

## **Remuneration Policy**

### **1. Background**

Pursuant to the Section 178(3) of the Companies Act, 2013 ("Act"), Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 ("RBI Master Direction") the Company shall have in place a remuneration policy. The Nomination and Remuneration Committee shall recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel, senior management and other employees.

### **2. Scope**

- a) 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) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) Remuneration to Directors, Key Managerial Personnel, Senior Management and Other Employees 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.

### **3. Applicability**

This policy shall be applicable to:

- a) Directors;
- b) Key Managerial Personnel;
- c) Senior Management;
- d) Other Employees.

### **4. Definitions**

- a) "**Board**" means Board of Directors of the Company;

- b) “**Committee**” means the Nomination and Remuneration Committee of the Board;
- c) “**Company**” means KLM AXIVA Finvest Limited;
- d) “**Key Managerial Personnel**” shall mean Key Managerial Personnel as prescribed under the Companies Act, 2013.
- e) “**Other Employees**” shall mean employees of the Company other than Directors, Key Managerial Personnel and Senior Management.
- f) “**Senior Management**” shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.
- g) Words and expressions used and not defined above but defined in the policy shall have the same meanings respectively assigned to them in the Act or SEBI LODR Regulations or RBI Master Direction.

## **5. Constitution of Nomination and Remuneration Committee**

The Board has constituted the “Nomination and Remuneration Committee (“NRC”)” pursuant to Section 178 of the Act and the Rules made thereunder and Regulation 19 of SEBI LODR Regulations. This Policy and the terms of reference of the NRC are integral to the functioning of the NRC and are to be read together.

The NRC may work in close coordination with Risk Management Committee (RMC) of the company to achieve effective alignment between compensation and risks. NRC may also ensure ‘fit and proper’ status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management.

## **6. Remuneration to Executive and Non-Executive Directors**

The remuneration or compensation, if any, payable to Executive and Non-Executive Directors excluding Independent Directors shall be recommended by the NRC to the Board.

The board after reviewing the recommendation of the NRC, shall further recommend the remuneration or compensation payable to Executive and Non-Executive Directors for the approval of shareholders by way of special resolution if the proposed remuneration is exceeding the limit as specified in section 197 of the Companies Act, 2013 or regulation 17(6) of the SEBI LODR Regulations.

The approval of Audit Committee shall also be obtained for remuneration or compensation payable, pursuant to section 177(4) of the Act and regulation 23(2) of the SEBI LODR Regulations.

- Executive Directors – Promoter/Promoter Group

Pursuant to regulation 17(6) of the SEBI LODR Regulations, 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 rupees 5 crore or 2.5 per cent of the net profits of the Company, 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 Company.

The approval of the shareholders as above shall be valid only till the expiry of the term of such director.

- Non-Executive Directors

Pursuant to regulation 17(6) of the SEBI LODR Regulations, the board of directors shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors and shall require approval of shareholders in general meeting. The requirement of obtaining approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Companies Act, 2013.

The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

**7. Remuneration to Key Managerial Personnel (other than Directors) and Senior Management**

The NRC shall recommend to the board, all remuneration, payable to Key Managerial Personnel (other than Directors) and senior management. The compensation of Key Managerial Personnel (KMPs) and senior management shall be reasonable, recognising all relevant factors including adherence to statutory requirements and industry practices.

The compensation packages comprise of fixed pay components only. The annual increment of the KMPs and Senior management shall be based on their individual performance.

**8. Remuneration to Other Employees**

The remuneration/annual increment to other employees shall be as per the internal performance appraisal.

**9. Sitting Fees**

The Non - Executive / Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof as per the provisions of section 197(5) of the Act. The amount of such fees shall not exceed Rupees one lakh per meeting of the Board or Committee. The quantum of sitting fees of each director will be determined as per the recommendation of the Committee and approved by the Board of Directors of the Company.

The sitting fees payable to Independent Directors and Women Directors shall not be less than the sitting fee payable to other directors.

**10. Disclosures**

The Remuneration policy shall be placed on the website of the company as per section 178(4) of the Act.

The salient features of the policy and changes therein, if any, along with the web address of the policy, shall be disclosed in the Board's report.

**11. Interpretation**

Any question of interpretation of any term or provision of this policy shall be resolved by

reference to such term or provision of the Act and SEBI LODR Regulations.

## **12. Amendments/Modifications of Policy**

The policy may be amended at any time by the board of the company on the recommendation of the NRC. This Policy is in conformity with the provisions of the Act, SEBI LODR Regulations and RBI Master Direction for the time being in force. However, if, due to subsequent amendments in the provisions, a particular clause or any part thereof of the policy becomes inconsistent with the law, the provisions of the Act, SEBI LODR Regulations and RBI Master Direction shall prevail.

The subsequent amendment(s) thereto to the policy, shall be published on the website of the Company.

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*Reviewed by the Board of Directors on July 7, 2023;*

*Reviewed by the Board of Directors on January 17, 20225.*