

Sr. No	Parameters	Existing Policy	Proposed Policy	Rationale
1	Appointment and Key Management Personnel and Senior Management personnel	NA	The evaluation process for appointing Key Managerial Personnel (KMP) or Senior Management Personnel (SMP) is comprehensive, assessing candidates against several key criteria to ensure they meet the high standards required for these critical positions." (i) Evaluation of Educational Qualifications and Professional Experience: This criterion includes a detailed evaluation of the candidate's academic qualifications and career history. The objective is to confirm that the individual holds the requisite educational credentials and has relevant experience that aligns with the demands of the KMP/SMP role. Previous positions should reflect a proven ability in leadership and competence, ensuring the candidate can contribute effectively to the organization's objectives." (ii) Reputation: A candidate's reputation plays a key role in the evaluation process, assessed through their standing within the industry. Feedback from peers and references from previous employers provide valuable insights into the candidate's professional conduct, teamwork, and overall reputation within their sector. References from past employers are particularly important in evaluating the candidate's reliability, performance, and potential to succeed in a senior management role." (iii) Integrity: Integrity is of paramount importance for any KMP or SMP role. The candidate must exhibit a high level of honesty and transparency, ensuring that they adhere to ethical standards both personally and professionally. We would get an external third-party reference check done from an renowned vendor in the field. Integrity is critical for any KMP or SMP role. The candidate must demonstrate exceptional honesty and transparency, maintaining high ethical standards both personally and professionally. To ensure this, an external third-party reference check will be conducted through a reputable vendor in the field. (iv) Fit and Proper Declaration: As part of the selection process, candidates must submit a 'Fit and Proper Declaration.' This declaration details their qualifications, experience, and any potential conflicts of interest that may affect their ability to perform in the role. By providing this declaration, the candidate offers transparency regarding their professional background and personal connections, enabling the organization to assess any risks or biases associated with these conflicts. (v) Evaluation by Nomination and Remuneration Committee (NRC): The NRC is responsible for conducting a comprehensive evaluation of candidates. This process ensures the selection of only the most qualified candidates for KMP/SMP roles. Ongoing Monitoring: The 'fit and proper' status of KMPs and SMPs will be monitored throughout their tenure, with regular assessments to ensure they continue to meet the required standards. KMPs and SMPs must also report any changes in their status that could affect their eligibility. This ensures continued compliance with the company's standards and regulations.	Norms for appointment and fixation of remuneration of KMP and SMP have been elaborated in the policy
2	Principles for Remuneration	NA	a. The remuneration structure will be determined by the Nomination and Remuneration Committee who will ensure that: The level of remuneration is supported by the need to retain earnings of the company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Procedure (ICAAP); Compensation components are aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks and Compensation outcomes are symmetric with risk outcomes, Compensation pay-outs are sensitive to the Time	

			Horizon of the Risk and the mix of cash, equity and other forms of compensation will be consistent with risk alignment. b. NRC may revisit the principles basis industry and regulatory context, company context and emerging best practices from time to time	
3	Fixed pay	NA	consists of the base salary and any recurring, regular allowances payable in the specific location, Perquisites, Contributions towards superannuation, etc. In addition to the various cash components (salary, allowances etc.) the Company can also offer certain reimbursable perquisites with monetary ceiling and certain non-monetary perquisites. The perquisites extended would be in the nature of but not limited to Company Car, Company Leased Accommodation, Club Memberships and such other benefits or allowances in lieu of such perquisites/benefits.	
4	Remuneration of Key Management Personnel and Senior Management Personnel	a) the financial results of the company; b) targets achieved; c) the individual performance and that of the department/team	i. Variable pay A significant portion of the remuneration will be variable, based on the following factors: a) The company's financial performance. b) Business unit performance. c) Individual and team/department performance. proportion of variable pay in total compensation should increase with higher levels of responsibility. However, a reasonable portion of total compensation must remain variable to allow for malus and/or clawback provisions if needed." variable pay shall be capped at a maximum of 250% of the fixed pay (for the relevant performance measurement period), including both cash and non-cash instruments d on the evaluation against the set criteria, the actual total compensation may be lower than the target total compensation, and in some cases, the total variable pay may be zero. A decline in the company's financial performance will generally result in a reduction of the total variable compensation. ii. Deferral of Variable Pay: A portion of the total variable pay, as determined by the NRC and the Board, will be deferred to align with the time horizon of the associated risks. This deferred compensation will apply to non-cash components of the variable pay. The deferral period for such compensation will be decided by the Board and will be structured using share-linked instruments. The specifics of the deferral period for these share-linked instruments will be governed by a plan document approved by both the NRC and the Board. iii. Guaranteed Bonus: No bonus can be guaranteed to KMPs and SMPs except for hiring/sign-on bonus to be paid to new hire. The said bonus shall not form part of Fixed or Variable pay. i. Malus/ Clawback Arrangement: The deferred variable compensation in a year shall be subject to: a. Malus arrangement wherein in case of subdued or negative financial performance arising not on account of gross negligence or misconduct of the KMP/SMP, the Company may withhold cash incentives/bonus or vesting of share linked instrument and may lapse unvested share linked instrument in accordance with the share linked instrument Plan. b. Clawback arrangement wherein in case of gross negligence or misconduct or cause as defined in the Company's code of conduct, the KMP and/or SMP shall be liable to return previously paid or	

