UDAY
House Of Gemstone Jewellery

CRITERIA OF MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

1. PREAMBLE AND REGULATORY FRAMEWORK.

Uday Jewellery Industries Limited (the "Company") recognises that Non-Executive Directors (including Independent Directors) bring independent judgement, a wider perspective and valuable expertise to the deliberations of the Board and its Committees. The Company is committed to a remuneration framework for them that is fair, transparent, proportionate and compliant with law.

This document sets out the criteria for making payments to Non-Executive Directors and has been framed in accordance with:

- Regulation 46(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), which requires a listed entity to disseminate the criteria of making payments to Non-Executive Directors on its website, or in its Annual Report with a reference on the website;
- Regulation 17(6) and Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulations;
- Sections 149(9), 178, 197 and 198 of the Companies Act, 2013 (the "Act"), Schedule IV and Schedule V to the Act, and Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, each as amended; and
- the Articles of Association of the Company and the Nomination and Remuneration Policy of the Company, as in force from time to time.

2. OBJECTIVE

The objective of this document is to ensure that the level and composition of payments to Non-Executive Directors are reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully, without compromising the independence of Independent Directors, and that such payments are determined through a clear, documented and legally compliant process.

3. APPLICABILITY:

These criteria apply to all Directors of the Company who are not Executive Directors, that is, to:

- Non-Executive Independent Directors; and
- Non-Executive Non-Independent Directors (including nominee directors, if any).

These criteria do not apply to the Managing Director, Joint Managing Director, Whole-Time Directors or any other Executive Director, whose remuneration is governed by the Nomination and Remuneration

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Policy, Sections 196, 197 and Schedule V of the Act and the approvals of the Board and members. Executive Directors are not paid sitting fees for attending Board or Committee meetings.

4. CRITERIA FOR DETERMINING PAYMENTS:

The Nomination and Remuneration Committee ("NRC") and the Board shall have regard to the following criteria in determining the payments to Non-Executive Directors:

(a) the size of the Company, the complexity of its operations and the sector in which it operates, and the Company's financial position and capacity to pay;

(b) the number of Board and Committee meetings attended, and the time devoted by the Director to the affairs of the Company;

(c) the Director's chairmanship or membership of Board Committees, and the responsibilities and workload that these entail;

(d) the Director's contribution to Board and Committee deliberations, participation in strategic decision-making, and timely guidance to the Board and the management on important policy matters;

(e) the Director's professional qualifications, expertise and experience relevant to the Company's business, including risk, compliance, finance and governance;

(f) the outcome of the annual performance evaluation of the Director;

(g) the performance of the Company, and prevailing industry practices and benchmarks for comparable listed companies; and

(h) the limits and conditions prescribed under the Act, the Rules made thereunder, the SEBI Listing Regulations and the Articles of Association.

5. HEADS OF PAYMENT:

Non-Executive Directors may receive payments only under the following heads:

5.1 Sitting fees. Non-Executive Directors may be paid a sitting fee for attending each meeting of the Board and of its Committees, in such amount as may be determined by the Board from time to time, within the ceiling prescribed under Section 197(5) of the Act read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The sitting fee payable to Independent Directors and women Directors shall not be less than the sitting fee payable to other Directors. Payment of sitting fees within the prescribed limits does not require shareholders' approval.

5.2 Commission. Subject to the approval of the members and to the provisions of Sections 197 and 198 of the Act, the Company may pay Non-Executive Directors, including Independent Directors, a commission on its net profits, computed in the manner laid down in Section 198. The aggregate commission payable to all Non-Executive Directors in a financial year shall not exceed the percentage of net profits prescribed under Section 197(1) of the Act, or such lower limit as the members may

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approve. The Board may, on the recommendation of the NRC, apportion the commission among Non-Executive Directors on the basis of the criteria in Clause 4, and may consider differential commission having regard to the time and effort devoted by specific Directors, their Committee roles and their performance evaluation.

5.3 Reimbursement of expenses. Non-Executive Directors shall be entitled to reimbursement of travelling, boarding, lodging and other out-of-pocket expenses incurred for attending meetings of the Board, Committees and general meetings, and for performing their duties in the affairs of the Company, in accordance with the Company's policies.

5.4 Stock options. Independent Directors shall not be entitled to any stock option of the Company, in terms of Section 149(9) of the Act. The grant of stock options to any other Non-Executive Director shall be considered only where permitted by the applicable law, including the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, and shall require the approval of the NRC, the Board and the members.

5.5 No other remuneration. Save as stated above, Non-Executive Directors shall not be paid any other remuneration, salary, perquisite or benefit. Any payment to a Non-Executive Director, or to a firm or entity in which he or she has an interest, for professional or other services shall be permitted only where allowed by law, shall be tested against the independence criteria under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations, and shall comply with the Company's Policy on Related Party Transactions.

6. APPROVAL PROCESS

(a) The NRC shall review and recommend to the Board the sitting fees, commission and any other payment to Non-Executive Directors.

(b) The Board shall consider the recommendation of the NRC and approve the payments, and shall recommend the commission and any other fees or compensation to the members for approval in general meeting, as required under Regulation 17(6)(a) of the SEBI Listing Regulations and Section 197 of the Act.

(c) Approval of the members by a special resolution shall be obtained every year where the annual remuneration payable to a single Non-Executive Director exceeds fifty per cent of the total annual remuneration payable to all Non-Executive Directors, giving details of the remuneration thereof, as required under Regulation 17(6)(ca) of the SEBI Listing Regulations.

(d) A Director shall not participate in the discussion or decision on his or her own remuneration or performance evaluation.

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7. STATUTORY LIMITS AND INADEQUACY OF PROFITS

All payments to Non-Executive Directors, other than sitting fees paid within the limits under Section 197(5) of the Act, shall remain within the overall managerial remuneration limits under Section 197 of the Act. In a financial year in which the Company has no profits or its profits are inadequate, payments to Non-Executive Directors shall be made only in accordance with Section 197 and Schedule V of the Act, as applicable, and with the approvals required thereunder.

8. WAIVER

A Non-Executive Director, including a Director nominated by an investor or a member of the promoter group, may voluntarily waive the sitting fee or commission or any part thereof by giving written intimation to the Company. Any such waiver shall be disclosed in the Corporate Governance Report, as applicable.

9. TAXES

All payments shall be subject to deduction of tax at source and to such other statutory deductions and levies, including any applicable goods and services tax, as are required under the law for the time being in force.

10. DISCLOSURE AND TRANSPARENCY

- This document shall be hosted on the website of the Company at www.udayjewellery.com in compliance with Regulation 46(2)(f) of the SEBI Listing Regulations, and its details shall be referred to in the Annual Report of the Company.
- The sitting fees, commission and other payments made to each Non-Executive Director during the financial year, along with their shareholding and any pecuniary relationship or transaction with the Company, shall be disclosed in the Corporate Governance Report forming part of the Annual Report, in accordance with Schedule V of the SEBI Listing Regulations.
- Disclosures relating to remuneration of Directors shall also be made in the Board's Report, in the annual return and elsewhere as required under the Act and the Rules made thereunder.

11. REVIEW AND AMENDMENT

This document shall be reviewed by the NRC periodically, and any change shall take effect only after approval by the Board on the recommendation of the NRC. The Board may amend this document at any time to align it with changes in the Act, the SEBI Listing Regulations or other applicable law.

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12. CONFLICT WITH LAW

In the event of any conflict between this document and the provisions of the Act, the SEBI Listing Regulations or any other applicable law, or any amendment thereto, the provisions of such law shall prevail over this document, and the conflicting part shall be deemed to be modified accordingly.

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