

ARKA FINCAP LIMITED

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2020

Remuneration Policy

POLICY DOCUMENT – 032

Policy on 032- Remuneration Policy

Action	Entity	Signature
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Approved by	CEO	
Approved by	Board / RMC	
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1. Objectives:

The objectives of this policy to stipulate criteria for:

- Appointment, reappointment, removal of Directors, KMP(s) and Senior Management Personnel.
- Determining qualifications, positive attributes and independence of a Director and recommend to the Board.
- Retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create
- Competitive advantage to run the operations of the Company successfully.
- Consider and determine the remuneration, based on the fundamental principles of payment for performance, experience as well as for talent, potential and growth.

2. Criteria for Appointment of Director and KMPs:

The appointment shall be based on the followings criteria:

- Ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment
- Age, number of years of service, specialized skills, expertise and period of employment or association with the Company
- Special skills, achievements and operational efficiency which contributed to growth in business in the relevant functional area
- Constructive and active participation in not only business affairs of the Company but also in relevant business segment
- Exercising the responsibilities in a bona fide manner in the interest of the Company
- Sufficient time devotion to the assigned tasks and involvement thereof
- Diversity of the Board pursuant to long term strategy, vision statement

- Demonstrable leadership qualities and interpersonal communication skills, relevant to the role, compliant with the rules, policies and values of the Company and does not have any conflicts of interest
- Transparent, unbiased and impartial and in accordance with appropriate levels of confidentiality
- Appointment of Directors and KMPs in compliance with the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder or any other relevant enactment for the time being in force

3. Key aspects of Remuneration Policy:

- a) To ensure that its Remuneration practices support and encourage meritocracy.
- b) To ensure that Remuneration is market-led, industry standard and takes into account the competitive context of each business.
- c) To leverage Remuneration as an effective instrument to enhance performance & potential and therefore, to link a significant component of remuneration to both individual and collective performance outcomes.
- d) To adopt a comprehensive approach to Remuneration in order to support a superior quality of personal and work life, combining both cash and non-cash components / benefits, in a manner so as to judiciously balance short term with long term priorities.
- e) To design Remuneration practices such that they reinforce AFL's values and culture and to implement them in a manner that complies with all relevant regulatory requirements.

4. Remuneration of Chairman, Vice Chairman, Managing Director, Executive Directors, Key Managerial Personnel and Senior Management:

- a) Remuneration of the Chairman, Executive Vice Chairman & CEO, Managing Director, Executive Directors, Key Managerial Personnel and Senior Management is determined and recommended by the Nomination & Remuneration Committee (NRC) and approved by the Board of Directors of the Company ('the Board'). Remuneration of the Vice Chairman & CEO and Executive Directors if any, is subject to the approval of the Members of the Company.
- b) Remuneration is reviewed and revised generally every year or when such a revision is warranted by the market conditions. Since the market for Board-level and senior

leadership talent is global, remuneration of top management of global corporations as well as Indian corporations of comparable size to be considered.

- c) Apart from fixed elements of remuneration and benefits / perquisites, the Chairman, Executive Vice Chairman & CEO, Managing Director, Executive Directors, Key Managerial Personnel and Senior Management Personnel are eligible for Performance Bonus which is linked to their individual performance as well as the overall performance of the Company, as may be decided by the NRC and / or the Board .

The aforesaid elements of compensation design facilitate alignment of the priorities of the Chairman, Vice Chairmen, Executive Directors, Key Managerial Personnel and Senior Management with the long-term goals interests of stakeholders.

5. Remuneration of Non-Executive Directors:

Remuneration of Non-Executive Directors is in the form of annual commission which is determined by the Board within the limit approved by the shareholders in accordance with the provisions of the Companies Act, 2013. Commission is based, inter alia, on Company performance and is generally payable on a uniform basis to reinforce the principle of collective responsibility. Individual performance may be taken into account in exceptional circumstances. Non-Executive Directors are also entitled to sitting fees for attending meetings of the Board and Committees thereof, the quantum of which is determined by the Board.

6. Remuneration of Management Staff:

- a) Remuneration of Management Staff is business-specific and approved by the Nomination and Remuneration Committee (NRC) on the recommendation of the respective Business Heads and Corporate Human Resources.
- b) Remuneration is reviewed and revised generally every year or when such a revision is warranted by the market conditions. The quantum of revision is linked to market trends, industry standards, competitive context of the business as well as the performance experience, talent and potential of the individual manager.
- c) Variable Pay in the form of Annual Performance Bonus cognizes for the performance rating of the individual manager, the performance of the Business / function and the overall performance of the Company.
- d) In addition to the foregoing Senior Management Personnel of the Company may be considered for Long Term Incentives which is linked to the performance rating of the

individual, the performance of the Business / function and the overall performance of the Company.

7. Periodic Review:

NRC shall, as and when required, assess the adequacy of this Policy and make any requisite modifications / amendments to ensure it remains consistent with the Vision statement the Board's objectives and prevailing Regulatory requirements from time to time.
