

## **APPLE FINANCE LIMITED NOMINATION AND REMUNERATION POLICY**

### **PREAMBLE**

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board of Directors is required to constitute the Nomination and Remuneration Committee. The Company has accordingly constituted the said Nomination and Remuneration Committee.

### **OBJECTIVE**

The key objectives of the Nomination and Remuneration Committee are:-

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

### **DEFINITIONS**

- "Board" means the Board of Directors of the Company.
- "Company" means Apple Finance Limited.
- "Independent Director" means a Director referred to in Section 149(6) of the Companies Act, 2013.
- "Key Managerial Personnel" ("KMP") means
  - (i) Chief Executive Officer or the Managing Director or the Manager.
  - (ii) Chief Financial Officer.
  - (iii) Company Secretary, and
  - (iv) Such other officer as may be prescribed.
- "Nomination and Remuneration Committee" shall mean a Committee of the Company's Board of Directors, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

- “Policy or This Policy” means “Nomination and Remuneration Policy.”
- “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 the Board of Directors. This would include all members of management one level below the Executive Directors, including all the functional heads.

## GUIDING PRINCIPLES

The Policy ensures 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.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- 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.

## ROLE OF THE COMMITTEE

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

1. To formulate criteria for determining qualifications, positive attributes and independence of a Director.
2. To formulate criteria for evaluation of Independent Directors and the Board.
3. To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this Policy.
4. To carry out evaluation of every Director’s performance.
5. To recommend to the Board the appointment and removal of Directors and Senior Management.
6. To recommend to the Board policy relating to remuneration for Directors, KMP and Senior Management.

7. To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

8. To devise a policy on Board diversity.

9. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

10. To perform such other functions as may be necessary or appropriate for the performance of its duties.

#### MEMBERSHIP

- The Committee shall comprise at least 3 (three) Directors, all of whom shall be Non-Executive Directors and at least half shall be Independent.
- The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- Minimum 2 (two) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

#### CHAIRMAN

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

#### COMMITTEE MEMBERS' INTERESTS

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

#### APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- Appointment criteria and qualifications:-
  1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
  2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.
  3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a Special Resolution.

- Term/Tenure:-

1. Managing Director/Whole-Time Director/Manager ("Managerial Person"):

The Company shall appoint or reappoint any person as its Managerial Person for a term not exceeding five years at a time. No reappointment shall be made earlier than one year before the expiry of term.

2. Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board and will be eligible for reappointment on passing of a Special Resolution by the Company and disclosure of such appointment in the Board's Report.

- Evaluation:

The Committee shall carry out evaluation of performance of every Director. The Committee shall identify evaluation criteria, which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The

appointment/reappointment/continuation of Directors on Board shall be subject to outcome of the yearly evaluation process.

- Removal:

Due to reasons of any disqualification mentioned in the Companies Act, 2013, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act.

- Retirement:

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

#### PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSONNEL/KMP AND SENIOR MANAGEMENT

- General:-

1. The remuneration/compensation/commission etc. to Managerial Persons, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. shall be subject to the prior/post approval of the Company's shareholders and the Central Government, wherever required.
2. The remuneration and commission to be paid to Managerial Person shall be as per the provisions of the Companies Act, 2013 and the rules made thereunder.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board, which should be within the slabs approved by the shareholders in the case of Managerial Person.
4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- Remuneration to Managerial Person, KMP and Senior Management:-

1. Fixed Pay:

Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the provisions of the Companies Act, 2013. The break-up of the pay scale and quantum of perquisites including employer's contribution to P.F., pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with Schedule V to the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

3. Provisions for excess remuneration:

If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

• Remuneration to Non-Executive/Independent Directors:-

1. Remuneration/Commission:

The remuneration/commission shall be in accordance with the provisions of the Companies Act, 2013.

2. Sitting Fees:

The Non-Executive/Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committees thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committees or such amount as may be prescribed by the Central Government from time to time.

3. Limit of Remuneration/Commission:

Remuneration/Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of

the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be recorded and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. The minutes of the Committee meeting will be tabled at the subsequent Board meeting.

DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.