



NOMINATION & REMUNERATION POLICY OF SATIN CREDITCARE NETWORK LIMITED
(VERSION 2.6 – May 5, 2025)

SATIN CREDITCARE NETWORK LIMITED

Regd. Off: 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi-110033

Corporate Off.: Plot No. 492, Udyog Vihar Phase III, Gurugram, Haryana – 122016

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Policy on Nomination & Remuneration for Directors, Key Managerial Personnel (KMP), Senior Management and Other Employees

Document Title:	Policy on Nomination & Remuneration for Directors, Key Managerial Personnel (KMP), Senior Management and Other Employees		
Description:	Detailed policy on Nomination & Remuneration for Directors, Key Managerial Personnel (KMP) & Senior Management and Other Employees of Satin Creditcare Network Limited		
Created By:	Corporate Secretarial and Compliance		
Date Created:	9-2-2015		
Maintained By:	Corporate Secretarial and Compliance		
Version Number	Prepared/ Modified By	Date Modified	Approved by
Version 1	Choudhary Runveer Krishanan, Company Secretary	Feb 9, 2015	Approved by the Board on Feb 9, 2015
Version 2	Choudhary Runveer Krishanan, Company Secretary	Feb 10, 2016	Approved by the Board on Feb 10, 2016
Version 2.1	Choudhary Runveer Krishanan, Company Secretary	Feb 4, 2019	Approved by the Board on Feb 4, 2019
Version 2.2	Adhish Swaroop Company Secretary	Oct 14, 2019	Approved by the Board on October 14, 2019
Version 2.3	Vipul Sharma Company Secretary & Compliance Officer	October 29, 2021	Approved by the Board on October 29, 2021
Version 2.4	Vikas Gupta Company Secretary & Compliance Officer	April 29, 2023	Approved by the Board on April 29, 2023
Version 2.5	Vikas Gupta Company Secretary & Chief Compliance Officer	June 24, 2024	Approved by the Board on June 24, 2024
Version 2.6	Vikas Gupta Company Secretary & Chief Compliance Officer	May 5, 2025	Approved by the Board on May 7, 2025



Introduction

Pursuant to Section 178 of the Companies Act, 2013 read with rule 6 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 includes amendments thereto and in terms of circulars/directions/ notification issued by Reserve Bank of India as amended from time to time, this policy on Nomination and Remuneration of Directors, Key Managerial Personnel, Senior Management and other employees has been formulated. Further, all the policy adopted earlier on Nomination and Remuneration of Directors, Key Managerial Personnel, Senior Management and other employees shall stand repealed from the date of approval of this policy (Version 2.4) from the Board of Directors of Satin Creditcare Network Limited (hereinafter referred to as "**Company**"). This policy shall always be in conformity with the provisions of the aforesaid regulations and any amendments in the said regulations shall be deemed to form part of this Policy.

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay justifiable remuneration to all Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company, this policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management has been re- formulated by the Nomination & Remuneration Committee and approved by the Board of Directors. This policy shall act as a guideline for determining, *inter-alia*, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees of the Company.

Applicability

The Policy shall be applicable to:

- (a) Directors (Executive and Non-Executive);
- (b) **Key Managerial Personnel (KMP)** which means all personnel as defined under Section 2(51) of the Companies Act, 2013;
- (c) **Senior Management Personnel (SMP)** of the Company means:
 - i. All members of Core Management Team;
 - ii. All the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager;
 - iii. Functional Heads - Group Controller/Chief Human Resource Officer ("**CHRO**")/ Head - Products and Insurance/Chief Audit officer ("**CAO**")/ Chief Operating Officer ("**COO**")/Chief Risk Officer ("**CRO**")/ Chief Business Officer ("**CBO**") / Chief Strategy Officer ("**CSO**")/ Chief Information Officer ("**CIO**");



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- iv. *Any other person identified and designated as Key Managerial Personnel, other than the Board of Director of the Company at the discretion of the Chairman cum Managing Director."*

(d) **Other Employees** of the Company.

Effective date for Implementation of the policy

The policy was last re-formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on June 24, 2024. This policy shall be effective from the date of Board approval.

