POLICY ON CRITERIA FOR PAYMENT TO NON-EXECUTIVE DIRECTORS

SIDDHESWARI GARMENTS LIMITED

1. INTRODUCTION

The Board of Directors (the "Board") of **SIDDHESWARI GARMENTS LIMITED** (the "Company") has adopted this Policy on Criteria for Payment to Non-Executive Directors (the "Policy") to provide a framework for determining the remuneration and other payments to be made to the Non-Executive Directors, including Independent Directors, of the Company.

This Policy has been formulated in accordance with the applicable provisions of the **Companies Act, 2013** and the rules made thereunder and the **Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015** ("SEBI (LODR) Regulations"), as amended from time to time.

The Policy shall be reviewed by the Board from time to time to ensure that it remains consistent with applicable laws, regulations and good corporate governance practices.

---

2. OBJECTIVE

The objective of this Policy is to lay down transparent and appropriate criteria for determining the remuneration payable to Non-Executive Directors, including Independent Directors, having regard to:

a. the size, complexity and nature of the business of the Company;

b. the responsibilities and duties entrusted to the Non-Executive Directors;

c. the time and attention devoted by the Directors to the affairs of the Company;

d. the experience, expertise, qualifications and contribution of the Directors;

e. the performance of the Company;

f. prevailing industry practices and remuneration levels;

g. applicable statutory and regulatory requirements; and

h. the overall financial position of the Company.

---

3. SCOPE

This Policy shall apply to all Non-Executive Directors of the Company, including Independent Directors, except to the extent otherwise specifically provided under applicable law.

The remuneration payable under this Policy shall always be subject to the provisions of the Companies Act, 2013, SEBI (LODR) Regulations and other applicable laws, rules, regulations and approvals.

---

4. DEFINITIONS

4.1 "Board"

"Board" means the Board of Directors of **SIDDHESWARI GARMENTS LIMITED**, as constituted from time to time.

4.2 "Company"

"Company" means **SIDDHESWARI GARMENTS LIMITED**.

4.3 "Independent Director"

"Independent Director" means a director who satisfies the criteria of independence prescribed under the Companies Act, 2013 and the SEBI (LODR) Regulations, as amended from time to time.

4.4 "Non-Executive Director"

"Non-Executive Director" means a director of the Company who is not a Whole-time Director or Managing Director.

4.5 "Nomination and Remuneration Committee" or "NRC"

"NRC" means the Nomination and Remuneration Committee of the Board constituted in accordance with the Companies Act, 2013 and the SEBI (LODR) Regulations, as applicable.

---

5. GENERAL PRINCIPLES

The remuneration payable to Non-Executive Directors shall be determined with the objective of attracting, retaining and motivating Directors of appropriate calibre, experience and expertise while ensuring that such remuneration is reasonable, commensurate with their responsibilities and consistent with the long-term interests of the Company and its stakeholders.

The remuneration structure shall be designed to ensure that:

a. the remuneration is fair, reasonable and commensurate with the role and responsibilities of the Director;

b. the remuneration is aligned with the size and complexity of the Company's operations;

c. the remuneration does not compromise the independence and objectivity of Independent Directors;

d. the remuneration is within the limits prescribed under applicable law;

e. the remuneration reflects the time commitment and contribution of the Director; and

f. the remuneration structure is transparent and appropriately disclosed.

---

6. COMPONENTS OF REMUNERATION

Subject to applicable laws and approvals, the remuneration of Non-Executive Directors may comprise one or more of the following:

6.1 Sitting Fees

Non-Executive Directors may be paid sitting fees for attending meetings of:

a. the Board of Directors;

b. Committees of the Board; and

c. such other meetings as may be determined by the Board.

The sitting fees shall be determined by the Board within the limits prescribed under the Companies Act, 2013 and applicable rules.

The sitting fees payable to Independent Directors shall be the same as may be payable to other Non-Executive Directors for attending meetings of the Board or Committees, unless otherwise determined in accordance with applicable law.

The payment of sitting fees within the limits prescribed under the Companies Act, 2013 shall not require separate shareholder approval to the extent permitted under the SEBI (LODR) Regulations.

6.2 Commission

Subject to the provisions of the Companies Act, 2013, SEBI (LODR) Regulations and other applicable laws, Non-Executive Directors may be paid commission on the net profits of the Company.

The amount of commission, if any, shall be determined by the Board, on the recommendation of the NRC, having regard to:

a. the overall performance of the Company;

b. individual contribution of the Director;

c. participation and attendance at Board and Committee meetings;

d. contribution towards strategic decision-making;

e. contribution towards governance and compliance;

f. time commitment and additional responsibilities undertaken; and

g. such other factors as may be considered relevant by the NRC and the Board.

The aggregate commission payable to Directors shall remain within the limits prescribed under the Companies Act, 2013 and shall be subject to such approvals as may be required.

6.3 Reimbursement of Expenses

Non-Executive Directors shall be entitled to reimbursement of reasonable expenses incurred in connection with attending:

a. meetings of the Board;

b. meetings of Committees of the Board;

c. general meetings of shareholders;

d. meetings of creditors or other stakeholders, where required;

e. programmes, seminars, training or other events undertaken in connection with their duties as Directors; and

f. other official business of the Company.

Such reimbursement shall be made against appropriate supporting documents or in accordance with the Company's applicable policies.

6.4 Other Payments

The Company may make such other payments or provide such facilities to Non-Executive Directors as may be permissible under applicable laws and as may be approved by the Board, NRC and/or shareholders, as applicable.

---

7. CRITERIA FOR DETERMINING REMUNERATION

The NRC and the Board shall consider the following factors while determining the remuneration payable to each Non-Executive Director:

7.1 Qualification and Experience

The qualifications, professional experience, industry knowledge, expertise and seniority of the Director shall be taken into consideration.

