

VIRTUALSOFT SYSTEMS LIMITED

Criteria of making payments to Non-Executive Directors

Under the SEBI (Listing Obligation Disclosure Requirement) Regulation 2015, requires every company to publish its criteria of making payments to NEDs in its annual report. Alternatively, this may be put up on the company's website and reference may be drawn thereto in its annual report. Section 197 of the Companies Act, 2013 and Regulation 17(6)(a) of SEBI (Listing Obligation Disclosure Requirement) Regulation 2015 require the prior approval of the shareholders of a Company for making payment to its NEDs

Non-Executive Directors of the Company play an essential role as a part of the Board. They bring in external and wider perspective to the deliberations and decision-making by the Board. They devote their valuable time in discussions in the course of the Board and Committee Meetings of the Company. They also help ensuring good Corporate Governance norms.

The responsibilities and obligations imposed on the Non-Executive Directors 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.

In keeping with the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

Sitting Fee:

Such director(s) may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or any other meeting as required by Companies Act, 2013, SEBI (Listing Obligation Disclosure Requirement) Regulation 2015 or other applicable law or for any other purpose whatsoever as may be decided by the Board;

Remuneration:

Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its NEDs either by monthly payment or at a specified percentage of net profits of the Company, or partly by one way or partly by other 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 from time to time, depending on the extra time that may be devoted and contributions made by the Non-Executive Directors to the Company

Reimbursement of actual expenses incurred:

NEDs may also be paid/reimbursed such sums either as fixed allowance and /or actual as fair compensation for travel, boarding and lodging and incidental and /or actual out of pocket expenses incurred by such member for attending Board/Committee Meetings.

The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of NEDs.



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 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 Nomination & Remuneration Committee and the Board of Directors of the Company.