			vested deferred variable compensation. • NRC may invoke Malus or Clawback clause with respect to the KMPs and SMPs in the following illustrative scenarios: ○ Gross negligence, Reckless, or willful actions or exhibited inappropriate values and behavior. Errors of judgment shall not be construed to be breaches under this note. ○ Material Misstatement of the company's results ○ Fraud that requires financial restatements ○ Reputational harms ○ Exercise his/her responsibilities in a mala fide manner ○ Significant deterioration of financial health of the Company ○ Exposing Company to substantial Risk ○ Any other situation where the Board and the Nomination & Remuneration Committee deems invoking Malus and/or Clawback provision is necessary and justified. • The time horizon for the applicable of malus/clawback clause shall be three years or the deferral period or the Retention Period of the variable compensation, whichever is higher, from the date of reward. • Once the Nomination and Remuneration Committee decides to invoke Malus and/or Clawback clause, it will have power to take any of the following action basis the nature and severity of trigger. <u>In case of Malus Clause:</u> ○ Cancel the vesting of up to 100% of the deferred cash or share linked component due for vesting in that particular year ○ Cancel the vesting for up to 100% of entire unvested deferred cash or share linked component including vesting remaining in future years. <u>In case of Clawback Clause:</u> ○ Recovery of up to 100% of compensation received in the form of cash component of deferred variable pay paid over the applicable period ○ Recovery of up to 100% of benefit accrued to the employee on account of exercise of stock options or through any other share-linked instrument granted during the applicable period ○ Forfeiture of up to 100% of vested but unexercised stock options or any other share linked instrument granted during the applicable period	
5	Remuneration of other Employees		In general, the principles laid down in Clause 1.7.1 above will be considered for governance and remuneration decisions related to other employees. In general, the proportion of Variable Pay in the Total Compensation should be higher at higher level of responsibility. There should be an appropriate proportion of variable pay in the total compensation so that performance and/or risk adjustment can be affected	

6	Remuneration of Non-executive Directors including Independent Directors	The Non-Executive Directors of the Company (who are not in the employment of the Company and/or its subsidiaries/associates) shall be paid sitting fees as per the limits prescribed under the Companies Act, 2013.	The Non-Executive Directors of the Company (who are not in the employment of the Company and/or its subsidiaries/associates) shall be paid sitting fees as per the limits prescribed under the Companies Act, 2013. Commission, if any, payable to NEDs, may be paid in accordance with the provisions of the Companies Act, 2013, rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in addition to the sitting fees and shall be approved by the Board of the Company based on the recommendation of the Committee and the approval of the shareholders, as applicable.	
7	Remuneration of Control functions	NA	Staff involved in financial and risk control functions, including internal audit, are compensated independently of the business areas they oversee, reflecting their critical role. They must maintain independence and authority to safeguard the integrity of risk management's impact on incentive compensation decisions. The goal-setting and performance evaluation process for these roles uses metrics separate from the business areas they oversee to ensure objectivity. Control function employees are essential in upholding the accuracy and integrity of risk measures. If their compensation is driven by short-term metrics, their independence could be compromised, so their compensation is carefully structured. The NRC and Audit Committee independently assess their performance, with the variable pay portion determined accordingly. To align with this principle, compensation for risk and compliance roles is weighted more towards Fixed Pay, with total variable pay capped at 100% of Fixed Pay.	



