

APTUS FINANCE INDIA PRIVATE LIMITED

Policy on Appointment, Remuneration and Evaluation of the Directors, Key Managerial Personnel and Senior Management

1. Purpose of this Policy:

Aptus Finance India Private Limited ("Aptus" or the "Company") has adopted this Policy on appointment, remuneration and evaluation of the Directors, Key Managerial Personnel and Senior Management (the "Policy") as required by the provisions of Section 178 of the Companies Act, 2013 (the "Act").

The purpose of this Policy is to establish and govern the procedure applicable:

- (a) To evaluate the performance of the members of the Board.
- (b) To ensure remuneration to Directors, KMP 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.
- (c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Company should 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 and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2. Definitions:

Independent Director means a director referred to in Section 149(6) of the Act, as amended from time to time.

Key Managerial Personnel (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act.

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.

Senior Management means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Board of Directors, including all functional heads.

Words and expressions used and not defined in this Policy but defined in the Act or any rules framed under the Act or the Accounting Standards shall have the meanings assigned to them in these regulations.

3. Composition of the Nomination & Remuneration Committee:

The composition of the Committee and its terms of reference to be in compliance with the Act and Rules made thereunder, as amended from time to time.

4. Appointment and removal of Director, KMP and Senior Management:

- 4.1 **Appointment criteria and qualification:** The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his/her appointment.

For the appointment of KMP or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment.

The appointment of KMP can be made by the Board. For administrative convenience, Mr. P Balaji, Director is authorized to identify and appoint a suitable person for positions in the senior management. However, if the need be, he may consult the Committee/Board for further directions/guidance.

- 4.2 **Term:** The term of the Directors including Independent Director shall be governed as per the provisions of the Act and Rules made thereunder, as amended from time to time. Whereas the term of the KMP and Senior Management shall be governed as per the provisions of the Act and Rules made thereunder and by the prevailing HR policies of the Company.

- 4.3 **Remuneration:** The NRC shall decide the basis for determining compensation for Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deemed fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Companies Act and the Rules made thereunder, subject to the approval of the shareholders. The remuneration to Executive Directors shall be recommended by NRC to the Board.

- 4.4 **Evaluation:** The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board or by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

- 4.5 **Removal:** Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or member of Senior Management.

4.6 Policy Review: Subject to the recommendations of the Nomination & Remuneration Committee, the Board reserves the right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the Company.

5. Remuneration of KMP and Senior Management and Other Employees:

The remuneration for KMPs and Senior Management will be proposed by Mr. P. Balaji, Director to the NRC consistent with the strategy of the Company and their Qualifications, Experience, Roles and Responsibilities. Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company follows an extensive annual performance management system to review the performance of the employees /Senior Management and provide rewards on the basis of meritocracy.

Eligible employees will be rewarded with an annual increment and Performance pay. This annual Increment and performance pay is based the performance of the company, the annual performance appraisal of the employees during the financial year and general trends in the Industry etc.

6. Remuneration to Non-executive / Independent Director:

The remuneration/commission/sitting fees, as the case may be, to the Non-Executive/Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee/Board/shareholders.

CRITERIA FOR EVALUATION

Criteria for evaluation of the Board and Non-Independent directors:

1. Composition of the Board and availability of multi-disciplinary skills
2. Commitment to good Corporate Governance Practices
3. Adherence to Regulatory Compliance
4. Track record of financial Performance
5. Grievance redressal mechanism
6. Existence of integrated Risk Management System
7. Use of Modern technology
8. Commitment to CSR
9. Stakeholder focus
10. Knowledge sharing
11. Drive and commitment
12. Financial & Risk Awareness

Criteria for evaluation of Chairman:

1. Leadership qualities
2. Standard of Integrity
3. Understanding of Macroeconomic trends and Micro Industry trends.
4. Public Relations
5. Future Vision and Innovation

Criteria for evaluation of Independent Directors:

1. Qualifications & Experience
2. Standard of Integrity
3. Attendance in Board Meetings/ AGM
4. Understanding of Company's business
5. Value addition in Board Meetings

Criteria for evaluation of the Committees:

1. Qualification & Experience of member
2. Depth of review of financial performance
3. Oversight of Audit & Inspection
4. Review of regulatory compliance
5. Fraud monitoring
6. Defined set of terms of reference
7. Consideration of the recommendations of the committees by the Board
8. Familiarity of the members with the policies, procedures and guidelines of the Committees
9. Receipt of agenda & supporting materials by the members
10. Attendance at committee meetings