CLARA INDUSTRIES LIMITED

CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS AND INDEPENDENT DIRECTORS

1. Purpose & Legal Framework

In accordance with Regulation 46(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this document sets forth the criteria and framework for determining payments, remuneration, and fiscal compensation to the Non-Executive Directors (NEDs) and Independent Directors of **Clara Industries Limited**.

The primary objective of this policy is to attract, retain, and motivate high-caliber professionals with structural experience to steer the company's business practices as a market leader in industrial packaging.

2. General Criteria for Payment Evaluation

The Nomination and Remuneration Committee (NRC) and the Board of Directors determine compensation based on the following key metrics:

- **Industry Standards:** Ensuring compensation structures track trends and benchmarks observed across competitive industrial packaging and peer manufacturing spaces.
- **Performance Metrics:** Reflecting the overall financial health, net profits, operational scale, and paying capacity of Clara Industries Limited.
- **Time Commitment:** Evaluating the specific hours, executive counsel, and dedicated availability put forward by directors beyond statutory hours.
- **Specialized Expertise:** Acknowledging specific value-adds brought forward by directors in fields like corporate governance, strategic expansion, commercial risk management, or supply chain auditing.

3. Structural Components of Remuneration

Non-Executive and Independent Directors may receive remuneration under the following legal frameworks:

A. Sitting Fees

- **Entitlement:** Directors receive sitting fees for attending formal meetings of the Board of Directors and designated committees (e.g., Audit Committee, NRC, Stakeholders Relationship Committee).
- **Statutory Limits:** Total sitting fees per meeting will remain within the statutory limits defined by the Ministry of Corporate Affairs (MCA) under the Companies Act, 2013.
- **Autonomy:** The Board maintains operational flexibility to fix separate structures for Board vs. sub-committee meeting attendance based on structural workload.

B. Profit-Linked Commission

- **Quantum:** Subject to company net profits computed under Section 197 and Section 198 of the Companies Act, 2013, the Board may recommend profit-linked commissions to NEDs.

- **Ceilings:** Commissions will collectively remain within the standard 1% ceiling (if a managing director or whole-time director is present) or 3% ceiling (if no managing or whole-time director exists) of the annual net profits of Clara Industries Limited, unless modified by a special resolution of shareholders.
- **Allotment Criteria:** Distribution parameters will take into account board committee chairmanships, meeting attendance registers, and special advisory efforts.

C. Specialized Professional Fees

- **Advisory Engagement:** If a Non-Executive Director possesses unique professional qualifications and renders specialized services, they may receive separate professional fees.
- **Compliance:** Such payments are subject to prior approval from the Audit Committee and/or the Board, ensuring the consultant role does not conflict with the "Independence" qualifications of Independent Directors under SEBI/MCA definitions.

D. Expense Reimbursements

- **Direct Costs:** All actual expenses incurred toward travel, local transport, hotel boarding, lodging, and logistics for attending physical meetings or executing active field tasks for Clara Industries Limited are fully reimbursed by the company.

4. Explicit Statutory Prohibitions

To ensure complete independence and prevent structural conflicts of interest:

- **No Stock Options:** Non-Executive Independent Directors of Clara Industries Limited are strictly barred from receiving any Employee Stock Option Plans (ESOPs) or stock-based performance incentives.
- **No Retirement Schemes:** Non-Executive Directors do not qualify for any regular employee-targeted retirement benefits, bonuses, or company-funded pension plans.

5. Transparency, Disclosure & Amendments

- **Website Disclosure:** This Criteria Document will remain permanently hosted on the Clara Industries Limited website (www.clara.co.in) under the Investor Relations / Code and Policies section.
- **Annual Report:** Total statutory payouts made to each individual Non-Executive Director will be explicitly disclosed in the corporate governance report section of the company's Annual Report.
- **Review:** The NRC will review this policy periodically to align with changing SEBI guidelines or structural needs.

Clara Industries Limited

CLARA INDUSTRIES LIMITED CIN: L25209UP2021PLC151537

Nikhil Kukreja
Director
06649387

Date: 03.11.2026
Place: Saharanpur