Capri Global Housing Finance Limited

NOMINATION AND REMUNERATION POLICY

Version - 1.4

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Department	Culture and Talent Management Team
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Document Contact Details

Role	Designation
Author	Kanika Suri (DVP)
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Approved by the Board	25/09/2014, 28/10/2017, 30/07/2022 , 26/10/2024 and

Amendment Details

Version	Date	Annual Review / Amendments
		• Appointment and Key Management Personnel and Senior Management personnel • Principles for Remuneration • Fixed pay • Remuneration of Key Management Personnel and Senior Management Personnel • Remuneration of other Employees • Remuneration of Non-executive Directors including Independent Directors • Remuneration of Control functions

Documents History

Version	Date	Annual Review / Amendments	Remarks
1.0	25 - Sept - 2014	New Policy	New Policy
1.1	28 - Oct - 2017	Amendment	Amendment
1.2	30 - July - 2022	Amendment	Amendment
1.3	26 – Oct - 2024	Review	Review
1.4		Amendment	Amendment

Nomination and Remuneration Policy

This Policy has been laid down on the recommendations of the Nomination and Remuneration Committee of the Board, and is in compliance with the requirements of the Section 178 Companies Act, 2013. including Companies (Amendment) Act, 2017, Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements) Regulations, 2015 including Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 [Listing Regulations] and Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs issued by Reserve Bank of India (RBI)/National Housing Bank (NHB).

1.2 Objectives

The Policy lays down the:

- (i) Criteria for determining *inter-alia* qualification, positive attributes and independence of Directors for their appointment on the Board of the Company;
- (ii) Criteria for payment of remuneration to Directors, Key Managerial Personnel and other Employees.
- (iii) To ensure 'fit and proper' status of proposed/ [existing directors] and that there is no conflict of interest in appointment of directors on Board of the Company, KMPs and senior management.
- (iv) Broad framework for payment of remuneration to the directors (Executive and Non-Executive), Key Managerial Personnel, Senior Management Personnel and other employees.
- (v) Ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain reward and motivate directors and employees including key managerial personnel and senior managerial personnel of the quality required to run the company successfully.
- (vi) Ensure that the remuneration of whole-time directors, key managerial personnel and senior management involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and aligned with the regulatory requirements.

1.3 Definitions

- i. **"Board"** means Board of Directors of the Company.
- ii. **"Clawback"** is a contractual agreement between the employee and the Company in which the employee agrees to return previously paid or vested remuneration to the Company under certain circumstances.
- iii. **"Company"** means "Capri Global Housing Finance Limited."
- iv. **"Committee"** shall mean the Nomination & Remuneration Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations.
- v. **"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.
- vi. **'fit and proper'** shall mean an individual who is :
 - a. more than thirty years in age;
 - b. a graduate;
 - c. has minimum five years experience;
 - d. a person of integrity, reputation and character in the opinion of the Committee;
- vii. **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- viii. **"Key Managerial Personnel"** (KMP) means
 - a) Chief Executive Officer or the Managing / Executive Director or the Manager,
 - b) Company Secretary,

- c) Whole-time Director,
 - d) Chief Financial Officer
 - e) Such other officers, not more than one level below the directors who are in whole-time employment, designated as key managerial personnel by the Board; and
 - f) Such other officer as may be prescribed under the Companies Act, 2013.
- ix. **“Committee”** shall mean the Nomination & Remuneration Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
 - x. A **“Malus”** is an arrangement that permits the Company to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred.
 - xi. **“Policy or This Policy”** means, “Nomination and Remuneration Policy.”
 - xii. **“Managerial Person”** means the Managing Director, Whole-time Director and/or Manager.
 - xiii. **“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.
 - xiv. **“Retention period”** means a period of time after the vesting of instruments which have been awarded as variable pay during which they cannot be sold or accessed.
 - xv. **“Senior Management”** means, personnel of the Company who are members of its core management team excluding Board of Directors and shall comprise of all members of management one level below the Chief Executive Officer / Managing Director / Whole-time Director / Manager (including Chief Executive Officer / Manager, in case they are not a part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.

1.4 Interpretation

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, SEBI Act, 1992, as notified by the Securities and Exchange Board of India from time to time.

