A. K. CAPITAL FINANCE LIMITED

BUILDING BONDS

POLICY ON BOARD DIVERSITY

Adopted/Amendment of the Policy	Board Meeting Date(s)
Adoption of the Policy	October 25, 2021
Amendment of the Policy	May 17, 2025

Last reviewed on May 17, 2025

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1. Introduction:

The Policy on Board Diversity sets out a framework to achieve adequate diversity on the Board of A. K. Capital Finance Limited in pursuance to all the applicable laws/ regulations/ directions/ act.

2. Purpose:

2.1. Diversity in the composition of the Board of Directors has become essential in view of the expansion of business, greater social responsibility, increasing emphasis on corporate governance, need for addressing concerns of diverse stakeholders and the necessity for managing risks in the business effectively. A Board composed of appropriately qualified and skilled people, with a broad range of experience relevant to the business, is important for effective corporate governance and sustained commercial success of a company.

2.2. In view of the above, A. K. Capital Finance Limited has framed this Policy on Board Diversity that encourages diversity of thought, experience, knowledge, perspective, age and gender in the Board. This Policy sets out the approach to diversity in the Board of Directors of the Company so as to ensure that the Board has an appropriate blend of functional and industry expertise.

This Policy has been adopted by the Board of Directors of the Company, based on the recommendations of the NRC.

3. Applicability of the Policy:

The Policy shall be applicable for Board of Directors of the Company.

4. Definition:

4.1. **"Act"** means the Companies Act, 2013 read with rules made thereunder [including any amendments or re-enactments thereof]

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

4.3. "**Company**" shall mean A. K. Capital Finance Limited

4.4. "**Nomination and Remuneration Committee**" or "**Committee**" or "**NRC**" means the committee of the Board constituted and reconstituted under Section 178 of the Act.

4.5. "**Policy**" means Policy on Board Diversity.

Any term(s) and, or expression(s) not defined in this Policy shall have the same meaning as defined in the applicable provisions of the Act and other applicable laws/ regulation.

Wherever appropriate in this Policy, a singular term shall be construed to mean the plural where necessary and a plural term the singular. Similarly, any masculine term shall also be construed to mean the feminine or any other gender and vice versa.

5. Objectives of the Policy:

The Objectives of the Policy include:

i. Board to drive diversity and have an appropriate blend of functional and industry expertise;
ii. While recommending the appointment of a director, inter alia, consider the manner in which the function and domain expertise of the individual contributes to the overall skill domain mix of the Board;
iii. To help the Company build a better Board that can draw upon a wide range of perspectives, expertise, knowledge and experience;
iv. To achieve an optimum and balanced Board, with a wide range of attributes;
v. To encourage healthy and open discussion and promote independence of judgement in Board and Committee deliberations; and
vi. To have an optimum mix of Executive, Non-Executive and Independent Directors, including Women Directors.

6. Policy Statement:

The Company recognizes and embraces the benefits of having a diverse Board that possesses the balance of skills, experience, expertise, and diversity of perspectives appropriate to the requirements of the businesses of the Company. The Company sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Company maintains that Board appointments should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience and qualifications, gender, age, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time-to-time for it to function effectively. In the process of attaining a diverse Board based on the aforementioned criteria, the following criteria needs to be assessed:

i. Optimum Composition:

(a) The Board shall have an optimum combination of executive and non-executive directors as per the applicable provisions of Act and other applicable laws.
(b) The Board should comprise of such number of independent directors' as required by the applicable law and also to ensure a balance of independent functions at the Board level.
(c) The Company shall have at least one woman director on the Board

ii. Functional Diversity:

(a) Appointment of directors to the Board of the Company should be based on the specific needs and business of the Company. Appointments should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company.
(b) Knowledge of and experience in domain areas such as NBFC industry, banking and finance, corporate, debt market, legal, risk, management, etc., should be duly considered while making appointments to the Board level.
(c) While appointing independent director, care should be taken as to the independence of the proposed appointee.

(d) Directorships in other companies may also be taken into account while determining the candidature of a person.

7. Review and Amendment

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 at its own or on the recommendation of NRC.

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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