



**AKME STAR HOUSING FINANCE LIMITED**

**POLICY FOR SELECTION AND APPOINTMENT OF  
DIRECTORS AND THEIR REMUNERATION**



## **POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

- Companies Act 2013 under the provisions of Section 178 has mandated that “every listed Company or such class or classes of companies, as may be prescribed, shall constitute the Nomination and Remuneration Committee, to guide the Board on various issues on appointment, evaluate performance, remuneration of Directors, and Senior Management.

### **OBJECTIVE:**

The Objective of the Policy is to ensure 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 of remuneration to performance is clear and meets appropriate performance benchmarks; and
- ❖ Criteria for selection and Appointment of Executive and Non Executive Directors
- ❖ Remuneration to Directors and Senior Management 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.

### **APPOINTMENT OF MANAGERIAL PERSONNEL, DIRECTOR, KMP AND SENIOR MANAGEMENT:**

- ❖ The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Personnel, Director or KMP or Senior Management and recommend to the Board his /her appointment or re-appointment.
- ❖ A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient /satisfactory for the concerned position.
- ❖ Appointment of Independent Directors is also subject to compliance of provisions of section 149 of the Companies Act, 2013, read with Schedule IV and rules there under.

### **CRITERIA OF “SELECTION OF NON-EXECUTIVE DIRECTOR”:**

1. The Non Executive Director shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of marketing, finance, taxation, law, governance and general Management.
2. In case of appointment the committee shall satisfy itself regarding to the independent nature of directors and shall ensure that candidate is not disqualified for appointment under Section 164 of companies Act, 2013.
3. The committee shall ensure that proper familiarization programmes is carried out for such director in case of his appointment.



### **REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT:**

- ❖ The Remuneration / Compensation / Profit linked Incentive etc. to Managerial Personnel, will be determined by the Committee and recommended to the Board for approval. The Remuneration / Compensation/ Profit Linked Incentive etc. to be paid for Managerial Personnel shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- ❖ The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- ❖ If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
- ❖ If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.
- ❖ Increments if declared to the existing remuneration / compensation structure shall be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel.
- ❖ 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 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.
- ❖ Where any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and Senior Management for indemnifying them against any official liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

### **REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTORS:**

- ❖ **Remuneration / Profit Linked Commission:**  
The remuneration / profit linked commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- ❖ **Sitting Fees:**  
The Non- Executive Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the



maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

❖ **Limit of Remuneration /Profit Linked Commission:**

Remuneration /profit linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1%/3% of the net profits of the Company respectively.

**STOCK OPTIONS:**

- ❖ Pursuant to the provisions of the Companies Act 2013, Managerial Personnel, KMP, Senior Management and an employee, except Independent Directors, shall be entitled to any Employee Stock Options (ESOPs) of the Company.

**POLICY ON BOARD DIVERSITY:**

- ❖ The Board of Directors shall have the optimum combination of Directors from the different areas / fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain etc or as may be considered appropriate.
- ❖ The Board shall have at least one Board member who has accounting or related financial management expertise and at least three members who are financially literate.

**MONITORING, EVALUATION AND REMOVAL:**

❖ **Evaluation:**

The Committee shall carry out evaluation of performance of every Managerial Personnel, Director, KMP and Senior Management on yearly basis.

❖ **Removal:**

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Director, KMP or Senior Management subject to the provisions of Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

**MINUTES OF COMMITTEE MEETING:**

- ❖ 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 circulated at the subsequent Board meeting for noting.

**AMENDMENT TO THE POLICY:**

- ❖ The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.
- ❖ In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities,



not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.

**DISCLOSURE:**

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein or alternatively the same may be put up on the Company's website and reference drawn thereto in the Annual Report.