



**A. K. Capital Services Limited**

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BUILDING BONDS

Annual Report 2014-2015

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Mr. Subhash Chandra Bhargava**

Non-Executive Chairman, Independent Director  
(DIN: 00020021)

**Mr. A. K. Mittal**

Managing Director  
(DIN: 00698377)

**Mr. Deepak Mittal**

Whole-time Director  
(DIN: 00043685)

**Mr. Subhash Chander Madan**

Independent Director  
(DIN: 00785025)

**Mr. Raghubinder Rai**

Independent Director  
(DIN: 00851994)

**Mrs. Anshu**

Non-Executive Director  
(DIN: 01227279)

### CHIEF FINANCIAL OFFICER

Mr. Vikas S Agarwal (Resigned w.e.f. May 24, 2015)  
Mr. Mahesh Bhootra (Appointed w.e.f. May 24, 2015)

### COMPANY SECRETARY

Ms. Kanchan Singh  
(ACS No.: A24596)

### STATUTORY AUDITORS

M/s. Suresh Surana & Associates LLP  
Chartered Accountants  
[Firm Registration No. 121750W/W-100010]

### BANKERS

Bank of India  
HDFC Bank  
Federal Bank  
Punjab National Bank

### REGISTRAR AND SHARE TRANSFER AGENT

**Abhipra Capital Limited**

Abhipra Complex, A-387, Dilkhush Industrial Area, G.T. Karnal Road, Azadpur, New Delhi – 110 033  
Tel: +91-11-42390900, Fax: +91-11-27215530, website: [www.abhipra.com](http://www.abhipra.com)

### CORPORATE IDENTIFICATION NUMBER

L74899DL1993PLC055524

### REGISTERED OFFICE

Flat N, Sagar Apartment, 6, Tilak Marg, New Delhi – 110 001  
Tel: +91 11 23381561, Fax: +91 11 23385189, website: [www.akcapindia.com](http://www.akcapindia.com)

### CORPORATE OFFICE

30-39, 3<sup>rd</sup> Floor, Free Press House, Free Press Journal Marg, 215 Nariman Point, Mumbai – 400 021  
Tel: +91 22 66349300, Fax: +91 22 66100594, website: [www.akcapindia.com](http://www.akcapindia.com)

**DIRECTORS' REPORT**

To the Members of A. K. Capital Services Limited,

The Directors of your Company take pleasure in presenting the 22<sup>nd</sup> Annual Report on the business and operations of your Company along with the audited statement of accounts for the financial year 2014-15:

**FINANCIAL HIGHLIGHTS**

**A summary of the financial performance of the Company, both on consolidated and standalone basis, for the financial year 2014-15 as compared to the previous financial year is given below:**

**Consolidated financial highlights of A. K. Capital Services Limited and its subsidiaries**

(₹ in Crore except per share data)

Particulars	2014-15	2013-14
Total income	254.67	244.98
Total expenditure	195.57	191.90
<b>Profit before tax</b>	<b>59.10</b>	<b>53.08</b>
Provision for taxes	17.64	17.69
<b>Profit after tax</b>	<b>41.46</b>	<b>35.39</b>
Less: Share of minority interest and adjustment on account of further investment in Subsidiary Company	0.32	0.20
<b>Profit for the year</b>	<b>41.14</b>	<b>35.19</b>
Add: Surplus brought forward from previous year	244.75	219.46
<b>Profit available for appropriation</b>	<b>285.89</b>	<b>254.65</b>
Less: Appropriations		
Proposed dividend	3.96	3.96
Transfer to general reserves	1.90	2.10
Transfer to special reserves	4.19	2.63
Dividend distribution tax	0.79	0.67
<b>Surplus carried to the Balance Sheet</b>	<b>275.05</b>	<b>245.29</b>
Earnings per equity share (face value ₹ 10 per share)		
Basic (₹)	62.34	53.32
Diluted (₹)	62.34	53.32