Nomination and Remuneration Committee

In terms of Section 178 of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time, and in terms of circulars/directions/ notification issued by Reserve Bank of India as amended from time to time, the Nomination and Remuneration Committee will consist of three or more non-executive directors, out of which at least two-third shall be independent director(s), provided that Chairperson of the Company may be appointed as a member of this Committee but shall not chair this Committee. The Chairperson of the Nomination & Remuneration Committee shall be an Independent Director. The Committee will meet at such intervals as deems fit to carry out the objectives set out in the Policy. The Chairperson of the Nomination & Remuneration Committee may be present at the annual general meeting, to answer the shareholder's queries, however, it shall be up to the chairperson to decide who shall answer the queries.

Secretary

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

Objectives and Functions of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall, inter-alia, perform all the functions as prescribed under applicable laws, as amended from time to time and more particularly the following functions, to the extent of applicability:

- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board for their appointment and removal and shall carry out evaluation of every director's performance;
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;



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- Ensure and determine that the Board comprises of a balanced combination of Executive Directors and Non- executive Directors and also the Independent Directors and size of the Board and its diversity;
- Devise framework to ensure that Directors are inducted through suitable familiarization process covering their roles, responsibility & liability and ensuring that there is an appropriate induction & training programme in place for new Directors & members of Senior Management and other employees of the company and reviewing its effectiveness;
- Oversee the formulation and implementation of ESOP Schemes, its administration, supervision, and formulating detailed terms and conditions in accordance with SEBI Guidelines;
- Decide / approve the details of fixed components and performance linked incentives (if any) along with the performance criteria;
- Identifying and recommending Directors who are to be put forward for retirement by rotation;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 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;
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board;
- Considering any other matters as may be requested by the Board; and 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.
- To recommend to the Board whether to extend or continue the term of appointment of the Independent director, on the basis of the report of performance evaluation of Independent directors.
- Approving 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;
- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- To provide Key Managerial Personnel and Senior Management rewards linked directly to their effort, performance, dedication and achievement relating to the Company's operations;
- To retain, motivate and promote talent & to ensure long term sustainability of talented managerial persons and create competitive advantage;
- To devise a policy on Board diversity;
- To develop a succession plan for the Board and to regularly review the plan;
- Formulation of criteria for evaluation of Independent Director and the Board;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage;



- To implement and monitor policies and processes regarding principles of corporate governance;
- To recommend to the Board, all remuneration, in whatever form, payable to senior management;

Policy for appointment and removal of Director, KMP and Senior Management Personnel

➤ **Appointment criteria and qualifications:**

1. The Committee shall identify and ascertain the integrity, qualification, expertise & experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board for 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 is sufficient / satisfactory for the concerned position.
3. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board for his / her appointment.
4. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 or any other enactment for the time being in force.
5. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 or any other enactment for the time being in force.
6. In addition to the above, the Committee shall adhere to the requirements of circular/notification issued by Reserve Bank of India ('RBI') with respect to the "Fit & Proper Criteria", as amended from time to time, in relation to Directors of the Company at the time of appointment and on continuing basis.

➤ **Personal Specification for Directors:** The Company shall ensure that selection criteria for inducting any person on Board of the Company as approved by Board in its meeting held on 09th August, 2013. The following additional specification shall be required/considered before inducting any person on Board of the Company:

1. **Qualification:** Degree holder in relevant disciplines (e.g. management, finance, accountancy, legal).



2. **Experience:** Experience of management in a diverse organisation;
Experience in accounting and finance, administration, corporate and strategic planning or fund management;
Demonstrable ability to work effectively with a Board of Directors;
Basic understanding of Information Technology
3. **Skills:** Excellent interpersonal, communication and representational skills; Demonstrable leadership skills;
Extensive team building and management skills;
Strong influencing and negotiating skills;
Having continuous professional development to refresh knowledge and skills.
4. **Abilities and Attributes:** *Commitment to high standards of ethics, personal integrity and probity; Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace.*

In addition to the above criteria, for appointment of independent director on the board, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director.

The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.

➤ **Policy for Board Diversity**

PREAMBLE

The requirement for Board Diversity Policy came under Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 which is enumerated as under;

Part D of Schedule II: The role of the committee shall, inter-alia, include the following:

- *Devising a policy on Board diversity;*

The Board Diversity Policy aims to set out the approach to achieve diversity on the Board of Directors (**the "Board"**) of the Company.



