A. K. CAPITAL SERVICES LIMITED

(CIN: L74899MH1993PLC274881)

NOMINATION AND REMUNERATION POLICY

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Index

SN	Particulars	Page No(s)
1	Introduction	3
2	Objectives of the policy	3
3	Definitions	4
4	Interpretation	5
5	Applicability of the Policy	5
6	Nomination and Remuneration Committee	5
7	Appointment of Directors, KMP and Senior Management	6
8	Term/ Tenure	6
9	Evaluation	7
10	Removal	7
11	Retirement	8
12	Familiarisation of the Non-Executive Directors (NEDs) including Independent Directors with the Company	8
13	Duties of Independent Directors	8
14	Criteria for Remuneration	8
15	Remuneration to Directors, KMP and Senior Management	9
16	Nomination Duties	10
17	Remuneration Duties	11
18	Review and Amendment in Policy	12
19	Dissemination	12

A. K. CAPITAL SERVICES LIMITED

NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION:

One of the vital values of an enterprise includes experience, skills, innovativeness and insights of its employees, officers, directors, senior management, Key Managerial Personnel ("**KMP**") and other human resource. A. K. Capital Services Limited (the "**Company**") believes in transparency in evaluating the performances of its Directors, KMPs, Senior Management and employees of the Company and paying equitable remuneration to them. The Company recognizes its human resource as an invaluable asset.

In terms of the applicable provisions of the Companies Act, 2013 ("**Act**") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") (as amended from time to time), this policy has been formulated by the Nomination and Remuneration Committee and approved by the Board.

2. OBJECTIVES OF THE POLICY:

The Key objectives of the Policy are:

a) That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.

b) That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

c) To formulate criteria for evaluation of performance of the Board of Directors and Members of other Committees of the Board, KMPs and Senior Management and other employees of the Company and recommend remuneration payable to them to the Board.

d) To formulate criteria for evaluation of Chairman, Independent Directors, Board as a whole and the Committees of the Board.

e) To formulate the criteria for determining qualifications, positive attributes and independence of a directors and recommend to the Board a policy relating to the remuneration of Directors, KMP and other employees.

f) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

g) To assist the Board in fulfilling responsibilities.

h) To retain, motivate and promote talent and to ensure their sustainability and create competitive advantage.

i) To implement and monitor policies and processes regarding principles of corporate governance.

3. DEFINITIONS:

All the words and expressions used in the Policy, unless defined hereafter, shall have meaning respectively assigned to them under Listing Regulations and in absence of its definition or explanation therein, as per the Act and Rules, Notifications and Circulars made/ issued thereunder, as amended, from time to time.

a) ***'Act'*** means the Companies Act, 2013 and the rules framed there under.

b) ***'Board of Directors'*** or '***Board'*** in relation to a Company, means the collective body of the Directors of the Company.

c) **'Company'** means A.K Capital Services Limited.

d) '***Director'*** means a Director appointed to the Board of the Company. The term Director shall mean and include Whole-time Director & Non-Executive Directors (NEDs) (including Independent Directors) of the Company. However, the term shall not include the employees occupying the functional designation of Director within the organization.

e) ***'Independent Director'*** means an independent director referred to in sub-section (6) of Section 149 of Companies Act, 2013 and Regulation 16 (b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

f) **'Key Managerial Personnel (KMP)'** mean key managerial personnel as defined under sub-section (76) of Section 2 of the Companies Act, 2013.

g) ***'Policy'*** means this Nomination and Remuneration Policy of the Company.

h) ***'Senior Management'*** shall mean officers/personnel of the listed entity 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 "Chief Executive Officer/Managing Director/Whole Time Director/Manager" (including chief executive officer/manager, in case they are not part of the board) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as KMP, other than the board of directors, by the Company.

i) **'Whole-time Director'** means a director in the whole-time employment of the Company and includes Managing Director.

4. INTERPRETATION:

Terms that have not been defined in this policy shall have the same meaning assigned to them in the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or any other Act/Regulation as may be in force and as and when it is amended from time to time.

5. APPLICABILITY OF THE POLICY:

This Policy is applicable to:

a) Directors viz. Whole-time Director, NEDs and Independent Directors;
b) KMP;
c) Senior Management.

