

MANAPPURAM HOME FINANCE LIMITED

POLICY ON INDEPENDENT DIRECTORS

Version Control		
Version Number	Description	Date
Version 1	NEW POLICY	12-03-2014
Version 2	RENEWAL	29-10-2014
Version 3	RENEWAL	01-02-2023
Version 4	RENEWAL	08-11-2023
Version 5	RENEWAL	02-11-2024
Version 6	Renewal	04.02.2025
Version 7	Modification	02.05.2025
Version 8	Modification to remove Annexure A relating to compensation of KMPs, SMPs & other employees	17.10.2025

Approval Details:

Approval Date	13TH May 2015
Effective Date	13th May 2015
Approved by	Board of Directors
Review	<i>Annual</i>
Last review	<i>17th October 2025</i>
Policy Owner	Secretarial Department

POLICY ON INDEPENDENT DIRECTORS

As per section 178 of the Companies Act 2013, Board of directors has constituted Nomination and Remuneration Committee (“the Committee”) which is a combination of Independent and Non-executive Directors. Committee in line with the Companies Act 2013 and regulatory framework for Non-Banking Financial Companies (NBFCs) issued by Reserve Bank of India (RBI), has formulated a Nomination and Compensation a policy on the criteria for determining the qualifications, positive attributes and Independence of a director and recommend to the Board a policy on the remuneration for the directors , KMPs and other employees. In line with the above statutory requirement under sections 149 and 178 of the Companies Act, 2013 the following policies are proposed to be adopted for the appointment of directors and the matters connected therewith.

Definitions

Unless the context otherwise requires, the following words and expressions shall have the meaning provided herein: -

- i. **Act** - means the Companies Act, 2013 including any amendments and reenactments from time to time.
- ii. **Board**- means the collective body of directors of the Company.
- iii. **Director**- means a director appointed on the board of the company.
- iv. **Independent director**- means an independent director referred to in sub-section (5) of section 149 of the Companies Act, 2013
- v. **Nomination Committee**- means Nomination Compensation and Corporate Governance Committee of the Board.
- vi. **Committee**- means the committees of directors constituted by the Board.

Board diversity & composition

The Nomination Committee is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions with the prescribed requirements in consultation with the Board.

While all appointments to the Board will continue to be made on merit, the Committee will consider the benefits of diversity (including but not limited to the attributes listed above) in identifying and recommending persons for Board membership, as well as in evaluating the Board and its individual members.

Board diversity is largely framed to address the importance of a diverse Board in harnessing the unique and individual skills and experiences of the members in a way that collectively benefits the organization and business. The basic essence is to provide a framework for leveraging on the differences within the expertise of the Board, offering a broad range of perspectives that are directly relevant to the business. A truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will ensure that the Company retains its competitive advantage.

The Company believes that a diverse Board will amongst others–

- a. Enhance the quality of decision making and ensure better business performance.
- b. Encourage diversity of perspectives thereby fueling creativity and innovation.
- c. Complement and expand the skills, knowledge, and experience of the Board as a whole.
- d. Provide better Corporate Governance.

The board of Directors of the Company should have a fair combination of executive and non-executive Directors with not less than 50 percent being Non-Executive Directors. The Company shall maintain the strength of Independent Directors on its board keeping in mind the regulatory requirements and guidelines on Corporate Governance.

The Company shall appoint Directors keeping in mind an ideal diversity in knowledge or expertise that could add value to the overall performance of the board and of the Company. The desired diversity may be fixed by the Nomination and Remuneration Committee (“the Committee”) based on the nature of business of the Company from time to time. The diversity of the total board may include the following.

Expertise in; i. Banking, Finance, Accountancy, Taxation

ii. Governance, Regulatory background, Law and practice

iii. Management, Administration

iv. Engineering, Human resource, Subject of social relevance

v. IT, Marketing

Considering the need for professional experience in managing the affairs of NBFCs, at least one of the directors shall have relevant experience of having worked in a bank/ NBFC.

All Board appointments will be done on merit, in the context of skills as required for the areas of our business operations, management and also expertise in the fields of regulatory, legal, research, human capital management, strategic planning, marketing and general administration.

