

# **APOLLO HEALTHCO LIMITED**

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## **Nomination and Remuneration Policy**

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### **1. Introduction**

In terms of Section 178 of the Companies Act, 2013, as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors.

### **2. Applicability**

The Policy is applicable to:

- Directors (Executive and Non-Executive)
- Key Managerial Personnel (KMP)
- Senior Management Personnel

### **3. Objective**

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP and Senior Management Personnel. The key objectives would be:

- I. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors and key managerial personnel;
- II. Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- III. Identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- IV. To carry out evaluation of the performance of Directors.
- V. To 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.
- VI. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- VII. To ensure that the remuneration to Directors, Key Managerial Personnel (KMP), and Senior Management of the Company 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.

- VIII. To recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

#### 4. Definitions

- 4.1 'Act' means Companies Act, 2013 and rules relating thereto.
- 4.2 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the directors of the Company.
- 4.3 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- 4.4 'Company' means Apollo Healthco Limited.
- 4.5 'Directors' means a director appointed to the Board of a Company.
- 4.6 'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013.
- 4.7 'Key Managerial Personnel' (KMP) means:
- a. Managing Director, or Chief Executive Officer or Manager and in their absence, a whole-time director;
  - b. Company Secretary;
  - c. Chief Financial Officer
- 4.8 "**Senior Management**" means personnel of the Company who are members of its core management team excluding Board of Directors (including Chief Executive Officer, his direct reports and all functional heads).

#### 5. Constitution of Committee

- 5.1 The Board of Directors of the Company (the Board) have constituted the Committee known as "Nomination and Remuneration Committee" consisting of three or more non-executive directors out of which not less than one-half are Independent Directors.
- 5.2 In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- 5.3 The Chairperson of the Committee or in his absence, any other member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company to answer the shareholders' queries.
- 5.4 Minutes of the meetings shall be recorded & maintained and shall be presented to the

Committee for approval at its subsequent meeting.

- 5.5 The quorum shall be two members of the Committee with the Committee meeting as often as required.
- 5.6 The Committee shall meet as and when required and as statutorily required under the provisions of Companies Act, 2013 and rules made thereunder and as per the applicable law, if any, for the time being.

## **6. Criteria for appointment of Director and Senior Management**

The Committee shall consider the following factors for identifying the persons who are qualified to becoming Director and who can be appointed in Senior Management:

- 6.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or at Senior Management level and recommend his / her appointment to the Board.
- 6.2 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.
- 6.3 The Committee shall consider the following attributes/criteria, while recommending to the Board the candidature for appointment of Director.
  - a. Qualifications, expertise and experience of the Directors in the respective fields;
  - b. Personal & Professional standing;
- 6.4 An Independent Director shall possess appropriate skills, experience and knowledge.
- 6.5 The Company may appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years subject to the approval of shareholders by passing a special resolution. The explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.
- 6.6 The Company should ensure that the person so appointed as a Director/ Independent Director/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.
- 6.7 The Director/ Independent Director/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder.

6.8 An Independent Director shall meet all criteria specified in Section 149(6) of the Companies Act, 2013 and rules made thereunder.

6.9 In case of re-appointment of Non-Executive Independent Directors, the Board shall take into consideration the performance evaluation of the Director and his/her engagement level.

The Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate(s).

#### **6A. Term / Tenure**

6A.1 Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its 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 the term.

6A.2 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 of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after the 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.

#### **6B. Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable law or any other reasonable ground, the Committee may recommend to the Board for removal of a Director subject to the provisions and compliance of the said Act and rules made thereunder.

#### **6C. Retirement**

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

## **7. Criteria for determining positive attributes & independence of Directors**

### **Criteria for determining positive attributes of directors:**

The Committee shall consider the following factors for determining positive attributes of directors (including Independent Directors):

- 7.1 Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- 7.2 Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities
- 7.3 To assist in bringing independent judgment to bear on the Board's deliberations.
- 7.4 Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the Senior Management of the Company.
- 7.5 To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.