**Standalone financial highlights of A. K. Capital Services Limited**

(₹ in Crore except per share data)

Particulars	2014-15	2013-14
Total income	97.66	97.55
Total expenditure	69.97	66.73
<b>Profit before tax</b>	<b>27.69</b>	<b>30.82</b>
Provision for taxes	9.39	10.53
<b>Profit after tax</b>	<b>18.30</b>	<b>20.29</b>
Add: Surplus brought forward from previous year	210.22	197.16
<b>Profit available for appropriation</b>	<b>228.52</b>	<b>217.45</b>
Less: Appropriations		
Proposed dividend	3.96	3.96
Transfer to general reserves	1.90	2.10
Dividend distribution tax	0.79	0.67
<b>Surplus carried to the Balance Sheet</b>	<b>221.87</b>	<b>210.72</b>
Earnings per equity (face value ₹ 10 per share)		
Basic (₹)	27.74	30.74
Diluted (₹)	27.74	30.74

**FINANCIAL PERFORMANCE AND STATE OF AFFAIRS OF THE COMPANY**

The consolidated turnover of your Company stood at ₹ 254.67 Crore for the financial year ended March 31, 2015 as against ₹ 244.98 Crore for the previous year. The consolidated profit before tax is ₹ 59.10 Crore for the current year as against ₹ 53.08 Crore in the previous year. After making provision for tax, the consolidated net profit of your Company is ₹ 41.46 Crore as against ₹ 35.39 Crore in the previous year.

On standalone basis, your Company earned gross income of ₹ 97.66 Crore during the year under review as against ₹ 97.55 Crore reported in the previous year. The profit before tax is ₹ 27.69 Crore as against the ₹ 30.82 Crore during the previous year. After making provision for tax, the net profit of your Company is ₹ 18.30 Crore as against the net profit of ₹ 20.29 Crore in the previous year.

## DIVIDEND ON EQUITY SHARES

The Board of Directors are pleased to recommend a final dividend of 60% i.e. ₹ 6/- per equity share (on the face value of ₹ 10/- per equity share) on 6,600,000 equity shares for the financial year 2014-15. The amount of dividend on equity shares and tax thereon aggregates to ₹ 4.75 Crore.

The payment of the final dividend is subject to the approval of the members which is being sought at the forthcoming Annual General Meeting and shall be paid to those members whose names appear in the Register of Members as on Tuesday, September 15, 2015. The Register of Members and Share Transfer Books will remain closed from Wednesday, September 16, 2015 to Saturday, September 19, 2015, both days inclusive. The Annual General Meeting of the Company is scheduled to be held on Saturday, September 19, 2015.

## TRANSFERTO RESERVES

The Company proposes to transfer ₹ 1.90 Crore to the General Reserve.

## SUBSIDIARIES

As on March 31, 2015, your Company had 5 subsidiaries viz. A. K. Stockmart Private Limited, A. K. Capital Corporation Private Limited, A. K. Wealth Management Private Limited, A. K. Capital (Singapore) Pte. Ltd. and A. K. Capital Finance Private Limited.

On consolidated basis, your Company posted consolidated revenue of ₹ 254.67 Crore and a consolidated profit after tax (after minority interest) of ₹ 41.14 Crore.

The Consolidated Financial Statements has been prepared in accordance with the Accounting Standard 21 - Consolidated Financial Statements prescribed by the Companies (Accounting Standards) Rules, 2006 and forms part of this Annual Report.

In terms of Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014 Statement containing salient features of financial statements of subsidiaries in form AOC - 1 as prescribed in the Companies (Accounts) Rules, 2014 forms a part and annexed to the Annual Report under note no. 32 (b).

The financial statement of the subsidiary companies have been placed on the website of the Company [www.akcapindia.com](http://www.akcapindia.com). Any member interested in obtaining a copy of financial statement of the subsidiaries may write to the Company Secretary, at the Registered Office of the Company.

