIVE

- To define the compensation structure and types of payment to Non-Executive Directors.
- To establish a transparent process for approving their remuneration.
- To align director compensation with their responsibilities, time commitment, and contribution.
- To ensure the remuneration structure is fair, ethical, and in the interest of all stakeholders.

3. APPLICABILITY

This Code shall apply to all Non-Executive Directors (including Independent Directors) of the Company, whether serving on the Board or any of its Committees.

4. COMPONENTS OF REMUNERATION TO NON-EXECUTIVE DIRECTORS

Non-Executive Directors may be paid the following types of remuneration:

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A. Sitting Fees

- Paid for attending meetings of the Board and/or its Committees.
- The amount shall be decided by the Board within the limits prescribed under **Section 197(5)** of the Companies Act, 2013.
- The Company may vary the sitting fee based on committee type, seniority, and time involvement.
- As per good practice, different fee structures for **Audit Committee, Nomination & Remuneration Committee**, and **CSR Committee** may be considered based on complexity.

B. Commission

- May be paid on a **profit-sharing basis**, subject to shareholders' approval under Section 197(1) of the Companies Act, 2013.
- The commission shall be paid **equitably** among eligible Non-Executive Directors, based on:
 - Board/Committee attendance
 - Contribution to policy-making and strategic guidance
 - Chairmanships and responsibilities
- The total commission paid shall not exceed **1% of net profits**, computed as per Section 198 of the Companies Act.

C. Reimbursement of Expenses

- Non-Executive Directors can be paid reimbursement of:
 - Travel, boarding and lodging
 - Expenses incurred for participation in Board/Committee meetings or any official work of the Company.

D. Professional Fees

- Subject to compliance with **Section 188** of the Companies Act, 2013 and SEBI (LODR), professional fees may be paid for services of a professional nature rendered by any NED, if such services do not involve conflict of interest and are approved by the Board/Audit Committee.

E. Other Benefits (if any)

- The Company does **not currently provide stock options** or performance-linked incentives to Non-Executive Directors.
- Any proposal for additional benefits (like club memberships, insurance, etc.) shall be evaluated and approved by the Board on a case-to-case basis, within applicable laws.

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5. LIMITS AND COMPLIANCE

- The total remuneration (sitting fees) payable to all Non-Executive Directors in a financial year shall be with approval of shareholders.
- Independent Directors shall **not be entitled to stock options**, as per Regulation 17(6) of SEBI (LODR) and Section 149(9) of the Companies Act.
- All payments shall be duly disclosed in the **Annual Report, Board's Report, and Corporate Governance Report** as required by SEBI (LODR).

6. EVALUATION AND REVIEW

- The performance of Non-Executive Directors shall be evaluated annually by the **Nomination and Remuneration Committee (NRC)** and/or Board.
- Their remuneration shall be reviewed based on:
 - Attendance and participation
 - Contributions to discussions and strategic direction
 - Governance and compliance oversight
 - Feedback from peers and the Chairperson

7. DISCLOSURE REQUIREMENTS

- This Code shall be disclosed on the **website** of the Company and a web link shall be provided in the **Annual Report** as per Regulation 46(2)(f) of SEBI (LODR).
- Remuneration paid can be disclosed in:
 - Annual Financial Statements
 - Board's Report under Section 134
 - Corporate Governance Report under Schedule V

8. AMENDMENT AND REVIEW

- This Code may be reviewed **annually** or as may be required under regulatory updates.
- Any modifications shall be approved by the **Board of Directors**.

9. EFFECTIVE DATE

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This Code shall be effective from the date of approval by the Board of Directors and shall remain in force until amended or rescinded.
