A. K. CAPITAL FINANCE LIMITED

BUILDING BONDS

POLICY FOR ORDERLY SUCCESSION OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Adopted/ Amendment	Date of Board Meeting
Adoption of the Policy	October 25, 2021
Amendment of the Policy	May 11, 2024
Amendment of the Policy	May 17, 2025

Last reviewed on May 17, 2025

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1. Introduction

In order to ensure plans are in place for orderly succession for the Board of Directors and Senior Management of the Company in pursuance to the applicable regulations/ guidelines/ notification/ circulars issued by the Reserve Bank of India or such other regulator, A. K. Capital Finance Limited has formulated and adopted a Policy for Orderly Succession of Board of Directors and Senior Management (hereinafter called the "**Policy**"). The Policy has been approved by the board of directors of the Company pursuant to the meeting of the board of directors ("**Board**") dated October 25, 2021. The Policy shall be effective from the date of approval of the Board.

2. Purpose

2.1. Succession Planning is an important component often addressed as part of strategic planning. It is critical to the success of the organization and should provide for a process that recognizes, develops and retains top leadership talent. Board often creates a succession plan outlining the process for retaining, developing, and/or appointing of Directors and Senior Management personnel of organization.

2.2. Succession planning can also mean creating an objective in a strategic plan around succession plans for all senior staff positions and board positions. If the organization is interested in developing an internal process to ensure that it develops and retains the best people, it may outline a development plan for each key position in the organization.

3. Applicability of the Policy

The Policy shall be applicable for succession planning of the Board of Directors and Senior Management.

4. Definition

4.1. "**Board of directors**" or "**Board**" means the Board of A. K. Capital Finance Limited, as constituted or reconstituted from time to time.

4.2. "**Company**" means A. K. Capital Finance Limited.

4.3. "**Nomination and Remuneration Committee**" means the committee of the Board constituted under Section 178 of the Companies Act, 2013

4.4. "**Policy**" means Policy for Orderly Succession of Board of Directors and Senior Management.

4.5. "**Senior Management**" shall mean officers/personnel of the Company who are members of its core management team excluding Board of directors and normally this shall comprise all members of management one level below the executive directors, including all functional heads.

5. Key considerations in the Succession Planning Process

(i) Identify the long term vision and direction of the organization, i.e. Strategic Plan.

(ii) Review the mission and values of the organization.

(iii) Determine who the key leadership people are that you want to develop and nurture for the future.

(iv) Determine which positions need a succession plan.

(v) Identify core competencies and skills needed to lead the organization.

- (a) Determine talents needed for the long term.
- (b) Review current job description and revise the same.
- (c) Review salary history, budget, and market rates for position.
- (d) Seek key stakeholder input.

(vi) Determine interim management and leadership plan for unplanned leaves.

- (a) Appointing an acting employee from inside organization or contracting with another person for specified time period or until another person is hired.
- (b) Develop timeline and position description for interim position.

(vii) Determine recruitment strategies:

- (a) Hiring search firm vs. board managed process.
- (b) Seek bids and determine fees, scope of work, etc.
- (c) Develop selection criteria for key candidates to recommend to the Board.
- (d) Develop communication strategy- key stakeholders.
- (e) Develop transition plan – mentoring and coaching, orientation, etc. may create an individual development plan with key expectations and performance review process for first year.
- (f) Conduct search process.

6. Succession Plan

The Nomination and Remuneration Committee shall review the leadership needs and succession plan of the Company from time to time.

The vacancy at Senior Management shall be filled by the Managing Director in line with internal policy adopted by the management keeping in view the future growth and development, except where the position of senior management is required to be filled by the Board and/ or committee in line with the regulatory requirements. Any change in the office of the senior management shall be placed before the Board for its noting. Appointment of the Chief Financial Officer/ Company Secretary/ Manager shall be as per the provisions of Section 203 of the Companies Act, 2013. Appointment of Directors shall be recommended by the Nomination and Remuneration Committee after effective due diligence and shall be done with the approval of the Board of Directors by way of resolutions passed at the Board Meeting(s) pursuant to the relevant provisions of Companies Act, 2013 and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("**Master Direction**"). Appointment of Directors at executive position shall be subject to approval of the Reserve Bank of India pursuant to the Master Direction as applicable to NBFCs.

7. Review and amend the Policy

The Company reserves the right to review and make amendment to this Policy from time to time as it deems fit in accordance with the applicable laws, rules and regulations for the time being in force with the approval of the Board.

In the event of any conflict between the provisions of this Policy and the Act or any other statutory enactments, the provisions of such Act or statutory enactments shall prevail over this Policy. An interim review and amendment can also be carried out to accommodate minor changes, if any, on regulatory and operating front by the Compliance Officer of the Company.

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