## MATERIAL SUBSIDIARIES

As per Clause 49(V) of the Listing Agreement, the Company has two material non listed subsidiaries. The Policy for determining the material subsidiaries has been formulated and adopted by the Board. The Policy may be accessed on the Company's website at link: <http://www.akcapindia.com/WebSiteDocuments/Policy%20for%20Determining%20Material%20Subsidiary.pdf>

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on March 31, 2015, the Board of Directors of your Company comprised of six Directors of which two are Executive Directors, one Woman Director who is a Non-Executive Non-Independent Director and three are Non-Executive Independent Directors. The Chairman of the Company is Non-Executive Independent Director and 50% of the total numbers of Director are Independent Directors. The composition of the Board is in consonance with Clause 49 of the Listing Agreement, as amended from time to time, and in accordance with the applicable provisions of the Companies Act, 2013.

In accordance with the Articles of Association of the Company and the provisions of the Section 152(6)(e) of the Companies Act, 2013, Mrs. Anshu (DIN: 01227279), Non-Executive Non-Independent Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offer herself for re-appointment.

In accordance with the provisions of Section 196, 197, 198 and Schedule V of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company is seeking appointment of Mr. A. K. Mittal (DIN: 00698377) as Managing Director and Mr. Deepak Mittal (DIN: 00043685) as Whole-time Director for the period of five years. The said Directors fulfill the conditions specified in abovementioned provisions of the Companies Act, 2013 and the rules made thereunder for their appointment.

The following persons are the Key Managerial Personnel (KMP's) of the Company as per the provisions of the Companies Act, 2013.

Mr. A. K. Mittal	-	Managing Director
Mr. Deepak Mittal	-	Whole-time Director
Mr. Mahesh Bhootra	-	Chief Financial Officer
Ms. Kanchan Singh	-	Company Secretary

In terms of provisions of section 203 of Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Vikas S Agarwal, Chief Financial Officer (CFO) of the Company resigned with effect from May 24, 2015 and Mr. Mahesh Bhootra (CA Membership No: 120867) has been appointed as Chief Financial Officer (CFO) of the Company with effect from May 24, 2015. Mr. Vikas S Agarwal has been with the Company for the past 11 years and has contributed in multiple areas. The Company thanks him for his dedication and valuable contribution.

## DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of Independence prescribed both under the Companies Act, 2013 and Clause 49 of the Listing Agreement.

## EVALUATION OF THE PERFORMANCE OF THE BOARD

The Board has framed an Evaluation Policy (the Policy) for evaluating the performance of the Board, Chairman, Managing Director, Whole-time Director, Independent Directors, Non-Executive Director and its Committees. Based on the same, the performance was evaluated for the financial year ended March 31, 2015. A meeting of the Independent Directors was held during the year under review.

The Policy *inter alia* provides the criteria for performance evaluation such as Board effectiveness, quality of discussion contribution at the meetings, business acumen, strategic thinking, time commitment, relationship with the stakeholders, corporate governance practices, contribution of the Committees to the Board in discharging its functions, etc.

## NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection of Directors, determining Directors independence and payment of remuneration to Directors, Key Managerial Personnel and other employees. The Nomination and Remuneration Policy is attached as **Annexure - 1** to this Report. The details of the Nomination & Remuneration Committee are stated in the Corporate Governance Report.

## BOARD COMMITTEES

Your Company has four Committees of Board, viz:

1. Audit Committee
2. Stakeholders' Relationship Committee
3. Nomination and Remuneration Committee
4. Corporate Social Responsibility Committee

Details of all the Committees along with their composition, terms of reference and meetings held during the year are provided in 'Corporate Governance Report' forming part of the Annual Report.

## AUDIT COMMITTEE OF THE COMPANY:

The Company's Audit Committee comprises the following Directors:

Sr.	Name of the Members	DIN	Designation
1	Mr. Subhash Chander Madan	00785025	Chairman (Independent Director)
2	Mr. Raghubinder Rai	00851994	Member (Independent Director)
3	Mr. A. K. Mittal	00698377	Member (Managing Director)

The composition of the Audit Committee is in compliance with the requirements of Section 177 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange (BSE).