1.5 Appointment and Removal of Managerial Person, Director, Key Management Personnel and Senior Management Personnel

i. Appointment criteria and qualifications:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Person, Director, KMP or Senior Management Personnel who may be qualified to become directors and recommend to the Board his / her appointment.
- b) The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the designated position.
- c) With respect to appointment of a Senior Management Personnel other than the one mentioned above, the Human Resource Department with the consultation/advice/recommendations of the respective Functional Heads/Promoter Director of the Company, as the case may be, can decide on their appointments and the same need not be recommended to the Committee/Board as the case may be.

ii. Term / Tenure:

- a) The Company shall appoint or re-appoint a person as its Managerial Person by passing of a resolution and disclosure of such appointment in the Directors Report forming part of the Annual Report.
- b) 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.
- c) 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. Term can be for a maximum period of five years.
- d) 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 the Company.

iii. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013 ('Act'), rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Person, Director, subject to the provisions and compliance of the Act, rules and regulations.

iv. Retirement:

The Managerial Person, 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 Managerial Person, Director, and KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

1.6 Disqualifications for Appointment of Directors

- i. A person shall not be eligible for appointment as director of the company if:
 - a) The person is of unsound mind and stands so declared by a competent court;
 - b) The person is undischarged insolvent;
 - c) The person has applied to be adjudicated as an insolvent and his application is pending;

- d) The person has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company:

- 1) An order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
 - 2) The person has not paid any calls in respect of any shares of the company held by him whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call;
 - 3) The person has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
 - 4) The person has not complied with sub-section (3) of section 152 of the Companies Act, 2013.
- ii. A person who has been a Director of the company which:
- a) has not filed financial statements or annual returns for any continuous period of three financial years; or
 - b) has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay dividend declared and such failure to pay or redeem continues for one year or more, shall be ineligible to be appointed as a director of the Company for a period of five years from the date on which the other company fails to do so.
- iii. A person shall not be eligible for appointment and continuance as a Director, if he / she is not found 'fit and proper' by the Committee.

1.7 Appointment and Key Management Personnel and Senior Management personnel

"The evaluation process for appointing Key Managerial Personnel (KMP) or Senior Management Personnel (SMP) is comprehensive, assessing candidates against several key criteria to ensure they meet the high standards required for these critical positions."

- (i) **Evaluation of Educational Qualifications and Professional Experience:** This criterion includes a detailed evaluation of the candidate's academic qualifications and career history. The objective is to confirm that the individual holds the requisite educational credentials and has relevant experience that aligns with the demands of the KMP/SMP role. Previous positions should reflect a proven ability in leadership and competence, ensuring the candidate can contribute effectively to the organization's objectives."
- (ii) **Reputation:** A candidate's reputation plays a key role in the evaluation process, assessed through their standing within the industry. Feedback from peers and references from previous employers provide valuable insights into the candidate's professional conduct, teamwork, and overall reputation within their sector. References from past employers are particularly important in evaluating the candidate's reliability, performance, and potential to succeed in a senior management role."
- (iii) **Integrity:** Integrity is of paramount importance for any KMP or SMP role. The candidate must exhibit a high level of honesty and transparency, ensuring that they adhere to ethical standards both personally and professionally. We would get an external third-party reference check done from a renowned vendor in the field. Integrity is critical for any KMP or SMP role. The candidate must demonstrate exceptional honesty and transparency, maintaining high ethical standards both personally and professionally. To ensure this, an external third-party reference check will be conducted through a reputable vendor in the field.
- (iv) **Fit and Proper Declaration:** As part of the selection process, candidates must submit a 'Fit and Proper Declaration.' This declaration details their qualifications, experience, and any potential conflicts of interest that may affect their ability to perform in the role. By providing this declaration, the candidate offers transparency regarding their professional background and personal connections, enabling the organization to assess any risks or biases associated with these conflicts.
- (v) **Evaluation by Nomination and Remuneration Committee (NRC):** The NRC is responsible for conducting a comprehensive evaluation of candidates. This process ensures the selection of only the most qualified candidates for KMP/SMP roles.
- (vi) **Ongoing Monitoring:** The 'fit and proper' status of KMPs and SMPs will be monitored throughout their tenure,

with regular assessments to ensure they continue to meet the required standards. KMPs and SMPs must also report any changes in their status that could affect their eligibility. This ensures continued compliance with the company's standards and regulations.

1.8 Remuneration Policy

Remuneration Policy of Company is designed to attract, motivate, and retain manpower in a competitive environment considering qualification, positive attribute, integrity and independence, and is guided by the common reward framework and set of principles and objectives. The Remuneration Policy applies to the Company's Senior Management Personnel, including its Key Managerial Person and the Board of Directors.

The policy captures remuneration strategies, policies and practices of Company, including compensation, variable-compensation, equity-based plans and the process for the measurement and assessment of employee and executive performance. The remuneration / compensation / commission etc. to the Managerial Person, Director, KMP and Senior Management Personnel (who may be qualified to become directors) will be determined by the Committee and recommended to the Board for approval.