Further, commonality of Directorships with any Bank is likely to impede timely flow of working funds from such Bank/s to the Company due to regulatory directions in respect of credit sanction by a Bank in such a situation leading to changes in Bank's internal approval chain and delays. As the seamless flow of working funds is important, the company shall refrain from considering any candidates for on-boarding as a Director any prospective candidate who is already serving on any Bank Board. In the event of any candidate joining after leaving a Bank board with whom the company has borrowing relationships, such induction shall be effective after a cooling period of 3 Months from the date of exit from the Bank Board. In case any serving member is desirous of joining any Bank Board such member may exercise choice between the Company and the Bank with due notice to the Company. In case of appointment of any director, a process of due diligence may be carried out to ensure the fulfillment of criteria as specified in the RBI master directions by an external agency. If the proposed profile is of a publicly known personality, obtaining all necessary declarations as specified in the RBI Master Direction and other relevant documents including KYC documents will be adequate to ensure the said criteria.

The Committee is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified people to occupy Board positions.

Any new member proposed to be inducted in the Board, preferably to be with Corporate Board Experience of at least 3 years in any related customer facing and regulated company.

Further, the Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation, or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member. Accordingly, the Committee shall:

1. assess the appropriate mix of diversity, skills, experience and expertise required on the Board and assess the extent to which the required skills are represented on the Board,
2. make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience, and expertise on the Board, and
3. periodically review and report to the Board requirements, if any, in relation to diversity on the Board.

(I) Appointment of Independent Director

The company shall maintain the strength of independent directors on its board keeping in mind the regulatory requirements issued from time to time and as per the present norms, Company shall have at least Two directors as Independent Directors. On selection of an independent director, the Chairman of the Board/Managing Director shall issue a letter of appointment to the director.

The independent directors appointed in the company will have a tenure of 5 years. They can be re-appointed for another term of 5 years in compliance with the applicable provisions of

the Companies Act. Any intermittent vacancy caused of an independent director shall be filled up by the Board within a period of 3months or at the next board meeting whichever is earlier.

An independent director shall not be on the Board of more than three NBFCs (NBFC-ML or NBFC-UL) at the same time. A timeline of two years is provided with effect from October 01, 2022, to ensure compliance with these norms. Further, the Board shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time. There shall be no restriction to directorship on the Boards of NBFC-BLs, subject to applicable provisions of Companies Act, 2013.

II Criteria for Determining Qualifications, Positive Attributes & Independence of Director:

1. Qualifications of Independent Director:

An Independent director shall possess appropriate skills, experience, and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, IT or other disciplines related to the company's business.

2. Positive attributes of Independent Directors:

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

3. Independence of Independent Directors:

While considering the appointment of an independent director, the nomination committee and the board shall ensure that the incumbent satisfies the test of independence as provided under the Companies Act, 2013 as below: -

(a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience.

(b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;

(ii) who is not related to promoters or Directors in the company, its holding, subsidiary or associate company;

(c) who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed, with the company, its holding, subsidiary or associate company, or their promoters, or Directors, during the two immediately preceding financial years or during the current financial year;

(d) none of whose relatives—

(i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;

(ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or Directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;

(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or Directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;

or

(iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);

(e) who, neither himself nor any of his relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent. or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, Directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company

(f) An independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

(g) None of the relatives of an independent director, for the purposes of sub-clauses (ii) and (iii) of clause (d) of sub-section (6) of section 149, -

(i) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors; or

(ii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for an amount of fifty lakhs rupees, at any time during the two immediately preceding financial years or during the current financial year.

The board shall on a continuous basis ensure that the independent directors continue to maintain their independence during their tenure on the board. To ensure the same, the board may obtain proper declarations from the directors at the time of appointment, annually and at such intervals as the board may deem fit.

Institutionalized Process and procedure for sourcing (including internal candidates) screening, selection and appointment of KMPs.

Any appointment to the role of Key Managerial Personnel, excluding the position of Managing Director shall be proposed to the Nomination and Remuneration Committee of the Board after an initial screening and selection by a panel constituting the Managing Director and Head of HR.

Institutionalised Process for sourcing, screening, selection, and appointments for whole time Directors (MDs and EDs (if applicable)).

