

NOMINATION & REMUNERATION POLICY

1. PURPOSE:

The remuneration policy of **Ashika Stock Services Limited (Formerly, Ashika Stock Broking Limited) (ASSL)** was laid down to assist the Board of Directors in fulfilling its governance and supervisory responsibilities relating to human resource management and compensation. The purpose is to have a remuneration policy that is consistent with and is aligned with the company's strategy, values and goals and the interests of customers and investors. It also provides support in handling the nomination and remuneration proposals for the Board members, Key Managerial Personnel and Senior Management Personnel. The Company has therefore formulated the remuneration policy for its directors, key managerial personnel and other senior employees keeping in view the following objectives:

1.1.1 Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.

1.1.2 Ensuring that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

1.1.3 Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

2. SCOPE AND EXCLUSION:

2.1 This Policy sets out the guiding principles for the Nomination and Remuneration Committee for recommending to the Board the remuneration of the directors, key managerial personnel and other senior employees of the Company.

3. TERMS AND REFERENCES:

In this Policy, the following terms shall have the following meanings:

3.1 **"Director"** means a director appointed to the Board of the Company.

3.2 **"Key Managerial Personnel"** as defined under Section 2(51) of Companies Act, 2013, means-

- (i) The Chief Executive Officer or the Managing Director or the Manager;
- (ii) The Company Secretary;
- (iii) The Whole-time Director;
- (iv) The Chief Financial Officer; and
- (v) 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
- (vi) Such other officer as may be prescribed;

3.3 **"Nomination and Remuneration Committee"** means the committee constituted by ASSL's Board in accordance with the provisions of Section 178 of the Companies Act, 2013.

3.4. The composition of the Nomination and Remuneration Committee of the Board may be reconstituted from time to time as the Board may decide.

4. CONSTITUTION OF NOMINATION & REMUNERATION COMMITTEE: ('COMMITTEE')

4.1 The committee shall consist of a minimum of 3 non-executive directors of which at least one-half of them being independent directors.

4.2 The Chairperson of the Committee should be an Independent Director.

4.3 The Chairperson of the company may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such committee.

4.4 Company secretary of the company shall act as secretary to the committee.

Proceedings of all meetings must be minutes and signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

The meeting of the Committee shall be held at least once in a year.

5. ROLE OF THE COMMITTEE

The role of the Committee inter alia will be the following:

- a) Formulate criteria to qualify individuals who may become Director or who may be appointed in senior management level of the Company and recommend to the Board of such appointments and removal.
- b) Carry out performance evaluation of all Directors.
- c) Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- d) Recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and Senior Management. The Policy shall be referred as Nomination and Remuneration policy.
- e) To decide on the commission payable to the Directors within the prescribed limit and as approved by the shareholders of the Company.
- f) To recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
- g) To decide whether to extend or continue the term of appointment of the independent director on the basis of report of performance evaluation of independent director.
- h) To evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director, in case of appointment of an Independent Director.
- i) To carry out any other function as is mandated by the Board from time to time and/ or enforced by any statutory notification, amendment or modification, as may be applicable and such other powers to be exercised by the NRC pursuant to circulars, notifications issued by Statutory & Regulatory authorities from time to time.

6. OBJECTIVE

The objective of this Policy is to lay down a framework in relation to remuneration of Directors, Key Managerial Personnel ("KMP") and Senior Management. The Key Objectives of the Nomination and Remuneration Committee would be:

- To guide the Board in relation to appointment and removal of Directors, KMP and Senior Management.
- 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, KMP and other employees.
- To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.
- To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- Evaluation of Directors

7. APPOINTMENT CRITERIA AND QUALIFICATIONS:

- The committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his/ her appointment, re-appointment and removal.
- A person should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned position.
- The Company shall not appoint or continue the employment of any person as Managing Director/ Whole-time Director/ Manager 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 the 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.

- The Company shall not appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy-five years unless a Special Resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

Term/ Tenure:

1. Managing Director/ Whole-time Director/ Manager ("Managerial Person"):

- The Company shall appoint or re-appoint any person as its Managerial Person 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.

2. 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 shall be made in the Board's Report of the Company.

- 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.

8. REMOVAL:

Due to reasons for any disqualification mentioned in the Act, the Rules made thereunder or under any other applicable provisions of the Act, Rules and Regulations, the NRC may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, Rules and Regulations.

9. EVALUATION :

The NRC shall carry out evaluation of performance of every Director at regular interval (yearly) or as and when required.

10. RETIREMENT:

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

11. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT:

11.1. General Clause

- The Committee shall review, monitor and, if advisable, approve and recommend for approval by the members of the Board, the remuneration/ compensation/ commission etc. to Managerial Person, KMP and Senior Management. The compensation recommendation shall be based on their performance and aligned with the longer interests of the Company and its shareholders as well as other factors and criteria, as may be determined by the Committee from time to time. The remuneration/ compensation/ commission etc. shall be subject to the prior/ post approval of the Shareholders of the Company and such other approval, wherever required.
- The remuneration to be paid to Managerial Person shall be as per the statutory provisions of the Act and the Rules made thereunder, for the time being in force.
- Increments to the existing remuneration structure may be recommended by the NRC to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.
- The remuneration structure will be as per company policy and decided by NRC . It may be mix of guaranteed (fixed) pay, performance pay, other variable, perquisites etc.
 - ✓ Basic Pay
 - ✓ House Rent Allowance
 - ✓ Perquisites and Allowances
 - ✓ Incentives/ Commission
 - ✓ Bonus
 - ✓ Leave Travel Allowances
- Where any insurance is taken by the Company on behalf of its Managerial Person for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

11.2. Remuneration to Managerial Person, KMP and Senior Management:**Fixed pay:**

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the NRC in accordance with the statutory provisions of the Act and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including employer's contribution to Provident Fund(s), club fees etc. shall be decided and approved by the Board on the recommendation of the NRC and approved by the shareholders and such other approval, wherever required.

Variable Pay:

The Company may in its discretion structure any portion of remuneration to link rewards to corporate and individual performance, fulfilment of targets or the attainment of certain financial or other objectives set by the Board/committee.+

Provision for excess remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Act. If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without such approval, wherever required, he/ she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

Provided that the Company may waive the recovery of any sum refundable to it after passing of the Special Resolution within two years from the date the sum becomes refundable.

11.3 Remuneration to Non-Executive Directors :

- ✓ The Board, on the recommendation of the N & R Committee, shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders. The remuneration/ commission, if any, shall be in accordance with the statutory provisions of the Act and the Rules made thereunder for the time being in force.
- ✓ Non-Executive Independent Directors are not paid sitting fees, if any, for attending the meetings of the Board and the Committees thereof.

12. GUIDING PRINCIPLES

The Policy ensures 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;
- Relationship between remuneration and performance is clear and meets appropriate performance benchmarks; and
- The remuneration policy will ensure that remuneration to directors, key managerial personnel and senior employee involves a balance between fixed and variable including allowances, perquisites etc.

13. DEVIATIONS FROM THIS 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

14. REVIEW/ REVISION OF THE POLICY

If at any point a conflict of interpretation/ information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/ or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board and/ or its Committee reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.

This policy is amended and shall be applicable w.e.f 01.04.2022, as approved by Board in its' meeting.

The update policy be uploaded on website of the company www.ashikagroup.com
