

# AKNA MEDICAL PRIVATE LIMITED

## REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Policy Name	REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES
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## **REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES (“REMUNERATION POLICY”/ “THIS POLICY”)**

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### **1. Preamble**

The Remuneration Policy of Akna Medical Private Limited (“**Company**”) is based on the commitment demonstrated by the Directors, Key Managerial Personnel (“**KMPs**”) and other employees towards the Company and truly fostering a culture of leadership with trust.

This Remuneration Policy has been formulated pursuant to the provisions of Section 178 of the Companies Act, 2013 (“**Act**”) and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”). In case of any inconsistency between the provisions of law and this Policy, the provisions of the above stated law shall prevail, and the Company shall abide by the applicable law. While formulating this Policy, the Nomination and Remuneration Committee (“**NRC**”) has considered the factors laid down under Section 178(4) of the Act, which are as under:

- 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, KMP and Senior Management Personnel 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. Definitions:**

- a. “**Board of Directors**” or “**Board**”, in relation to the Company, means the collective body of the directors of the Company;
- b. “**Chief Executive Officer**” or “**CEO**” means an officer of the Company, who has been designated as such by the Board;
- c. “**Company Secretary**” or “**Secretary**” means a Company Secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by a Company to perform the functions of a Company Secretary under the Act;
- d. “**Chief Financial Officer**” or “**CFO**” means a person appointed as the Chief Financial Officer of the Company;
- e. “**Director**” means a director appointed to the Board of the Company;
- f. “**Executive Director**” means a Whole Time Director as defined in clause (94) of section 2 of the Act”
- g. “**Senior Management Personnel**” means officers/personnel of the Company who are members of its core management team excluding Board of Directors and comprising all members of management one level below the CEO/MD/WTD/Manager (including CEO/Manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.

- h. **“Key Managerial Personnel”**, in relation to the Company, means—
  - i. the Chief Executive Officer or the Managing Director or the Manager;
  - ii. the Whole-Time Director;
  - iii. the Company Secretary; and
  - iv. the Chief Financial Officer; or
  - v. such other personnel as may be decided by the Board;
- h. **“Manager”** means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not;
- i. **“Managing Director”/ “MD”** means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

Explanation.—For the purposes of this clause, the power to do administrative acts of a routine nature when so authorised by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management;

- j. **“Non-Executive Director”** means and includes the directors other than the Executive Directors and Managing Director of the Company;
- k. **“Whole-Time Director”** includes a director in the whole-time employment of the company;
- l. **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

### **3. Aims & Objectives:**

The aims and objectives of this remuneration policy may be summarized as follows:

- a) The remuneration policy aims to enable the company to attract, retain and motivate members for the Board and other executives.
- b) The Remuneration Policy seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder’s interests, industry standards and relevant rules and regulations.
- c) The Remuneration Policy will ensure that the interests of Board members and senior executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and will be consistent with the "pay-for-performance" principle.
- d) The Remuneration Policy will ensure that remuneration to directors, KMPs and Senior Management Personnel 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.

- e) Remuneration of employees largely consists of basic remuneration, perquisites, allowances and performance incentives. The components of remuneration vary for different employee grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performances, etc.
- f) Based on the recommendation of the NRC, remuneration by way of commission to the Non-Executive Directors is to be decided by the Board of Directors and distributed to them based on their participation and contribution at Board/certain committee meetings as well as time spent on matters other than at meetings.

#### **4. Principles:**

Key principles governing this Remuneration Policy are as follows:

##### **A. Remuneration of Independent Directors and Non-Independent Non-Executive Directors**

- i. Overall remuneration should be reflective of the size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay the remuneration.
- ii. Independent Directors ("**ID**") and Non-Executive Directors ("**NED**") of the Company shall be paid remuneration by way of sitting fees (for attending the meetings of the Board and of committees of which they may be members) and/or commission within regulatory limits as prescribed under the Act, as amended from time to time and Listing Regulations. Quantum of sitting fees may be subject to review on a periodic basis, as may be recommended by the NRC and approved by the Board.
- iii. The commission payable to the NEDs and IDs will be recommended by the NRC to the Board based on Company's performance, profits, return to investors, shareholder value creation, evaluation process, and any other significant qualitative parameters as may be decided by the Board.
- iv. The NRC will recommend to the Board, the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by Directors other than in meetings.
- v. In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organised by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a Director.
- vi. Keeping with evolving trends in industries and considering the time and efforts spent by specific non-executive directors, the practice of paying differential commission will be considered by the Board.

- vii. The remuneration payable to the MD/ Executive Director shall be further subject to the relevant provisions of the Act.
- viii. NEDs will be eligible to receive stock options under the employee stock option scheme/plan (“ESOP”) of the Company.

**B. Remuneration of Managing Director/ Executive Directors.**

The remuneration to Managing Director and Executive Director(s) shall be recommended/proposed by NRC and subsequently approved by the Board and shareholders of the Company, as applicable.

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for the role.