Any appointment to the role of Managing Director/Executive Director (if applicable) shall be proposed to the Nomination and Remuneration Committee of the Board after an initial

screening and selection by a panel constituting of 3 or more Directors as may be decided by the Board, which shall mandatorily include the Chairman of Nomination and Remuneration Committee and Chairman of the Board. 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. No re-appointment shall be made earlier than one year before the expiry of the term.

The Nomination Committee shall periodically review the mix of Executive/Non -Executive, Independent/Non-Independent Directors vis-à-vis the extant regulations. The Committee shall also review the skillsets required for a proposed candidate and the process for sourcing, selection, and appointment of Independent / Non -Executive Directors, once a vacancy is identified including impending vacancies based on future retirements.

Succession planning for appointment to board and senior management positions.

The board may identify suitable persons to be appointed to the board positions for filling up vacancies. The vacancies caused by the exit of an Independent Director may be filled by the appointment of an Independent Director. However, if the vacancy does not affect the strength of the minimum required Independent Directors, the board may or may not fill the vacancy as it may deem fit. Suitable candidates may be identified by the Directors from reputable references or from data banks maintained by industry associations, professional bodies, or nongovernmental organizations or by inviting applications through any media.

Vacancies in senior positions in the Company may be filled by a system of promotion of existing employees based on appropriate screening procedures set by the Nomination committee from time to time. In the event of no suitable candidate being found fit for promotion, a suitable person from any of the group companies, or from outside may be chosen.

The company may identify critical positions and shall devise a system of proper mentoring to identify officers of the Company to take up the senior positions wherever a vacancy is caused to ensure the business continuity in the best interest of the Company.

(III) Performance Evaluation

The nomination committee and the board shall put in place a mechanism for the review of performance of the Board, Committees, and individual directors. The review of Performance shall be undertaken annually preferably before the next Annual General Meeting and a statement indicating the way formal annual evaluation has been made by the Board of its own performance and that of committees and individual directors shall be annexed to the Directors Report.

(IV) Remuneration Policy for Executive Directors and Non- Executive Directors/ Independent Directors

- The remuneration and commission of Executive and Non- Executive Directors/ Independent Directors shall be recommended by the Committee to the Board of Directors and shall be subject to the provisions of Companies Act, 2013.
- The remuneration for Executive Directors shall be arrived at by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry, future contribution, etc. The elements of the remuneration and limits are applicable as defined in the Companies Act, 2013 and rules/ schedules made thereunder.
- The remuneration of Executive Directors shall be divided into two components i.e. fixed and variable. The fixed component comprises salary, allowances, perquisites, provident fund, gratuity etc. The variable component comprises annual performance pay which may be a fixed amount as decided by the Board.
- At the beginning of each financial year NRC with the approval of the Board shall prescribe KPIs for MD and Executive Directors.
- Any variable pay shall be in compliance with RBI guidelines contained in circular dated April 29, 2022
- The Non-Executive and Independent Directors of the Company would be paid sitting fees within the permissible limits prescribed under the Companies Act, 2013 and rules framed thereunder for attending meetings. The sitting fee shall be decided by the Board from time to time on the recommendation of the Committee.

In addition to the sitting fees, the company will bear or reimburse the normal travelling, boarding, and lodging expenses of directors incurred for the purpose of attending board/committee meetings or for attending any other duties on behalf of the company.

- In case of profits/inadequate profits/ losses, the Directors may also be paid remuneration by way of Commission as defined in the Companies Act, 2013 read with Schedule V of the said act. The Committee shall recommend to the Board the payment of Commission to Directors.
- The Board of Directors shall decide the actual amount to be paid to each Non-Executive/ Independent Director based on factors such as meetings attended by the Director, time and effort put in and the contribution made by them.
- Independent Directors shall not be entitled to stock options.

(V) Applicability of Law

Changes in the underlying Act / Regulations or guidelines may supersede the provisions of this policy. At any time if there is any amendment to the applicable laws or regulations or guidelines affecting the provisions of this policy, the policy shall be deemed as amended to the extend applicable and the amended provisions will take effect from the date of Change in the underlying laws/ regulations or guidelines.

VI) Amendment to the policy

The provisions of this policy may be amended by the Board at any time on the recommendation of the Nomination Committee.