### **Criteria for determining independence of directors:**

The Independent Director shall qualify the criteria of independence mentioned in Section 149(6) of the Companies Act, 2013 and rules made thereunder.

## **8. Performance Evaluation**

The provisions relating to the performance evaluation of the Directors and the Board are as follows:

1. Nomination and Remuneration Committee shall carry out evaluation of every Directors performance as per Sec 178(2) of the Act.
2. Independent Directors shall bring an objective view in the evaluation of performance of Board and Management as per Schedule IV(II) of the Act.
3. Performance evaluation of Independent Directors shall be done by the entire Board of Directors excluding the Director being evaluated as per Schedule IV of the Act.

## **9. Criteria for evaluation of the Board, its Committees & Individual Directors**

Pursuant to the provisions of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board is required to carry out annual evaluation of Board, its committees and individual Directors.

This evaluation would be led by the Chairman of the Nomination and Remuneration Committee with specific focus on the performance and effective functioning of the Board. The Board evaluation framework has been designed in compliance with the requirements under the Companies Act, 2013. The Board evaluation is conducted through a questionnaire having qualitative parameters and feedback based on ratings.

On the basis of the responses to the questionnaire, a formal annual evaluation shall be made by the Nomination and Remuneration Committee of the performance evaluation of the Board and that of its Committees and individual Directors.

## **10. Remuneration of Directors and Key Managerial Personnel**

At the time of appointment or re-appointment of Managing Director, Whole-time Director and KMPs, the Committee will recommend to the Board for their approval, the remuneration to be paid to them involving a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The annual increment of remuneration for Managing Director/Whole-time Directors shall be made on the basis of the resolution approved by the shareholders.

The level and composition of remuneration as determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully.

The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

### **10.1 General:**

10.1.1 Directors' and officers' Insurance : Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary 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.

### **10.2 Remuneration to Whole-time / Executive / Managing Director**

#### **10.2.1 Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director/ Managing Director in accordance with the provisions of the Companies Act, 2013.

### 10.2.2 Provisions for excess remuneration:

If any Whole-time Director/ Managing Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the approval required under the Act, he/ she shall refund such sums to the Company, within two years or such lesser period as may be allowed by the Company until such sum is refunded and hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless approved by the Company by Special Resolution within two years from the date the sum becomes refundable.

### 10.3 Remuneration to Non- Executive / Independent Director:

#### 10.3.1 Sitting Fees:

The Non- Executive / Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed INR One lakh per meeting of the Board or Committee. The quantum of sitting fees will be determined as per the recommendation of the Nomination and Remuneration Committee and approved by the Board of Directors of the Company. Further, expenses for participation in the Board and other meetings incurred in connection with the business of the Company shall be reimbursed to the Directors.

#### 10.3.2 Commission:

The profit-linked Commission shall be paid within the monetary limits approved by the Board/ Shareholders of the Company computed as per the applicable laws.

#### 10.3.3 Stock Options:

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company. Only such employees of the Company and its holding company and subsidiaries as approved by the Nomination and Remuneration Committee will be granted ESOPs.

#### 10.3.4 Remuneration to KMP and Senior Management Personnel:

The KMP and Senior Management Personnel of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may approved by the Committee. 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 as per the Company's HR policies.

## 11. Disclosures

The following disclosures are required under Companies Act, 2013:



- 11.1 Nomination and Remuneration Policy shall be disclosed in the Board's Report (proviso to Section 178(4) of the Act).
- 11.2 The following disclosures on the remuneration of Directors shall be made under the heading corporate governance of the Board Report:
  - (a) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the Directors;
  - (b) Details of fixed component and performance linked incentives, alongwith the performance criteria;
  - (c) Service contracts, notice period, severance fees; and
  - (d) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

## **12. Review and Amendment**

- 12.1 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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