Hence remuneration should be:

- a) Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent);
- b) Based on the role played by the individual in managing the Company including responding to the challenges faced by the Company;
- c) Reflective of size of the Company, complexity of the sector/ industry/Company's operations and the Company's capacity to pay;
- d) Consistent with recognised best practices;
- e) Aligned to any regulatory requirements; and
- f) In terms of remuneration mix:
  - i. remuneration mix for the Managing Director (“MD”) / Executive Directors (“ED”) shall be within the limits approved by the NRC/Board/shareholders, as applicable.
  - ii. Basic/fixed salary shall be provided ensuring that there is a steady income in line with their skills and experience.
  - iii. In addition to the basic/fixed salary, the Company may provide them with certain perquisites, allowances, and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimisation, where possible. The Company may also provide them with a social security net (subject to limits) by covering medical expenses and hospitalisation through reimbursements or insurance cover and accidental death and dismemberment through personal accident insurance.
  - iv. The Company may also provide retirement benefits as applicable.
  - v. In addition to the basic/fixed salary, benefits, perquisites and allowances as provided above, the Company may provide MD/ EDs such remuneration by way of bonus/ performance linked incentive and/ or commission, as may be determined by the Board, subject to compliance with the provisions of the Act. The specific amount payable to the MD/ EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.
  - vi. The remuneration payable to the MD/ ED shall be further subject to the relevant provisions of the Act.
  - vii. The MD/ED is also eligible for ESOPs as approved by the NRC/Board/shareholders as applicable and in accordance with the employee stock option plan adopted by the Company.

**C. Remuneration to Senior Management Personnel (“SMPs”) & Key Managerial Personnel (“KMPs”) (other than Managing Director/Wholetime Director):**

The key components of remuneration package of the SMPs and KMPs of the Company shall comprise of fixed salary, perquisites, variable pay in the form of performance bonus, certain retiral benefits, allowances and other benefits. They may also be eligible for stock options of the Company, as may be decided by Board or NRC, as applicable, from time to time.

The terms of remuneration of the Chief Financial Officer (CFO), Company Secretary, SMP and such other officers, designated by the Board as KMP shall be determined by the NRC from time to time and recommended to the Board for its approval, if applicable.

The remuneration, performance appraisal and rewards to SMPs and KMPs shall be in line with the stated objectives.

- i. Remuneration packages shall be designed in such manner that it:
  - (a) motivates delivery of key business strategies, creates a strong performance-orientated environment and rewards achievement of the Company’s objectives & goals over the short and long-term.
  - (b) attracts high-flier executives in a competitive global market and remunerate executives fairly and responsibly.
- ii. Remuneration shall be competitive and shall include salary comprising of both fixed and variable components, performance incentives and other benefits such as retiral benefits, health care insurance and hospitalisation benefits, company vehicle, telephone reimbursement, etc.
- iii. Remuneration shall be evaluated annually, and annual increase shall be decided considering the performance of the individual and also of the Company. Industry practices/ trends shall also be given due consideration.
- iv. Remuneration can be reset at any time considering the benchmark of domestic companies in similar line of business, which are similar in size and complexity to the Company.
- v. In addition to the basic/fixed salary, the Company may provide SMPs and KMPs with certain perquisites, allowances, and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimisation, where possible. The Company may also provide them with a social security net (subject to limits) by covering medical expenses and hospitalisation through reimbursements or insurance cover and accidental death and dismemberment through personal accident insurance.
- vi. The NRC may consider granting of stock options to KMPs and SMPs pursuant to employee stock option plan adopted by the Company, if any.
- vii. The performance linked bonus/performance linked incentive would be driven by the outcome of the performance appraisal process.

SMPs and KMPs must conduct themselves to ensure that no breach of Company’s Code of Conduct and Company policies is committed. Any such breach will have a direct bearing on their performance appraisal and rewards and shall also attract appropriate disciplinary action.

#### **D. Remuneration for Other Employees (other than as mentioned herein above):**

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

In addition to the basic/fixed salary, the Company may provide employees with certain perquisites, allowances, and benefits to offer scope for savings and tax optimisation, where possible. The Company may also provide all employees with a social security net (subject to limits) by covering medical expenses and hospitalisation through reimbursements or insurance cover and accidental death and dismemberment through personal accident insurance.

The Company may also provide retirement benefits as applicable.

Employees must conduct themselves to ensure that no breach of Companies Code of Conduct and Company's policies is committed. Any such breach will have a direct bearing on their performance appraisal and rewards and shall also attract appropriate disciplinary action.

#### **5. Remuneration payable to Director for services rendered in other capacity**

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such Director in any other capacity unless:

- a) The services rendered are of a professional nature; and
- b) The NRC is of the opinion that the Director possesses requisite qualification for the practice of the profession.

#### **6. Committee members interest**

A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

The NRC may invite such personnel, as it considers appropriate, to be present at the meetings of the NRC.

#### **7. Premium on Director & Officer insurance policy**

The Company shall provide an insurance cover to all Directors, KMPs and SMPs for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust.

Where the insurance is taken by the Company on behalf of its NEDs, for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration.

Where the insurance is taken by the Company on behalf of its MD/ EDs, KMPs and SMPs for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

## **8. Remuneration Policy implementation**

The NRC is responsible for recommending the Remuneration Policy to the Board. The Board is responsible for approving and overseeing implementation of the Remuneration Policy, which is effective from October 28, 2021.

## **9. Review of the Remuneration Policy**

This Remuneration Policy will be reviewed and reassessed by the NRC as and when required and appropriate recommendations shall be made to the Board to update this Remuneration Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

## **10. Disclosures**

Such disclosure of this Policy as may be as required under the relevant provisions of the Act, the rules made thereunder and the Listing Regulations shall be made.