7.2 Role and Responsibilities

The remuneration may vary depending upon the nature and extent of responsibilities undertaken by the Director, including responsibilities as:

a. Chairperson of the Board;

b. Chairperson or member of a Committee;

c. Lead Independent Director, where applicable; or

d. Director entrusted with additional responsibilities.

7.3 Time Commitment

The time devoted by the Director towards the Company's affairs, including attendance at meetings, preparation for meetings, interaction with management and participation in strategic matters, shall be considered.

7.4 Contribution and Performance

The contribution of the Director towards the effective functioning of the Board and Committees and the overall governance of the Company shall be considered.

7.5 Company Performance

The financial and operational performance of the Company, including profitability, growth, financial position and long-term sustainability, may be considered while determining any profit-linked commission.

7.6 Industry Practices

The remuneration practices prevailing in comparable companies and industries may be considered for determining appropriate remuneration.

7.7 Regulatory Requirements

The remuneration shall always remain within the limits prescribed by the Companies Act, 2013, SEBI (LODR) Regulations and other applicable laws.

---

8. REMUNERATION OF INDEPENDENT DIRECTORS

Independent Directors shall be remunerated in accordance with the Companies Act, 2013 and SEBI (LODR) Regulations.

An Independent Director shall be entitled to:

a. sitting fees for meetings of the Board and Committees;

b. reimbursement of expenses for participation in Board and Committee meetings and other official business of the Company; and

c. commission or other remuneration, where permissible under applicable law and duly approved by the competent authority.

Independent Directors shall not be entitled to stock options of the Company.

The remuneration payable to Independent Directors shall be structured in a manner that does not impair their independence.

---

9. SHAREHOLDER APPROVAL

The fees or compensation payable to Non-Executive Directors, including Independent Directors, shall be recommended by the Board and shall be subject to approval of the shareholders wherever required under the Companies Act, 2013 and SEBI (LODR) Regulations.

As prescribed under Regulation 17(6) of the SEBI (LODR) Regulations, the requirement of obtaining shareholder approval shall not apply to payment of sitting fees to Non-Executive Directors where such sitting fees are paid within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government.

Where the remuneration payable to a single Non-Executive Director exceeds fifty percent of the total annual remuneration payable to all Non-Executive Directors, approval of shareholders by way of special resolution shall be obtained every financial year, in accordance with applicable provisions of the SEBI (LODR) Regulations.

10. LIMITS UNDER THE COMPANIES ACT, 2013

The payment of remuneration, commission and other amounts to Non-Executive Directors shall be subject to the overall limits and conditions prescribed under the Companies Act, 2013, including Section 197 and other applicable provisions.

Where the Company has profits, the aggregate managerial remuneration and commission payable to Directors shall remain within the statutory limits prescribed under the Companies Act, 2013.

Where the Company has no profits or inadequate profits, remuneration payable to Non-Executive Directors, including Independent Directors, shall comply with the applicable provisions of the Companies Act, 2013 and Schedule V thereto.

11. PERFORMANCE EVALUATION

The remuneration of Non-Executive Directors may be reviewed with reference to the outcome of the annual performance evaluation process conducted in accordance with applicable provisions of the Companies Act, 2013 and SEBI (LODR) Regulations.

The performance evaluation may consider, inter alia:

a. participation and attendance at Board and Committee meetings;

b. quality and effectiveness of participation;

c. contribution to strategic decision-making;

d. contribution to risk management and corporate governance;

e. compliance with fiduciary duties;

f. contribution towards protection of stakeholder interests; and

g. such other parameters as may be determined by the NRC and the Board.

12. ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE

The NRC shall:

a. formulate and recommend to the Board the criteria for determining remuneration payable to Non-Executive Directors;

b. review the remuneration structure from time to time;

c. recommends the amount of commission, if any, payable to Non-Executive Directors;

d. consider the performance evaluation of Directors while making recommendations relating to remuneration;

e. ensure that the remuneration is consistent with applicable laws and the Company's policies; and

f. undertakes such other functions as may be prescribed under the Companies Act, 2013 and SEBI (LODR) Regulations.

---

13. ROLE OF THE BOARD

The Board shall:

a. consider the recommendations of the NRC;

b. approve the remuneration payable to Non-Executive Directors, subject to applicable statutory and shareholder approvals;

c. ensure that the remuneration remains within the limits prescribed under applicable law;

d. review the remuneration structure from time to time; and

e. ensure appropriate disclosure of remuneration in the Company's Annual Report and other statutory filings.

---

14. DISCLOSURE

The Company shall make all disclosures relating to remuneration of Non-Executive Directors as required under the Companies Act, 2013, SEBI (LODR) Regulations and other applicable laws.

The criteria for making payments to Non-Executive Directors shall be disclosed on the Company's website and appropriate reference thereto shall be made in the Annual Report, as required under applicable provisions of the SEBI (LODR) Regulations.

The Company shall also disclose such details of remuneration, sitting fees, commission and other payments as may be required under applicable laws and regulations.

---

15. REVIEW AND AMENDMENT

The NRC may periodically review this Policy and recommend amendments to the Board.

The Board may modify, amend or replace this Policy from time to time in accordance with applicable laws, regulations, amendments or changes in regulatory requirements.

In case of any conflict between the provisions of this Policy and any statutory or regulatory provision, the statutory or regulatory provision shall prevail.

---

16. DISSEMINATION

This Policy shall be hosted on the website of **SIDDHESWARI GARMENTS LIMITED** and a web link thereto shall be provided in the Annual Report, as applicable.