1.7.1 Principles for Remuneration

- a) The remuneration structure will be determined by the Nomination and Remuneration Committee who will ensure that:

The level of remuneration is supported by the need to retain earnings of the company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Procedure (ICAAP); Compensation components are aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks and Compensation outcomes are symmetric with risk outcomes, Compensation pay-outs are sensitive to the Time Horizon of the Risk and the mix of cash, equity and other forms of compensation will be consistent with risk alignment.

- b) NRC may revisit the principles basis industry and regulatory context, company context and emerging best practices from time to time

1.7.2 Remuneration Strategy for Employees at Company

The Company adopts a total compensation philosophy in rewarding employees. The Total compensation package for the employees comprises of Fixed and Variable Component.

Fixed pay consists of the base salary and any recurring, regular allowances payable in the specific location, Perquisites, Contributions towards superannuation, etc. In addition to the various cash components (salary, allowances etc.) the Company can also offer certain reimbursable perquisites with monetary ceiling and certain non-monetary perquisites. The perquisites extended would be in the nature of but not limited to Company Car, Company Leased Accommodation, Club Memberships and such other benefits or allowances in lieu of such perquisites/benefits.

Variable pay includes performance bonuses/incentives and Share Linked Instruments for eligible employees. Variable pay shall be in the form of "pay at risk". Depending on performance and risk outcomes at individual, business units and company-wide level, the variable pay shall be truly variable and can even be reduced to zero.

The level of Total compensation is designed to be appropriate to attract, retain and motivate employees to contribute their best. In determining the Total compensation of employees, the Company takes into account the role and its responsibilities, the individuals' and teams' performance, and the Company's performance, as well as market factors. The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent.

Factors such as profitability and achievement of key performance indicators are taken into consideration, in determining the bonus pool for the Company and its business units. Individual bonus allocation is based on

performance against various set of pre-defined objectives.

The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements, on a periodical basis.

1.7.3 Remuneration of Key Management Personnel and Senior Management Personnel

The Company shall review, at least annually, the Key Management personnel and Senior Management Personnel's remuneration arrangements in light of current market benchmarks and expert advice on remuneration levels and, with due consideration to law and corporate governance principles.

Remuneration of the Key Management Personnel and Senior Management Personnel's consists of a fixed component and a variable performance incentive. The annual appraisal of the Key Management personnel is based on a detailed performance evaluation of their Key Performance Indicators (KPI's)

- iv. **Fixed Component:** As mentioned in clause 1.7.2 above.
- v. **Perquisites:** As mentioned in clause 1.7.2 above.
- vi. **Retirement Benefits:** Pension contributions, Gratuity payments are made in accordance with applicable laws and employment agreements.
- vii. **Severance payments:** In accordance with termination clauses in employment agreements, the severance payment is in accordance with applicable local legal framework.
- viii. **Personal benefits:** Based on employment agreements and Company policy, Company Car and Driver is provided to specific grade.
- ix. **Medical Insurance** – Coverage of Rs. 5 Lacs every year to the personnel, his/her spouse, two children and parents (In case of female employees they can choose the option for including their in-laws in lieu of her parents).
- x. **Term Insurance** – Coverage between Rs. 50 Lacs to Rs. 1 Cr. based on the grade.
"Variable pay will include share-linked instruments and cash in the form of bonuses or incentives. The value of share-linked instruments will be determined based on fair value using the Black-Scholes model or any RBI-approved method. These instruments will comply with relevant statutory provisions."
- xi. **Variable pay** A significant portion of the remuneration will be variable, based on the following factors:
 - a) The company's financial performance.
 - b) Business unit performance.
 - c) Individual and team/department performance.

The proportion of variable pay in total compensation should increase with higher levels of responsibility. However, a reasonable portion of total compensation must remain variable to allow for malus and/or clawback provisions if needed."

The variable pay shall be capped at a maximum of 250% of the fixed pay (for the relevant performance measurement period), including both cash and non-cash instruments

Based on the evaluation against the set criteria, the actual total compensation may be lower than the target total compensation, and in some cases, the total variable pay may be zero. A decline in the company's financial performance will generally result in a reduction of the total variable compensation.