## NUMBER OF MEETINGS OF THE BOARD

The Board meets at regular intervals to discuss and decide on the Company's policies and business performance apart from other Board matters.

During the financial year 2014-15, four Board Meetings were held on May 25, 2014, August 2, 2014, November 14, 2014 and February 7, 2015. The gap between the two board meetings did not exceed 120 days.

The details of the meetings of the Board of Directors held during the financial year 2014-15 are set out in the Corporate Governance Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

1. in preparation of the annual financial statements for the financial year 2014-15, the applicable accounting standards have been followed and there are no material departures from the same;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the financial year 2014-15 ended on that date;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the annual accounts on a 'going concern basis';
5. the Directors have laid down proper internal financial controls to be followed by the Company and that such financial controls are adequate and are operating effectively;
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that the systems are adequate and are operating effectively.

## CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of section 135 of the Companies Act, 2013, the Board of Directors of the Company has constituted the Corporate Social Responsibility Committee (CSR Committee) and the CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at the link: [http://www.akcapindia.com/WebSiteDocuments/CSR\\_Policy.pdf](http://www.akcapindia.com/WebSiteDocuments/CSR_Policy.pdf)

As part of its initiatives under "Corporate Social Responsibility" (CSR), the Company has undertaken project in accordance with Schedule VII of the Companies Act, 2013.



The Company has donated towards the following initiatives:

1. For promoting education.
2. For promoting preventive health care and sanitation
3. For empowering woman and setting up homes.

The details of CSR activities undertaken by the Company is attached as **Annexure - 2** and forms an integral part of this Report.

#### **WHISTLEBLOWER POLICY AND ESTABLISHMENT OF VIGIL MECHANISM**

In accordance with the provisions of Section 177 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement, the Company has established Vigil Mechanism and also adopted a Whistleblower Policy under the surveillance of the Audit Committee. The Company has adopted work culture which ensures highest standards of professionalism, honesty, integrity, moral and ethical behavior. The Policy may be accessed on the Company's website at the link:

[www.akcapindia.com/WebSiteDocuments/Whistle%20Blower%20Policy%20and%20Establishment%20of%20Vigil%20Mechanism.pdf](http://www.akcapindia.com/WebSiteDocuments/Whistle%20Blower%20Policy%20and%20Establishment%20of%20Vigil%20Mechanism.pdf)

#### **POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

In accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 the Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace. During the financial year 2014-15 no cases in the nature of sexual harassment were reported at any work place of the Company.

#### **MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORT**

The Management Discussion and Analysis for the financial year 2014-15 and the report of the Directors on Corporate Governance as required under Clause 49 of the Listing Agreement, are given in separate sections forming part of the Annual Report.

A certificate from the Statutory Auditors of the Company, M/s. Suresh Surana & Associates LLP, Chartered Accountants (Firm Registration No. 121750W/W-100010) confirming compliance with the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement is annexed to the report of the Directors on Corporate Governance.

#### **RISK MANAGEMENT AND INTERNAL CONTROLS**

The Company has a well-defined risk management framework and maintains adequate internal control systems. The Risk Management and Internal Control System thereof are discussed in detail in the Management Discussion and Analysis report that forms part of the Annual Report.

#### **STATUTORY AUDITORS**

M/s. Suresh Surana & Associates LLP, Chartered Accountants, (Firm Registration No. 121750W/W-100010), Mumbai, Statutory Auditors of your Company, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a confirmation from M/s. Suresh Surana & Associates LLP, Chartered Accountants, (Firm Registration No. 121750W/W-100010), to the effect that their appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013 and the rules framed thereunder and that they satisfy the criteria given under Section 141 of the Companies Act, 2013.

