



CRITERIA OF MAKING PAYMENTS TO NON -EXECUTIVE DIRECTORS

SPAZIO FORMULATIONS LIMITED

**(Pursuant to SEBI (Listing Obligations and Disclosure
Requirements) Regulations, 2015)**

The Nomination and Remuneration Committee (NRC) shall carry out the evaluation of performance of every Director. The evaluation of performance of the Independent Directors (IDs) shall also be carried out by the entire Board of Directors excluding the Director being evaluated. Evaluation performance should be carried out at least once in a year.

While evaluating the performance of the Non-Executive Directors (NEDs), the following parameters shall be considered:

- (a) Attendance at meetings of the Board and Committees thereof.
- (b) Participation in Board meetings or Committee thereof.
- (c) Contribution to strategic decision making.
- (d) Review of financial statements, business performance.
- (e) Contribution to the enhancement of brand image of the Company.

While evaluating the performance of the Managing Director and the Whole-time Director, the Nomination and Remuneration Committee shall always consider the appropriate benchmarks set as per industry standards, the performance of the individual and also of the Company. Evaluation of performance shall be carried out at least once a year.

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. Independent Directors ("ID") and Non -Independent Non- Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits. 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 NRC and approved by the Board. Over all 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). Overall remuneration practices should be consistent with recognized best practices.

The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company's performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board. In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/ Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/ management, site visits, induction and training (organized by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.