Compensation Policy of Key Managerial Personnel (KMP) and Senior Management Personnel (SMP)

Version Control		
Version Number	Description	Date
Version 1	RENEWAL	01-02-2023
Version 2	RENEWAL	08-11-2023
Version 3	RENEWAL	02-11-2024
Version 4	Renewal	04.02.2025
Version 5	Modification	02.05.2025
Version 6	Modification for aligning with group	17.10.2025

Contents

1. Preamble:	3
2. Objective of the policy:	3
3. Definition of Terms used:	3
4. Nomination, Remuneration and Corporate Governance Committee (NRCG): ...	4
5. Compensation Philosophy & Key Principles:	4
6. Compensation Components:	5
7. Malus and Clawback:	6
8. Events considered for enforcing Malus & Clawbacks (not exhaustive)	6
9. NRC's oversight of situations requiring enforcement of Malus& Clawback	7
10. Deferred Variable Pay	7
11. Approval and Amendments	8
12. Limitation	8

1. Preamble:

The RBI Master Direction DOR.FIN.REC.No.45/03.10.119/2023-24, annexure XXIV dated 19th October 2023, provides broad guidance to NBFCs in formulating and governing the compensation of Key Managerial Personnel (KMP) and members of Senior Management (SMP).

This compensation policy is put in place taking in to account the market practises and regulatory guidelines.

2. Objective of the policy:

The policy seeks to achieve the following objectives.

- 2.1. To ensure that the remuneration paid to senior Management is fair and in alignment with the applicable laws and regulations.
- 2.2. To decide the level of compensation based on the Company's business outlook, financial position, growth and trends and practices of remuneration prevailing as per the best practices based on fairness and equity.
- 2.3. To reward meritocracy and its linkage to key performance and business drivers.
- 2.4. To attract, retain, motivate, and promote talent and to ensure long term retention of talented managerial persons and to create competitive advantage. The same to be reflective of market competitiveness to attract the best talent
- 2.5. To 'Pay for Performance' i.e., the compensation shall be linked to the performance and to strike the right balance between fixed and variable pay reflecting short- and long-term performance objectives, appropriate to the goals of the company and in compliance with regulatory guidelines.
- 2.6. To ensure compliance and maintain high standards of governance.
- 2.7. To align the compensation with the long-term interests of the Company and its shareholders/stakeholders
- 2.8. Align individual parameters to the annual business performance of the company.

3. Definition of Terms used:

- 3.1. **Key Managerial Personnel (KMP)** are as defined in section 2(51) of the Companies Act 2013 and shall include the Chief Executive Officer, the Managing Director, the Company Secretary, Whole Time Director(s), and the chief Financial Officer. Other officers, not more than one level below the Directors who are in whole time employment may also be designated as KMP by the Board.
- 3.2. **Senior Management Personnel (SMP)** shall mean employees of the company who are members of its core management team excluding the Board of Directors and shall normally comprise of members of management one level below the CEO/Managing Director, including key functional heads. Any other employee

heading a critical function/business may also be included by the NRC from time to time.

- 3.3. **Nomination, Remuneration and Corporate Governances Committee (“NRC”)** shall mean a committee of the Board of Directors of the Company
- 3.4. **“Malus” arrangement** shall mean where the Company prevents the vesting of all or part of the amount of a deferred remuneration. Malus is a feature of a remuneration arrangement that reduces the amount of a deferred incentive/bonus, so that the amount of the payout is less than the amount of the bonus/incentive awarded. Malus arrangement does not reverse a vested right after it has already occurred.
- 3.5. **“Clawback”** is a contractual agreement between the employee and the NBFC in which the employee agrees to return previously paid or vested remuneration to the NBFC under certain circumstances.

4. Nomination, Remuneration and Corporate Governance Committee (NRC): Responsibilities.

- 4.1. The NRC, of the Board constituted as per existing regulations shall oversee the framing, review, and implementation of compensation policy of the company.
- 4.2. The NRC shall work in close coordination with Risk Management Committee (RMC) of the company to achieve effective alignment between compensation and risk. The process of coordination between the NRC and RMC can be done thru structured/unstructured or case to case basis.
- 4.3. The NRC shall ensure that compensation levels are supported by the need to retain earnings of the company and maintain adequate capital based on the Internal Capital Adequacy Process (ICAAP).
- 4.4. The NRC may also 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.
- 4.5. NRC shall ensure that related RBI Guidelines pertaining to the composition and other conditions applicable as per RBI guidelines are be made applicable while determining the compensation of the KMP and SMP.
- 4.6. The compensation shall achieve a balance between the attractiveness for the employee concerned on the one hand and profitability and capital adequacy of the Company on the other hand.
- 4.7. Variable pay will be subjected to an objective performance evaluation vis-a vis the KPI’s set at the beginning of the year and may include personal interaction with the assessee.