The Audit Committee and Board of Directors have recommended the re-appointment of M/s. Suresh Surana & Associates LLP, Chartered Accountants, (Firm Registration No. 121750W/W-100010), as the Statutory Auditors of your Company.

#### **SECRETARIAL AUDITOR**

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the rules made thereunder, the Company has appointed M/s Ashish Bhatt & Associates (C.P.No: 2956), a firm of the Company Secretaries in Practice to conduct the Secretarial Audit of the Company. The Secretarial Audit Report is appended as **Annexure - 3** to this Report.

#### **PUBLIC DEPOSITS**

During the financial year 2014-15, your Company did not invite or accept any public deposits.

#### **PARTICULARS OF LOANS, GUARANTEE AND INVESTMENTS BY THE COMPANY**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in "Notes to the Financial Statements".

#### **RELATED PARTY TRANSACTION**

All contracts /transactions entered by the Company during the year with related parties were on an arm's length basis. The Company has complied with the provisions of section 188 of the Companies Act, 2013 read with rule of Companies (Meetings of Board and its Powers) Rules, 2014 and the amendments made thereto from time to time. The Company has not entered into any transaction which can be considered as material in accordance with Clause 49 of Listing agreement and the Policy of the Company.

The particulars of contracts or arrangements with related parties referred to in Section 188(1), as prescribed in Form AOC - 2 are appended as **Annexure - 4** to this report.

The details of related party transactions carried out by the Company are also set out in note no.31 to the Financial Statements.

The policy on materiality and dealing with related party transactions may be accessed on the Company's website at the link:

<http://www.akcapindia.com/WebSiteDocuments/Policy%20on%20Materiality%20and%20Dealing%20with%20Related%20Party%20Transactions.pdf>

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

During the year under review there were no significant or material changes affecting the financial position of the Company.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

In view of the nature of activities which are being carried on by the Company, the particulars as prescribed under Section 134(3)(m) of the



Companies Act, 2013 read with Companies' (Accounts) Rules, 2014 regarding Conservation of Energy and Technology Absorption, and research and development are not applicable to the Company.

Your Company has no foreign exchange earnings during the financial year 2014-15. The information on foreign exchange outgo is furnished in the "Notes to the Financial Statements" under note no. 28 which forms part of this Annual Report.

#### **TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 20, 2014 (date of last Annual General Meeting) on the website of the Company ([www.akcapindia.com](http://www.akcapindia.com)), as also on the Ministry of Corporate Affairs website.

#### **EXTRACT OF ANNUAL RETURN**

Pursuant to the requirements under Section 92(3) and Section 134(3) of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014, an extract of Annual Return in prescribed Form MGT - 9 is given in the Annual Report as **Annexure – 5**.

#### **PARTICULARS OF EMPLOYEES**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report and is attached as **Annexure - 6** and forms an integral part of this Report.

In terms of the provisions of Section 197(12) of the Companies Act, 2013, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection by the Members at the Registered Office of the Company between 2.00 p.m. to 4.00 p.m. on any working day (Monday to Friday) upto the date of 22<sup>nd</sup> Annual General Meeting of the Company. Any Member is interested in obtaining such information may write to the Company Secretary and the same will be furnished on such request.

#### **ACKNOWLEDGEMENT**

Your Directors would like to express their appreciation for the assistance and co-operation received from the Government Authorities, Regulators, Stock Exchanges, Bankers of the Company, Other Statutory Bodies, etc. during the year under review. Your Directors would also like to take this opportunity to express their gratitude to the members of the Company for their trust and support. The Board also wishes to thank the employees of the Company and its subsidiaries at all levels for the dedicated services rendered by them. Your Directors look forward to your continuing support.

