

APTUS VALUE HOUSING FINANCE INDIA LIMITED

POLICY ON APPOINTMENT, REMUNERATION AND EVALUATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT (THE“POLICY”)

1. Preamble:

Aptus Value Housing Finance India Limited (“Aptus” or the “Company”) has adopted this Policy on appointment, remuneration and evaluation of the Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (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 appoint Directors, KMP and Senior Management Personnel and to determine their remuneration
- b) To evaluate the performance of the members of the Board.

This policy has been framed taking into the account the following factors:

- a) 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
- b) 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;
- c) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

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 Personnel means officers/personnel of the Company who are members of its core management team, excluding the Board of Directors and this shall include all members of management one level below the Managing Director, 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 are required to be in compliance with the Act, 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 a person for appointment as a Director or KMP based on integrity, qualification, expertise and experience of the person and recommend to the Board for its approval.

For the appointment of KMP (other than Managing Director) and Senior Management Personnel, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment.

Further, for administrative convenience, the Managing Director is authorized to identify and appoint suitable persons as Senior Management Personnel. The Managing Director may also consult the Committee / Board for further directions /guidance.

4.2. Term: The term of the Directors including Managing Director shall be governed as per the provisions of the Act and Rules made thereunder, as amended from time to time. The term of the KMP (other than the Managing Director) and Senior Management Personnel shall be governed by the prevailing HR policies of the Company.

5. Remuneration for Managing Director:

The remuneration for the Chairman and Managing Director (“CMD”) is as per the terms approved by the Board and shareholders based on the recommendations of the NRC.

In addition to the salary, allowances, benefits, perquisites, the Company may pay such remuneration by way of bonus / performance linked incentive and/ or commission with reference to the net profits of the Company in a particular financial year, as may be determined by the Board based on recommendation of the NRC, subject to the overall ceilings stipulated in Section 197 of the Companies Act, 2013.

6. Remuneration for Independent Directors and Non-Independent Non-Executive Directors

Independent Directors (“ID”) and Non-Independent Non-Executive Directors (“NED”) may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and annual commission within regulatory limits. Quantum of sitting fees may be subject to review as and when required.

The payment of sitting fees / commission will be recommended by the NRC and approved by the Board.

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.

7. Remuneration for KMP and Senior Management Personnel

The Managing Director is authorized to determine the remuneration of KMP and Senior Management Personnel. The Managing Director may also consult the Committee / Board for further directions /guidance.

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

Hence remuneration should be:

- (a) Market competitive;
- (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. Basic/fixed salary is to be provided to all employees to ensure that there is a steady income in line with their skills and experience.
 - ii. In addition to the basic/fixed salary, the Company may provide employees with certain perquisites, allowances, and benefits.
 - iii. The Company may also provide for a performance linked bonus and/or performance linked incentive.

8. Annual Performance Evaluation:

The NRC shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The evaluation criteria shall be laid down by the NRC.

9. 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.