

Akme Fintrade India Limited

Nomination and Remuneration Policy

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NOMINATION AND REMUNERATION POLICY

This Policy has been laid down on the recommendations of the Nomination and Remuneration Committee of the Board, and is in compliance with the requirements of Section 178 of Companies Act, 2013 including Companies (Amendment) Act, 2017 and Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements) Regulations, 2015 including Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 [Listing Regulations].

1.1 OBJECTIVES

The Policy lays down the:

- (i) Criteria for determining *inter-alia* qualification, positive attributes and independence of Directors for their appointment on the Board of the Company;
- (ii) Criteria for payment of remuneration to Directors, Key Managerial Personnel (KMPs), Senior Management Personnel (SMPs) and other Employees of the Company.

1.2 DEFINITIONS

- i. **“Board”** means Board of Directors of the Company.
- ii. **“Company”** means “Akme Fintrade India Limited.”
- iii. **“Employees’ Stock Option”** means the option given to the Directors, Officers or Employees of a company or of its holding company or subsidiary company or companies, if any, which gives such Directors, Officers or Employees, the benefit or right to purchase, or to subscribe for, the shares of the Company at a future date at a pre-determined price.
- iv. A **‘fit and proper’** person shall mean an individual who is:
 - a. More than thirty years in age;
 - b. A graduate;
 - c. Has minimum five years experience;
 - d. A person of integrity, reputation and character in the opinion of the Committee;
- v. **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- vi. **“Key Managerial Personnel”** (KMP) means
 - a) Chief Executive Officer or the Managing/Executive Director or the Manager,
 - b) Company Secretary,
 - c) Whole-time Director,
 - d) Chief Financial Officer and

- e) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- f) Such other officer as maybe prescribed.
- vii. **“Committee”** shall mean the Nomination & Remuneration Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations.
- viii. **“Policy or This Policy”** means, “Nomination and Remuneration Policy.”
- ix. **“Managerial Person”** means the Managing Director, Whole-time Director and/or Manager.
- x. **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- xi. **“Senior Management”** means officers/personnel of the Company who are members of its core management team excluding Board of Directors and shall comprise of all members of management one level below the Chief Executive Officer / Managing Director / Whole-time Director / Manager (including Chief Executive Officer / Manager, in case they are not a part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.

1.3 INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, SEBI Act, 1992, Listing Regulations as notified by the Securities and Exchange Board of India from time to time.

1.4 APPOINTMENT AND REMOVAL OF MANAGERIAL PERSON, DIRECTOR, KEY MANAGEMENT PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

- i. **Appointment criteria and qualifications:**
 - a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Person, Director, KMP or Senior Management Personnel who maybe qualified to become directors and recommend to the Board his/her appointment.
 - b) The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the designated position.

- c) With respect to appointment of a Senior Management Personnel other than the one mentioned above, the Human Resource Department with the consultation/advice /recommendations of the respective Functional Heads / Promoter Director of the Company, as the case may be, can decide on their appointments and the same need not be recommended to the Committee/Board as the case maybe.

ii. Term/Tenure:

- a) Managing Director/Whole-time Director/Manager (Managerial Personnel):
The Company shall appoint or reappoint a person as its Managerial Person for a term not exceeding five years at a time by passing of a resolution and disclosure of such appointment in the Directors Report forming part of the Annual Report. No re-appointment shall be made earlier than one year before the expiry of term.
- b) Independent Director:
- i. An Independent Director shall hold office for a term upto five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
 - ii. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.
 - iii. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. Term can be for a maximum period of five years.
 - iv. At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves, is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director/Managing Director of the Company.

iii. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013 ('Act') and rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Person, Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Act, rules

and regulations.

iv. Retirement:

The Managerial Person, Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Managerial Person, Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

1.5 DISQUALIFICATION FOR APPOINTMENT OF DIRECTORS

- i. A person shall not be eligible for appointment as director of the company if:
- a) He is of unsound mind and stands so declared by a competent court;
 - b) He is undischarged in solvent;
 - c) He has applied to be adjudicated as an insolvent and his application is pending; he has been convicted by a court of any offence, weather involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has note lapsed from the date of expiry of the sentence:

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company:

- 1) an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order in force;
 - 2) he has not paid any calls in respect of any shares of the company held by him whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call;
 - 3) he has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
 - 4) he has not complied with sub-section(3) of section 152 of the Companies Act, 2013.
- ii. A person who has been a Director of the company which:
- a) has not filed financial statements or annual returns for any continuous period of three financial years; or
 - b) has failed to repay the deposits accepted by it or pay interest there on or to redeem any debentures on the due date or pay interest due there on or pay dividend declared and such failure to pay or redeem continues for one year of more, shall be ineligible to be appointed as a director of the Company for a period of five years from the date on which the other company fails to do so.
- iii. A person shall not be eligible for appointment and continuance as a Director, if he/she is not found 'fitandproper' by the Committee.