6. NOMINATION AND REMUNERATION COMMITTEE:

a) The Board of Directors of the Company shall constitute the Committee to be known as the Nomination and Remuneration Committee consisting of three or more NEDs out of which atleast two third is Independent Directors. The Committee shall comprise of atleast 3 Directors at all times.

b) The Chairperson of the Committee shall be an Independent Director. The Chairperson of the Company (whether Executive or Non-Executive) may be appointed as member of the Nomination and Remuneration Committee but shall not Chair such Committee.

c) The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

d) The Nomination and Remuneration Committee shall meet at least once in a financial year.

e) Role of Nomination & Remuneration Committee inter-alia, shall include the following:

(i) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, KMP and other employees;
(ii) formulation of criteria for evaluation of performance of independent directors and the board of directors;
(iii) devising a policy on diversity of board of directors;
(iv) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
(v) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(vi) recommend to the board, all remuneration, in whatever form, payable to senior management;
(vii) to perform such other duties and responsibilities as enumerated in the Act, Listing Regulations and/or informed by the Board of Directors of the Company from time to time.

7. APPOINTMENT OF DIRECTORS, KMP AND SENIOR MANAGEMENT:

a) The Committee shall identify and ascertain the **integrity**, **qualification**, **expertise** and **experience** of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/ her appointment.

b) The Committee shall have the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.

c) Appointment of Independent Director is subject to compliance of provisions of Section 149 of the Act read with Schedule IV, rules made thereunder, other applicable regulations of Listing Regulations and Circulars as issued by BSE from time to time.

d) In addition to the above, the appointment of directors including managing directors, whole time directors, NEDs and independent directors shall be in accordance with the provisions of the Act, including Schedules IV and V of the Act and the Rules made thereunder and the other applicable regulations of the Listing Regulations.

e) The Company shall not appoint or continue employment of any person as Managing Director or Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

f) The Company shall not appoint or continue employment of any person as NED who has attained the age of seventy five years. Provided that the term of the person holding this position may be extended beyond the age of seventy five years with the prior approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy five years.

8. TERM/ TENURE:

a) Managing Director/ Whole-time Director:

The Company shall not appoint or re-appoint any person as its Executive Chairperson, Managing Director or Whole-time Director for a term exceeding five years at a time. 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 up to 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. 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.

(iii) No independent director, who resigns from the Company, shall be appointed as an executive / whole time director on the board of the Company, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an independent director.

(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 a listed company or such other number as may be prescribed under the Act.

c) Senior Management personnel/ KMP: Further the term/ tenure of Senior Management personnel & KMP of the Company shall be governed by the prevailing HR Policy of the Company.

9. EVALUATION :

The Committee shall carry out evaluation of performance of every Director, members of committees of the Board, KMP, Board Committees, Board as a whole and Senior Management, at regular interval (at least once in every year). The results of performance evaluation shall be the basis of remuneration proposed/ amended from time to time by the Committee.

10. REMOVAL:

Due to reasons for any disqualification mentioned in the Act, Policies of the Company, or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

11. RETIREMENT:

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

12. FAMILIARISATION OF THE NON-EXECUTIVE DIRECTORS (NEDs) INCLUDING INDEPENDENT DIRECTORS WITH THE COMPANY:

Regulation 25(7) of the Listing Regulations as amended from time to time, requires a Company to provide suitable training to its Independent Directors to familiarize them inter alia with the company, their roles, rights, responsibilities in the company, nature of industry in which the company operates and the business model of the company.

Accordingly, in order to familiarize the Company's NEDs including Independent Directors with the Company's functioning and their roles, responsibilities, etc. the Company may undertake the following:

a) The newly appointed NEDs including Independent Directors shall be provided with a copy of the Memorandum and Articles of Association, all the applicable codes, policies, etc. formulated and adopted from time to time.

b) The newly appointed NEDs including Independent Directors may also be introduced to certain key members of the Senior Management of the Company.

c) A detailed briefing on the roles and responsibilities of Independent Directors shall also be provided to the Independent Directors as part of their appointment letters.

d) To provide details of any changes/ amendments in the laws impacting the working of the Company.

13. DUTIES OF INDEPENDENT DIRECTORS:

Duties of the Independent Directors shall be as specified in Schedule IV of the Act and other applicable provisions of Law.

14. CRITERIA FOR REMUNERATION:

a) Whole-time Directors:

Amongst other, key evaluation criteria/Performance Benchmark shall be the guiding force or key indicators while determining the remuneration of Whole-time Directors.

b) Non-Executive Directors including Independent Directors:

The Nomination and Remuneration Committee shall decide the basis for determining the compensation, both Fixed and variable, payable to the NEDs, including Independent Directors, whether as commission or otherwise. It shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Act and Listing Regulations and such other factors as may deem fit for determining the compensation. The Board shall determine the compensation to NEDs within the overall limits specified in the Shareholders resolution, if applicable.

c) Key Managerial Personnel/ Senior Management

Remuneration to KMPs of the Company, who is in whole time employment, designated by the Board as KMP shall be determined by the Nomination and Remuneration Committee from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their qualifications, experience, roles and responsibilities. Pursuant to the provisions of Section 203 of the Act, the Board shall approve the remuneration at the time of their appointment.