5. Compensation Philosophy & Key Principles:

- 5.1. The company has recently embarked on a significant transformation journey. In striving toward robust growth, and enhancement of shareholder value, it seeks to continue to sustain and improve its standards of overall governance and further strengthen its “performance-oriented culture. The remuneration policy is designed to incentivize employees toward this end since compensation practises have an important role in our ability to attract, reward, retain and motivate

employees toward building top class teams, processes, and long-term profitable growth. Our Compensation practises must be linked with performance of individuals and to that of the company & department that he/she works in. It will strive to ensure fair balance of compensation required to compete effectively in the marketplace, along with fairness to all other stakeholders too.

- 5.2. The leadership demonstrated during the year and any special contributions that are over & above normal course of duty may also be considered by the NRC as found appropriate.
- 5.3. The compensation of the KMP & SMP shall be periodically benchmarked with a relevant basket of industry peers/companies, to ensure that it is competitive and with ability to attract top quality talent to the company.
- 5.4. It shall also consider performance, Band/Level seniority of employees, criticality & impact of the position, external compensation benchmarking of the position, and profile of the employee in the industry.
- 5.5. The annual KRA of KMP & SMP are part of Risk, Compliance, Financial controls, and internal audit shall have strong performance goals that are independent of business area they oversee. The RMC and Audit Committee of Board shall independently review their performance, which will be considered by the NRC for compensation grants.
- 5.6. The compensation packages are aligned effectively with prudent risk taking to ensure that compensation is symmetric with risk outcomes, sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

6. Compensation Components:

Total remuneration to the KMP and SMP shall have two primary components of:

- 6.1. **Fixed pay:** This includes monthly fixed components like basic salary, special allowances, HRA, perquisite pay and contributions long term retiral benefits, HRA, special allowances, flexi pay & perquisites that are reimbursable as long as they have monitory ceilings.
- 6.2. **Variable Performance Pay:** This includes Performance pay / Incentives and is linked to performance appraisal of the individual for the year. The variable pay may be in the form of share linked instruments, or a mix of cash and share-linked instruments.
 - 6.2.1 It shall be ensured that share-linked instruments are in conformity with relevant statutory provisions.
 - 6.2.2 The proportion of variable pay in total compensation shall be commensurate with the role and prudent risk-taking profile of KMPs/senior management. At higher levels of responsibility, the proportion of variable pay needs to be higher.
 - 6.2.3 The variable pay component is not guaranteed and may be brought down to zero basis performance rating of the Individual/Department/Company.

This is to ensure outcomes are commensurate with Risk & Business outcomes.

- 6.3 Joining bonus may also be considered on a case-to-case basis to facilitate the onboarding of top talent that is required for the better development of the company. It may be noted that such payment will neither be part of fixed or variable pay and will not be reckoned for application of any future increments.
- 6.4 No guaranteed Performance pay/Bonus: The company shall not have any form Guaranteed bonus (variable pay) for performance. However, in the context of new hiring joining/sign-on bonus may be paid. Such bonus will neither be considered part of fixed pay or variable pay and will not be reckoned for application of any future increments

7 Malus and Clawback:

- 7.2 The NRC shall take necessary steps/actions for applying and enforcing Malus and Clawback provisions on the entire pay/benefits or part thereof at their discretion. This action may entail cancellation of deferred part of cash variable pay, or share linked grants, either fully or to a specific amount, depending on the severity of the breach.
- 7.3 In case of any serious/extreme level of breach, the NRC may determine that past variable pay/vested payouts, including that of cash & share linked grants, may need to be repaid to the company.
- 7.4 Malus/clawback can be applied for a period of 4 years after the date of grant.