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Building a Board of diverse and inclusive culture is integral to the success of the Company. Ethnicity, age, Education, Competency and gender diversity are areas of strategic focus to the composition of our Board.

NEED & OBJECTIVE OF THE POLICY

Diversity in Board is needed for better Growth, profitability and to have a say for the Company on Social Platform. The prime and utmost objective of this policy is to set a diversely qualified Board for the Company to function smoothly, variedly and to work on every aspect of the business agenda(s).

The Company has a huge client/customer base from various states of India and draws on employee expertise from a wide range of professional disciplines linked primarily to the management demands, it is recognized that a Board composed of appropriately qualified people with a broad range of experience relevant to the business and important to the effective corporate governance and sustained commercial success of the Company. The Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

SLELECTION OF MEMBERS OF BOARD

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination and Remuneration Committee shall identify persons who are eligible and qualified to become Directors in accordance with the criteria as per policy of nomination & remuneration committee of the Board of Director & shall recommend the same to the Board for their consideration and shall carry out evaluation of every director's performance. The aforesaid committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and shall ensure and determine that the Board comprises of a balanced combination of Executive Directors and Non-executive Directors and also the Independent Directors and size of the Board and its diversity.

Further, for appointment of independent director on the board, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director.

The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:



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- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.

OBSERVANCE AND REPORTING

- A. It is sole responsibility of the Nomination and Remuneration Committee (among other things) to:
- Assess the present composition of the Board in light of the diverse skill factors.
 - Ensure that in terms of sub-section (1) of Section 149 of the Companies Act 2013, one-woman director must be appointed on the Board of every Listed Company and every other public Company having paid up capital of Rs. One Hundred Crore or more or turnover of Rs. Three Hundred Crore and more.
 - To prepare a requisition required for having a proper blend of directors in terms of diverse skills i.e. in terms of gender, age, cultural, educational background, ethnicity, professional experience etc.
 - Making recommendations to the Board in relation to Board succession, including the succession of the Chairman, to maintain an appropriate mix of diversity in terms of gender, age, cultural, educational background, ethnicity, professional experience etc. on the Board; and
 - Reviewing and reporting to the Board in relation to Board Diversity.
- B. The Nomination and Remuneration Committee will report to the Board on:
- The programme undertaken by this Committee pertaining to have a proper blend of Board of Director in terms of its diverse skills and to achieve the objectives.
 - Progress in achieving the Objectives and to make recommendations to the Board on the same.
- C. The Nomination and Remuneration Committee will report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives, and monitor the implementation of the Policy.

➤ Additional Criteria for Appointment of Independent Directors:

The Committee shall consider qualifications for Independent Directors as mentioned herein earlier under the head 'Definitions' and also their appointment shall be governed as per the provisions of Regulation 16 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended from time to time) and Companies Act, 2013.

➤ Familiarization programme for Independent Director [FPID]:

In pursuance to consider framework to ensure that Independent Directors are inducted through suitable familiarization process covering their roles, responsibility and liability, the Company has adopted a structural approach towards Orientation & Training Programme for Independent Director(s) to inform about nature of industry in which the Company operates, business model of the Company etc.



Further, Regulation 25(7) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, require every listed Company to have such a familiarization/induction programme and specifies as under;

The Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes;

The details of such familiarization programmes shall be disclosed on the Company's website and a web link thereto shall be given in the Annual Report;

The programme will be based on the following modules and will be restructured as and when necessary. Familiarization programme will be conducted upon appointment of every Independent Director, during the year.

Particulars	Modules required to be Inducted with Independent Director	Time specified for Inducting	Authority responsible for Induction
ORIENTATION PROGRAMME	Nature of Industry and overview of business (business model) as a whole in which the Company operates. i.e. the whole gamut of Industry in light of economic, legislations & enactments.	Half Day	C.M.D/C.F.O.
	Financial Performance, Budgeting, Planning & control processes.	Half Day	C.F.O.
	Familiarization on Statutory compliances including their roles, rights and responsibilities in the Company as a Board Member covering Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.	Half Day	CS
	Operations overview in light of different product portfolio and visit to various branch/operation offices.	One Day and more as required	C.O.O.
	Induction with and into various branches pertaining to the risk factors associated.		Head-Audit & Risk
	Overview of Human resources, MIS system (IT) and Social performance management including Corporate Social Responsibility	One Day	HODs of Functional Departments



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DISCLOSURE OF FPID:

As and when familiarization programme is conducted, the same will be disclosed on the website of the Company. A web link of the disclosure shall also be given in the Annual Report of the Company.