15. REMUNERATION TO DIRECTORS, KMP AND SENIOR MANAGEMENT :

a) The Remuneration/ Compensation/ Commission etc. to be paid to Director/ Whole-time Directors/ KMP/ Senior Management etc. shall be governed as per the provisions of Section 149, 197 read with Schedule V and such other applicable provisions of the Act and Rules made there under or any other enactment for the time being in force, and pursuant to Regulation 17 & 19 and other such applicable regulations of Listing Regulations.

b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Director/ Whole-time Directors/ KMP/ Senior Management.

c) Subject to the applicable provisions of law for the time being in force and appropriate consents and permissions, the Nomination and Remuneration Committee of the Board shall have power to determine remuneration and modify/ amend the same within the overall limits of Section 197 read with Schedule V of the Act, applicable provisions of Listing Regulations & the Act and rules made thereunder. The remuneration may be decided as fixed and/or variable or combination of both.

d) In case of inadequacy of profits, the remuneration may be recommended/ paid to the Whole-time Directors as well as NEDs including Independent Directors on the Board in line with the provisions of Section 149, 197 read with Schedule V of the Act and Rules made thereunder subject to the

passing of special resolution by the members of the Company as and when applicable. The amount of sitting fees to Independent Directors shall be subject to ceiling/ limits as provided under Act and rules made there under or any other enactment for the time being in force.

e) The fees or compensation payable to Executive directors who are Promoters or members of the Promoter group, shall be subject to the approval of the Shareholders by special resolution in general meeting, if-
   (i) the annual remuneration payable to such executive director exceeds INR 5 crores or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
   (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity:

   Provided that the approval of the shareholders shall be valid only till the expiry of the term of such director.

f) Approval of shareholders by way of special resolution shall be obtained every year, in which the annual remuneration payable to a single NED exceeds 50% of total remuneration payable to all NEDs, giving details of remuneration thereof. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

g) An Independent Director shall not be eligible to get stock options and also shall not be eligible to participate in any share based payment schemes of the Company.

h) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Act and in accordance with the Company's Policy. The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time. The Incentive, if any shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

16. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

a) Shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;

b) Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

c) Ensuring that on appointment to the Board, NEDs receive a formal letter of appointment in accordance with the guidelines provided under the Act. The letter of appointment / re-appointment to be issued to the Independent Director shall inter alia also set out the matters as stated in Schedule IV of the Act and shall be placed on the website of the Company;

d) Identifying and recommending Directors who are to be put forward for retirement by rotation;

e) Determining the appropriate size, diversity and composition of the Board;

f) Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

g) Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

h) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

i) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract. Whether to extend or continue the term of appointment of the independent director, on the basis of report of performance evaluation of independent Directors;

j) Delegating any of its powers to one or more of its members or the Secretary of the Committee;

k) Recommend any necessary changes to the Board; and

l) Considering any other matters, as may be requested by the Board.

m) NRC shall be authorized to undertake any action / step required to be taken to comply with the requirements prescribed under the Applicable Laws.

17. REMUNERATION DUTIES:

The duties of the Committee in relation to remuneration matters include:

a) To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

b) To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

c) Subject to the provisions of the law, to delegate any of its powers to one or more of its members or the Secretary of the Committee.

d) To consider taking up Professional indemnity and liability insurance for Directors and Senior Management, if required.

e) To consider any other matters as may be requested by the Board.

18. REVIEW AND AMENDMENT IN POLICY:

The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary. The Company shall reserve the rights to make alterations/ amendments to the Policy from time to time to ensure compliance with any modification, amendment or supplementation to the Act and rules made there under, the Listing Regulations, the Securities and Exchange Board of India Act, 1992 and rules/ regulations/ guidelines made there under, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.

In case of any amendments in the provisions of the Act, which makes any of the provisions/ clauses in the Policy inconsistent with the Act, then the provisions of the Act would prevail over the Policy and the Policy shall stand amended effective from date of such amendments, as notified from time to time.

19. DESSIMINATION:

The details of the Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein.

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