CENTRUM HOUSING FINANCE LIMITED

NOMINATION AND REMUNERATION POLICY

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1. BACKGROUND, INTRODUCTION, OBJECTIVE AND APPLICABILITY

1.1 Background and Introduction- The provisions of the Section 178 of the Companies Act, 2013 ("the Act") and rules framed thereunder, require certain category of companies to adopt a policy, relating to the remuneration for the Directors, Key Managerial Personnel ("**KMPs**"), Senior Management Personnel ("**SMPs**") and other Employees.

In this regard, the Non-Banking Financial Company Housing Finance Company (Reserve Bank) Directions, 2021 ("**RBI HFC Directions**") have prescribed that Housing Finance Companies ("**HFCs**"), with assets size of Rs.50 crore and above, are required to form a Nomination Committee to ensure 'fit and proper' status of proposed/ existing directors.

In accordance with the Act and the RBI HFC Directions, Centrum Housing Finance Limited ("**Company**" or "**CHFL**'), in past, had constituted the Nomination and Remuneration Committee ("**NRC**") and adopted the 'Nomination and Remuneration Policy' ("**Policy**").

In October, 2021, the Reserve Bank of India ('**RBI**') prescribed 'Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs' ("**SBR Framework**") for various layers of Non-Banking Financial Companies ("**NBFCs**") including HFCs. As per the SBR Framework, NBFCs in Middle Layer and NBFCs in Upper Layer are required to comply with the 'Compensation Guidelines' prescribed by the RBI.

Thereafter, the RBI has prescribed the 'Guidelines on Compensation of Key Managerial Personnel and Senior Management Personnel in NBFCs' ("**RBI Compensation Guidelines**"), vide notification dated April 29, 2022. These guidelines are effective from April 01, 2023. The RBI Compensation Guidelines have prescribed certain additional requirements with respect to fixing of compensation and remuneration of KMPs and SMPs of NBFCs in Middle Layer and NBFCs in Upper Layer.

The Reserve Bank of India has now notified Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions, 2025 ("RBI Governance Directions, 2025"), on November 28, 2025, applicable to NBFCs including HFCs based on their Scale Based Regulation (SBR) classification.

In view of the above, the existing Nomination and Remuneration Policy has been, accordingly, amended and updated and shall also function as the Board-approved Compensation Policy under paragraph 29 of the RBI Governance Directions, 2025.

1.2 Objective of the Policy- The purpose of the Policy is to define a framework for appointment and remuneration of the Directors, KMPs, SMPs and other employees that is consistent with the statutory/ regulatory requirements, promotes a culture of meritocracy and attracts/ retains the right talent.

Through this Policy, the Company shall endeavor to achieve the following objectives:

(a) To maintain fair, consistent and equitable compensation practices in alignment with the Company's business goals.

(b) The level and composition of remuneration remains reasonable and sufficient to attract, retain and motivate Directors, KMPs, SMPs and employees with right skill-set, experience and qualifications to run the Company successfully.

(c) To formulate criteria for determining qualifications, positive attributes, required for appointment of Directors, KMPs and SMPs and also the criteria for determining the Independence of a Director.

(d) Maintain appropriate balance between fixed and variable remuneration to Directors, KMPs and SMPs reflecting short term and long term performance objectives appropriate to the working of the Company and its goals.

(e) To focus on growth of the Company while ensuring compliant and ethical practices.

(f) To provide a framework for tenure, removal/retirement of Directors, KMPs and SMPs.

(g) To provide the framework for evaluation of performance of the Board, its and the Directors.

(h) To formulate a framework for succession planning.

2. DEFINITIONS

(a) **"Act"** or "**Companies Act**" means the Companies Act, 2013 and the Rules framed thereunder.

(b) **"Board"** means Board of Directors of the Company for the time in force.

(c) **"Company"** means "Centrum Housing Finance Limited.

(d) **"Committee"** or **"NRC"** means the Nomination and Remuneration Committee of the Board of the Company, as may be reconstituted by the Board and as may subsist from time to time.

(e) **'Clawback'** means a contractual agreement between the employee and the company in which the employee agrees to return previously paid or vested remuneration to the entity under certain circumstances.

(f) "**Director**" means person appointed as Director on the Board of the Company pursuantto the applicable provision of the Act and includes Independent Directors of the Company.

(g) "**Business Unit**" or "**Department**" means every department of the Company, and also includes new entities setup from time to time.

(h) **"Department Head"** or **"Functional head"** or "**Business Head**" means an employee of the Company who is designated as such or in charge of one or more Department and person who is accorded such designation by the Company with the approval of the Managing Director.

(i) "**Executive Director**" means person appointed as Whole-Time Director, Executive Director or Managing Director, and holding office as such pursuant to the applicable provision of the Act.