> Term/Tenure of Appointment:

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 or for such other time period which is permissible under applicable laws.

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. 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. At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves should be in line with the applicable provision of the Companies Act, 2013 (includes amendments thereto) and Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

> Removal & Retirement:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP subject to the provisions and compliance of the Companies Act, 2013, SEBI regulations and other applicable laws, guidelines, regulations.

The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to the applicable laws.

The Senior Management Personnel and other employees shall retire as per the applicable provisions the Act, rules and regulations and the prevailing HR policies of the Company. The Managing Director / Head - HR (Head- HR means Head of Human



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Resource department by whatever name called) will have the discretion to retain Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to compliance of regulations, if any, from time to time and if applicable as per prevailing HR Policies of the Company. Further, the Managing Director will have the discretion to retain Head- HR.

Policy for remuneration to Whole-time / Executive/Non-executive / Managing Director, KMP, Senior Management and other employees of the Company

The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits, performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

Remuneration to Executive Directors:

Remuneration to Executive (Non-Independent Director) shall be paid in terms of Companies Act 2013 and other applicable laws which shall include following heads of the remuneration:

a) Fixed pay:

The Managing Director/Whole Time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Nomination & Remuneration Committee. The breakup 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/ the Person authorized by the Board on the recommendation of the Nomination & Remuneration Committee and approved by the shareholders and Central Government, wherever required.

b) 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 in accordance with the provisions of Schedule V / any other applicable provision of the Act.

c) Provisions for excess remuneration:

If Managing Director/Whole Time 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 prior sanction of the shareholders / 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.



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Remuneration to Non- Executive / Independent Director:**a) Remuneration / Commission:**

The remuneration / commission shall be fixed as mentioned in the Articles of Association of the Company and the Companies Act, 2013, Rules/Guidelines/Notifications as prescribed by Securities and Exchange Board of India from time to time.

b) Sitting Fees:

The Non- Executive / Independent Director 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 Rs. One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

d) Stock Options:

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

e) Any other benefits: All non-executive directors shall be entitled for the Satin Group Medclaim Policy.**Remuneration of KMP, Senior Management and Other employees:**

The remuneration determined for the KMP (excluding Managing director), Senior Management Personnel and other employees shall be in line with the Board approved HR Manual (as amended from time to time) and Company's philosophy to provide fair compensation to key – executive officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instill a long term commitment to the Company, and develop a pride and sense of Company ownership, all in a manner consistent with shareholder interests.

Change in policy for KMPs and Senior Management as per RBI vide Circular no. RBI/2022-23/36 DOR.GOV.REC.No.29/18.10.002/2022-23 dated 29th April, 2022:

In order to address issues arising out of excessive risk taking caused by misaligned compensation packages, NBFCs are required to put in place a Board approved compensation policy. The policy shall at the minimum include –



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- (a) Constitution of a Remuneration Committee
- (b) Principles for fixed/ variable pay structures
- (c) Malus/ Clawback provisions

Performance measures and their relation to remuneration packages should be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism. The variable pay should be truly and effectively variable and can be reduced to zero based on performance at an individual, business-unit and company-wide level.

These provisions were introduced with learning from other financial institution's collapse, with intention to bring collective responsibility and collective accountability among 'Core Management Team' for the performance of the company. Separation of duty has been there at the same time the team is collectively responsible for the overall performance of the Company. Hence, their responsibility and remuneration is linked with the Company's performance.

The Nomination and Remuneration Committee (NRC) of the Company shall specify the manner for effective evaluation of the performance and recommend to the Board, all compensation/ remuneration including fixed and variable pay and perquisites to all the KMPs and Senior Management Personnel of the Company, subject to compliance with applicable laws.