8 Events considered for enforcing Malus & Clawbacks (not exhaustive)

Actions under Malus & Clawback may be considered in the following situations:

- 8.2 Fraud, breach of trust, dishonesty, or moral turpitude.
- 8.3 Disclosure of significant, confidential or price sensitive information outside the company or concealing of critical information.
- 8.4 Material & wilful breach of the company's code of conduct, regulatory procedures, internal rules, or laws of the land.
- 8.5 Wilful & significantly wrong reporting of Financial, Risk or business numbers.
- 8.6 Non-disclosure of material conflict of interest information.
- 8.7 Any actions that are wilful or reckless in nature and cause significant/ long term reputation loss to the company.
- 8.8 May be considered in cases of material deterioration in YOY financial or risk performance due to bad business decisions in previous years that did not keep long term health of the company in mind.
- 8.9 Any misconduct to theft, misappropriation, corruption, forgery, embezzlement of acts of criminal nature.
- 8.10 Any other events in the opinion of NRC/Board that has resulted in significant financial and or reputational loss.
- 8.11 Circumstances that may trigger Malus or Clawback provisions will be reviewed periodically by the NRC.

9 NRC's oversight of situations requiring enforcement of Malus & Clawback

The NRC while considering the event of breach will take into consideration the following while determining the malus & clawback actions:

- 9.2 To follow the principles of “Natural Justice”
- 9.3 Materiality and actions to be commensurate with the severity & impact of the breach.
- 9.4 To be aware of and be satisfied that they have sufficient facts, information, and reasons to take such actions.
- 9.5 May conduct independent investigation by themselves or by appointing other internal/external investigation teams where deemed appropriate.
- 9.6 To take in consideration factors that were not in the control of the person committing the breach.
- 9.7 Take into consideration special external events such as macro- economic events, global events, including war, market conditions, industry performance, changes in laws/regulations and natural calamities.

10 Deferred Variable Pay

The RBI circular on “Guidelines on Compensation of KMP & Senior management states the following:

Not all the variables pay awarded after performance assessment may be paid immediately. Certain portion of variable pay, as decided by the Board of the company, may be deferred to time horizon of the risks. The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. Deferral period for such an arrangement may be decided by the Board of the company.

- 10.2 Taking this into consideration, the company will move to a deferred variable pay policy effective compensation actions for FY’2026 onwards (normally granted the first Qtr of the subsequent financial year)
- 10.3 Variable pay covered under this policy are both that of cash grants and stock linked grants. Stock linked grants will be as per terms of our approved ESOP scheme and by nature are deferred as they vest over a specified period, starting the 13th month of grant.
- 10.4 For the variable pay issued in the form of cash grants: the company will sequentially transition to 40% of annual grants being deferred over a three-year period, and as follows:

Performance grants for appraisal period of	Payout on grant	Deferred %	Payout after 12 months of grant	Payout after 24 months of grant	Payout after 36 months of grant
FY'25-26	75%	25%	8.33%	8.33%	8.33%
FY'26-27	65%	35%	11.66%	11.66%	11.66%
From FY'27-28	60%	40%	13.33%	13.33%	13.33%

From FY'27-28, the deferred portion will be 40% on a consistent basis. The NRC, however, may review this prescription if deemed necessary as and when required.

- 10.5 Deferred Variable pay will not be applicable to employees whose variable cash pay is below Rs 25 lacs per annum.
- 10.6 The vesting of deferred variable pay (cash component) will continue to be paid out, as per above schedule, even after separation of the employee from the services of the company, except in the case of malus/clawback imposed under circumstances mentioned in Point no 8 of this document.
- 10.7 In the event of death or permanent disability, resulting inability to continue service with the company, unvested portion of the variable pay will vest immediately and paid out to the legal heir/employee, except in the case of malus/clawback which is defined in Point no 8 of this document.

11 Approval and Amendments

- 11.2 The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the policy entirely with a new policy, based on the recommendation(s) of NRC, from time to time.
- 11.3 Statutory/ regulatory provisions and any amendments thereon, made from time to time shall be binding on the Company and will be complied with even if not specifically incorporated in this Policy

12 Limitation

In the event of any conflict between the provisions of this Policy, SEBI Listing Regulations/ the Act, and rules thereunder, RBI Guidelines or any other statutory enactments, the SEBI Listing Regulations /the Act, and rules thereunder, RBI Guidelines or any other statutory enactments shall prevail over this Policy.

The NRC approval date of this policy is -----