1.6 REMUNERATION POLICY

Remuneration Policy of AFIL is designed to attract, motivate, and retain manpower in a competitive environment considering qualification, positive attribute, integrity and independence, and is guided by the common reward framework and set of principles and objectives. The Remuneration Policy applies to the Company's Senior Management Personnel, including its Key Managerial Personnel and the Board of Directors.

The policy captures remuneration strategies, policies and practices of AFIL, including compensation, variable-compensation, equity based plans and the process for the measurement and assessment of employee and executive performance. The remuneration / compensation / commission etc. to the Managerial Person, Director, KMP and Senior Management Personnel (who may be qualified to become directors) will be determined by the Committee and recommended to the Board for approval.

1.6.1 Remuneration Strategy for Employees at AFIL

The Company adopts a total compensation philosophy in rewarding employees. The total compensation package for the employees comprises of Fixed and Variable Component. Fixed pay consists of the base salary and any recurring, regular allowances payable in the specific location. Variable pay includes performance bonuses and ESOP's for eligible employees.

The level of total compensation is designed to be appropriate to attract, retain and motivate employees to contribute their best. In determining the total compensation of employees, the Company takes into account the role and its responsibilities, the individuals' and teams' performance, and the Company's performance, as well as market factors. The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent.

Factors such as profitability and achievement of key performance indicators are taken into consideration, in determining the bonus pool for the Company and its business units. Individual bonus allocation is based on performance against various set of pre-defined objectives.

The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements, on a periodical basis.

1.6.2 Remuneration of Key Management Personnel

The Company shall review, atleast annually, the Key Management personnel's

remuneration arrangements in light of current market benchmarks and expert advice on remuneration levels and, with due consideration to law and corporate governance principles.

Remuneration of the Key Management Personnel consists of a fixed component and a variable performance incentive. The annual appraisal of the Key Management personnel is based on a detailed performance evaluation of their Key Performance Indicators (KPI's)

- i. **Fixed Component:** Consists of Basic Pay (Usually 40% - 60% of the gross Fixed Salary).
- ii. **Perquisites:** In the form of house rent allowance/accommodation, reimbursement of medical expenses, conveyance, children education, telephone, communication equipments like Ipad's etc.
- iii. **Retirement Benefits:** Pension contributions, Gratuity payments are made in accordance with applicable laws and employment agreements.
- iv. **Severance payments:** In accordance with termination clauses in employment agreements, the severance payment is in accordance with applicable local legal framework.
- v. **Personal benefits:** Based on employment agreements and Company policy, Company Car and Driver is provided to specific grade.
- vi. **Medical Insurance** – Coverage of Rs.5 Lacs every year to the personnel, his/her spouse, two children and parents (In case of female employees they can choose the option for including their in-laws in lieu of her parents).
- vii. **Term Insurance** – Coverage between Rs.50 Lacs to Rs.1 Cr. Based on the grade.
- viii. Variable pay is linked to the below three factors:
 - a) The financial results of the company;
 - b) Targets achieved;
 - c) The individual performance and that of the department/team

Annual Performance Linked Bonus: Individual bonus allocation takes performance ratings and performance against various set of objectives mentioned below into consideration

- d) In the beginning of the year the Board sets the organization performance objectives based on qualitative and quantitative measures.
- e) These objectives are reviewed periodically to ensure they remain consistent

with the Company's priorities and the changing nature of the Company's business.

- f) These objectives form part of the performance targets for the Managerial Personnel.
- g) Performance against these objectives is reviewed annually by the Board and is reflected in the Managerial Personnel's remuneration review.

1.6.3 Remuneration of Non-executive Directors including Independent Directors

The Non-Executive Directors / Independent Directors of the Company (who are not in the employment of the Company and /or its subsidiaries / associates) shall be paid sitting fees as per the limits prescribed under the Companies Act, 2013.

Commission, if any, payable to NEDs, may be paid in accordance with the provisions of the Companies Act, 2013, rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in addition to the sitting fees and shall be approved by the Board of the Company based on the recommendation of the Committee and the approval of the shareholders, as applicable.

The Non-Executive Directors/Independent Directors shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.

An independent Director shall not be entitled to any Stock Options of the Company.

1.7 DEVIATIONS FROM THE POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

1.8 DISCLOSURES IN THE BOARD REPORT

The disclosures as required under the relevant provisions of the Companies Act, 2013, the rules made there under and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be made with regard to the remuneration details of the Directors, KMPs, Senior Management and other employees.

1.9 AMENDMENTS

The Remuneration policy may be reviewed by the Board of the Company on the

recommendation of the Nomination & Remuneration Committee of the Board. This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013 and rules made there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.