Compensation to KMPs and Senior Management Personnel shall be made reasonable, recognizing all relevant factors including adherence to statutory requirements and industry practices. The Compensation Packages shall comprise of fixed and variable pay components, aligned effectively with prudent risk taking, ensuring that compensation is adjusted for all types of risks, its outcomes are symmetric with risk outcomes, its pay-outs are sensitive to the time horizon of the risks and are consistent with risk alignment.

i. **Fixed Pay:** All the fixed items of compensation, including perquisites that are reimbursable and are subject to monetary ceilings on these reimbursements and contributions towards retiral benefits, shall be treated as fixed pay. Monetary equivalent of benefits of non-monetary nature such as capitalized company car, book & periodicals, driver salary, flexi fuel reimbursement etc. also be part of fixed pay.

ii. **Variable Pay:**

1. **Composition:** The Variable Pay shall be in the form of cash or share linked instrument or a mix of cash & share link instrument. It shall be ensured that the share link instruments are in conformity with relevant statutory provisions.

2. **Proportion:** The proportion of variable pay in total compensation shall be commensurate with the role and prudent risk taking profile of KMPs / Senior Management Personnel. The variable pay shall be based on performance at an individual, business-unit and at Company level and will be broadly categorized under 3 categories of Business, Support to Business and Regulated positions. KMPs & Senior Management Personnel in Support to Business and Regulated positions shall be compensated with having lesser amount of variable pay.



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3. **Deferral of Variable Pay:** Certain portion of variable pay awarded after performance assessment, shall be deferred to time horizon of risks. Quantum of variable pay which shall be deferred and the deferral period shall be decided by the NRC / the Board of Directors of the Company from time to time.

Malus and/or Clawback

The deferred compensation shall be subject to malus and/or clawback arrangements in the event of subdued / negative financial performance of the Company and/or the relevant line of business or employee misconduct in any year.

An indicative list of situations where malus and clawback arrangements can be invoked are as follows:

1. Gross Negligence towards duties and willful misrepresentation of the figures, facts, data, situations etc. pertaining to the Company, before any statutory, regulatory, judicial, quasi-judicial bodies and any other such authorities;
2. Breach of trust, integrity and/or agreement;
3. Misuse or disclosing vital materialistic information of the organization including unpublished price sensitive information etc.

The Malus clause will be used if any of the aforementioned circumstances are met by an employee or group of employees, resulting in a large loss for the company or its shareholders. The deferred element of variable compensation would be cancelled in order to provide a Malus arrangement. Based on the degree of involvement, proportionality, and impact, the NRC may choose to implement Malus for all or a portion of the unpaid cash element of Variable Pay.

The Clawback clause would require the return of all or a portion of the variable pay (net of taxes) paid during the reference year in which the occurrence occurred. Cash would always be used for such a repayment. A malus or clawback clause may be used for a maximum of 6 (six) months from the date on which Variable Pay was granted.

Provided, errors of judgement shall not be construed to be negligence.

Performance evaluation / Assessment of Directors / KMPs / Senior Management Personnel of the Company:

The performance evaluation/assessment of the Directors, KMPs and the Senior Management Personnel of the Company is to be conducted on an annual basis and to satisfy the requirements of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters.



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The following criteria may assist in determining the effectiveness of the performance of the Directors:

- ✓ Leadership & stewardship abilities
- ✓ contributing to clearly define corporate objectives & plans
- ✓ Communication of expectations & concerns clearly with subordinates
- ✓ Obtain adequate, relevant & timely information from external sources.
- ✓ review & approval achievement of strategic and operational plans, objectives, budgets
- ✓ regular monitoring of corporate results against projections
- ✓ identify, monitor & mitigate significant corporate risks
- ✓ assess policies, structures & procedures
- ✓ direct, monitor & evaluate KMPs, Senior Management Personnel
- ✓ review management's succession plan
- ✓ effective meetings
- ✓ assuring appropriate board size, composition, independence, structure
- ✓ clearly defining roles & monitoring activities of committees
- ✓ review of company's ethical conduct

The performance evaluation of KMP (other than Managing Director) and Senior Management shall be done as per the prevailing HR Policies and HR process framework implemented by the Company from time to time, in consultation with the Managing Director of the Company.

Review and Amendment

- i. The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary.
- ii. The Nomination and Remuneration Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.
- iv. This policy shall always be in conformity with the provisions of the Regulations and any amendments in the Regulations shall be deemed to form part of this Policy.



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