

Apoorva Leasing Finance and Investment Company Ltd.

Nomination and Remuneration Policy

APOORVA LEASING FINANCE AND INVESTMENT COMPANY LTD

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1. Preamble

The Remuneration Policy of Apoorva Leasing Finance And Investment Company Ltd. (the "Company") is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

This Remuneration Policy applies to directors, senior management including its Key Managerial Personnel (KMP) and other employees of the Company.

2. Objectives

The Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

The Key Objectives of the Committee would be:

- a. to guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b. to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c. to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

3. Definition

- a. **Act** means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- b. **Board** means Board of Directors of the Company.
- c. **Directors** mean Directors of the Company.
- d. **Independent Director means an Independent Director of the Company appointed in pursuance of the Companies Act and Listing Agreement with stock exchanges.**
- e. **Key Managerial Personnel** means
 - i. Chief Executive Officer or the Managing Director or the Manager;
 - ii. Whole-time director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary; and

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- v. such other officer as may be prescribed.
- f. **Senior Management** means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads
- g. **Nomination & Remuneration Committee** means a Committee of the Board, constituted, in accordance with provisions of Section 178 of the Act and Listing Agreement with stock exchanges
- h. **Employees Stock Option** means *The option given to the **directors**, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such **directors**, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price*
- i. **Rules** means rules framed under the Act
- j. **Remuneration** means any money or its equivalent given or passed on to any person for services rendered which included perquisites and other benefits.

4. Role of Committee

The role of the Committee inter alia will be the following:

- a. to formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b. to recommend to the Board the appointment and removal of Senior Management and Functional Heads.
- c. to carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance.
- d. to recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors remuneration and incentive.
- e. to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- f. ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,
- g. to devise a policy on Board diversity;
- h. to develop a succession plan for the Board and to regularly review the plan;

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5. Constitution of Committee

- a. The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b. Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c. Membership of the Committee shall be disclosed in the Annual Report.
- d. Term of the Committee shall be continued unless terminated by the Board of Directors.

6. Policy relating to Terms /Tenure of Board of Directors

- a. Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- b. Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

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7. Policy relating to Chairperson of the Committee

- a. Chairman of the Committee shall be an Independent Director.
- b. Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d. Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

8. Frequency of Meeting of the Committee

The meeting of the Committee shall be held at such regular intervals as may be required.

9. Committee member Interest

- a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

10. Secretary

The Company Secretary of the Company shall act as Secretary of the Committee.

11. Voting

Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

In the case of equality of votes, the Chairman of the meeting will have a casting vote.

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12. Nomination of Duties

The duties of the Committee in relation to nomination matters include:

- a. Ensuring that there is an appropriate induction & training program in place for new Directors and members of Senior Management and reviewing its effectiveness;
- b. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
- c. Identifying and recommending Directors who are to be put forward for retirement by rotation.
- d. Determining the appropriate size, diversity and composition of the Board;
- e. Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- f. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- g. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- h. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- i. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- j. Recommend any necessary changes to the Board.
- k. Considering any other matters as may be requested by the Board;

13. Remuneration structure and components

Managing Director and whole time Director-

Shall be paid both fixed and variable components of remuneration subject to provisions of the Act, rules and regulations and Listing Agreement with stock exchanges.

Non- executive Directors

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Shall be paid sitting fees for the meetings of the Board and Committees thereof, subject to adequacy of profits and with approval of shareholders, the Company may pay commission to non executive Directors.

Other Key Management Personnel/ Senior Management and Employees:

Remuneration components are combined to ensure an appropriate and balanced remuneration package depending upon level of employee, job profile, performance, future potential, etc

14. Remuneration duties

The duties of the Committee in relation to remuneration matters include:

- a. to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- b. to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- c. to delegate any of its powers to one or more of its members or the Secretary of the Committee to consider any other matters as may be requested by the Board;
- d. Professional indemnity and liability insurance for Directors and senior management.

15. Minutes of Committee Meeting

Proceedings of all meetings must be minute and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.