- xii. **Deferral of Variable Pay:** A portion of the total variable pay, as determined by the NRC and the Board, will be deferred to align with the time horizon of the associated risks. This deferred compensation will apply to non-cash components of the variable pay. The deferral period for such compensation will be decided by the Board and will be structured using share-linked instruments. The specifics of the deferral period for these share-linked instruments will be governed by a plan document approved by both the NRC and the Board.
- xiii. **Guaranteed Bonus:** No bonus can be guaranteed to KMPs and SMPs except for hiring/sign-on bonus to be

paid to new hire. The said bonus shall not form part of Fixed or Variable pay.

ii. **Malus/ Clawback Arrangement:** The deferred variable compensation in a year shall be subject to:

- c. **Malus arrangement** wherein in case of subdued or negative financial performance arising not on account of gross negligence or misconduct of the KMP/SMP, the Company may withhold cash incentives/bonus or vesting of share linked instrument and may lapse unvested share linked instrument in accordance with the share linked instrument Plan.
 - d. **Clawback arrangement** wherein in case of gross negligence or misconduct or cause as defined in the Company's code of conduct, the KMP and/or SMP shall be liable to return previously paid or vested deferred variable compensation.
- NRC may invoke Malus or Clawback clause with respect to the KMPs and SMPs in the following illustrative scenarios:
 - o Gross negligence, Reckless, or willful actions or exhibited inappropriate values and behavior. Errors of judgment shall not be construed to be breaches under this note.
 - o Material Misstatement of the company's results
 - o Fraud that requires financial restatements
 - o Reputational harms
 - o Exercise his/her responsibilities in a mala fide manner
 - o Significant deterioration of financial health of the Company
 - o Exposing Company to substantial Risk
 - o Any other situation where the Board and the Nomination & Remuneration Committee deems invoking Malus and/or Clawback provision is necessary and justified.
 - The time horizon for the applicable of malus/clawback clause shall be three years or the deferral period or the Retention Period of the variable compensation, whichever is higher, from the date of reward.
 - Once the Nomination and Remuneration Committee decides to invoke Malus and/or Clawback clause, it will have power to take any of the following action basis the nature and severity of trigger.

In case of Malus Clause:

- o Cancel the vesting of up to 100% of the deferred cash or share linked component due for vesting in that particular year
- o Cancel the vesting for up to 100% of entire unvested deferred cash or share linked component including vesting remaining in future years.

In case of Clawback Clause:

- o Recovery of up to 100% of compensation received in the form of cash component of deferred variable pay paid over the applicable period
- o Recovery of up to 100% of benefit accrued to the employee on account of exercise of stock options or through any other share-linked instrument granted during the applicable period
- o Forfeiture of up to 100% of vested but unexercised stock options or any other share linked instrument granted during the applicable period

1.7.4 Remuneration of other Employees

In general, the principles laid down in Clause 1.7.1 above will be considered for governance and remuneration decisions related to other employees.

In general, the proportion of Variable Pay in the Total Compensation should be higher at higher level of responsibility. There should be an appropriate proportion of variable pay in the total compensation so that performance and/or risk adjustment can be affected

1.7.5 Remuneration of Non-executive Directors including Independent Directors

The Non-Executive Directors of the Company (who are not in the employment of the Company and/or its subsidiaries/associates) shall be paid sitting fees as per the limits prescribed under the Companies Act, 2013.

Commission, if any, payable to NEDs, may be paid in accordance with the provisions of the Companies Act, 2013, rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in addition to the sitting fees and shall be approved by the Board of the Company based on the recommendation of the Committee and the approval of the shareholders, as applicable.

An independent Director shall not be entitled to any Stock Options of the Company.

1.7.6 Remuneration of Control functions

Staff involved in financial and risk control functions, including internal audit, are compensated independently of the business areas they oversee, reflecting their critical role. They must maintain independence and authority to safeguard the integrity of risk management's impact on incentive compensation decisions. The goal-setting and performance evaluation process for these roles uses metrics separate from the business areas they oversee to ensure objectivity.

Control function employees are essential in upholding the accuracy and integrity of risk measures. If their compensation is driven by short-term metrics, their independence could be compromised, so their compensation is carefully structured. The NRC and Audit Committee independently assess their performance, with the variable pay portion determined accordingly. To align with this principle, compensation for risk and compliance roles is weighted more towards Fixed Pay, with total variable pay capped at 100% of Fixed Pay.

1.9 Deviations from the 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.

1.10 Disclosures in the board report

The disclosures as required under the relevant provisions of the Companies Act, 2013, the rules made there under and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be made with regard to the remuneration details of the Directors, KMPs, Senior Management and other employees.

1.11 Amendments

The Remuneration policy may be reviewed by the Board of the Company on the recommendation of the Nomination & Remuneration Committee of the Board. This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013 and rules made there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI/NHB Guidelines.