On behalf of the Board of Directors

A. K. Mittal  
Managing Director  
(DIN: 00698377)

Deepak Mittal  
Whole-time Director  
(DIN: 00043685)

Date: August 14, 2015  
Place: Mumbai



## **NOMINATION AND REMUNERATION POLICY**

### **INTRODUCTION:**

The only vital value an enterprise has is the experience, skills, innovativeness and insights of its employees. A. K. Capital Services Limited (the "Company") believes in transparency in evaluating the performances of its Directors, Key Managerial Personnel's (KMPs) and Senior Management of the Company and paying equitable remuneration to them. The Company recognizes its Directors, Key Managerial Personnel (KMP) and Senior Management as an invaluable asset.

In terms of the provisions of the Companies Act, 2013 and the Listing Agreement (as amended from time to time), this policy has been formulated by the Nomination and Remuneration Committee and approved by the Board.

### **OBJECTIVES OF THE POLICY:**

The Key objectives of the Policy would be:

- 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 annual performance of the Board of Directors and Members of other Committees of the Board, KMP's and Senior Management and other employees of the Company and recommend remuneration payable to them to the Board.
- d) Formulate criteria for evaluation of Independent Directors and the Board.
- e) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel 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) Assist the Board in fulfilling responsibilities.
- h) To retain, motivate and promote talent and to ensure their sustainability and create competitive advantage.
- i) Implement and monitor policies and processes regarding principles of corporate governance.

### **DEFINITIONS:**

- a) '**Act**' means the Companies Act, 2013 and the rules framed thereunder as amended from time to time.
- b) '**Board of Directors**' or '**Board**' in relation to a company, means the Board of Directors of the Company.
- c) '**Director**' means Directors of the Company.
- d) '**Independent Director**' means an independent director referred to in sub-section (5) of section 149 of Companies Act, 2013.
- e) '**Key Managerial Personnel**' means
  - a) Managing Director, or Chief Executive Officer or Manager and in their absence a Whole-time Director;
  - b) Chief Financial Officer;
  - c) Company Secretary; and
  - d) Such other officer as may be prescribed.
- f) '**Policy**' means Nomination and Remuneration Policy of the Company.
- g) '**Senior Management**' means the personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

### **INTERPRETATION:**

Terms that have not been defined in this policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Agreement and/or any other regulations as may be amended from time to time.

### **APPLICABILITY OF THE POLICY**

This Policy is applicable to:

- a) Directors viz. Executive, Non-executive and Independent
- b) Key Managerial Personnel
- c) Senior Management Personnel

### **NOMINATION AND REMUNERATION COMMITTEE OF THE COMPANY:**

The Board of Directors of the Company have constituted the Committee to be known as the Nomination and Remuneration Committee consisting of three or more Non-Executive Directors out of which not less than one-half are Independent Directors. The Chairman of the Committee is an Independent Director. The Chairman of the Company (whether executive or nonexecutive) may be appointed as member of the Nomination and Remuneration Committee but shall not Chair such Committee.

### **POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT**

#### **I. APPOINTMENT AND QUALIFICATION CRITERIA**

- 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) A person should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. 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 Directors is subject to compliance of provisions of section 149 of the Companies Act, 2013, read with Schedule IV and rules made thereunder.
- d) 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.

## **II. TERM/TENURE**

- a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- b) Independent Director:

- 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.

- 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.

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

## **III. EVALUATION**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

## **IV. REMOVAL**

Due to reasons for any disqualification mentioned in the Act 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.

## **V. RETIREMENT**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. 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.

## **POLICY FOR REMUNERATION TO DIRECTORS, KMP AND SENIOR MANAGEMENT**

### **I. REMUNERATION TO WHOLE-TIME / EXECUTIVE / MANAGING DIRECTOR, KMP AND SENIOR MANAGEMENT:**

The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

### **II. REMUNERATION TO NON- EXECUTIVE / INDEPENDENT DIRECTOR:**

The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. 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.

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.

Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes mentioned above if the following conditions are satisfied:

- i) The Services are rendered by such Director in his capacity as the professional; and
- ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

### **III. REMUNERATION TO KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:**

The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 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 pay 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.