(j) "**Employees**" means and includes person who is confirmed for full time employment of the Company from time to time and are on the payroll of the Company.

(k) "**Key Managerial Personnel**" or "**KMP**" means persons as defined in the Act

(l) **'Malus'** means an arrangement that permits an NBFC 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.

(m) "**Managing Director**" or "**MD**" means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

(n) "**NR Policy**" or "**Policy**" means this Nomination and Remuneration Policy of the Company as set out herein, recommended by the Committee and approved by Board as amended from time to time.

(o) **'Retention period'** means the period after the vesting of instruments which have been awarded as variable pay during which they cannot be sold or accessed.

(p) "**SEBI LODR**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 prescribed by the Securities and Exchange Board of India.

(q) **'Substantial interest'** shall mean holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together in the shares of a company, the amount paid up on which exceeds ten percent of the paid-up capital of the Company.

(r) "**Senior Management Personnel**" or "**SMP**" shall have similar meaning as assigned to "Senior Management" under Section 178 of the Companies Act, 2013. As per Section 178 of the Companies Act, 2013, the term 'Senior Management' has the following meaning:

'Senior Management' means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

For the purpose of this Policy, the term "Senior Management Personnel" or "SMP" shall mean personnel in employment of the Company who are members of senior management excluding Directors comprising all members of management one level below the Managing Director including the KMP, Business Head/ Department Head/ Functional Heads.

3. NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Board of the Company shall constitute the NRC comprising of 3 (three) or more Non–Executive Directors, out of which not less than one-half shall be independent directors; provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the NRC but shall not chair the Committee, in accordance with the provisions of the Companies Act. The Composition of the NRC shall be as per the requirement of the Act, SEBI LODR, RBI HFC Directions, RBI Compensation Guidelines as applicable from time to time.

The NRC shall ensure 'Fit and Proper' status of proposed/ existing Directors is maintained as per the statutory/ regulatory requirements and that there shall be no conflict of interest in appointment of Directors on the Board of the Company, the KMPs and the SMPs.

The NRC shall play statutory and consultative role in building appropriate remuneration structure in the Company. The NRC shall strive to ensure that recognition and appreciation of experience, expertise, advise, efforts and contribution provided by the Directors, KMPs, SMPs and dedication of Employees is to be considered as the foundation to strategize the remuneration structure. The Committee would also consider that composition of remuneration needs to be reasonable and sufficient to attract, retain and motivate directors and senior management of the quality required to run the Company successfully.

4. ROLES AND RESPONSIBILITES OF THE NRC

4.1 Matters to be dealt with, perused and recommended to the Board by the NRC

(a) Formulate the criteria for determining qualifications, positive attributes and independence of a Director.

(b) Identify persons who are qualified to become Directors and persons who may be appointed in KMP and SMP positions in accordance with the criteria laid down in this Policy.

(c) Recommend to the Board, appointment including the terms and removal of Directors, KMPs and SMP.

(d) Determine 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.

The Committee, for effective implementation and monitoring of the Policy, shall take assistance of the Human Resource Department (HRD) whenever required, seek attendance of Department Heads/Functional Head and obtain relevant data, details and analysis as the Committee may think necessary, seek advice of external experts, advisors or consultant(s), if required.

4.2 Duties relating to Nomination- The duties of the Committee in relation to nomination matters include:

(a) Ensuring that there is an appropriate induction in place for new Directors and reviewing its effectiveness.

(b) Ensuring that on appointment to the Board, the Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act.

(c) Identifying and recommending Directors who are to be put forward for retirement by rotation.

(d) Determining the appropriate size, diversity and composition of the Board.

(e) Setting a formal and transparent procedure for selecting new Directors for appointment to the Board.

(f) Developing a succession plan for the Board, KMPs and SMPs and regularly reviewing the plan, which shall be put up the Management at the end of every of financial year.

(g) Evaluating the performance of the Board Members, KMPs and SMPs in the context of the Company's performance.

(h) 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.

(i) Recommend any necessary changes in the Policy to the Board.

(j) Considering any other matters, as may be requested by the Board.

4.3 Remuneration Duties- The duties of the NRC in relation to remuneration matters include:

(a) To consider and determine the Nomination and 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 regarding all elements of the remuneration of the members of the Board.

(b) To approve the remuneration of the KMPs and SMPs of the Company, in line with the Policy, maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

(c) To consider any other matters as may be requested by the Board.

(d) Professional indemnity and liability insurance for Directors, KMPs and SMPs, wherever deemed required.

4.4 Alignment between Compensation and Risks- The NRC, as and when required, would work in in close coordination with the Risk Management Committee to achieve effective alignment between compensation and risks. Further, the NRC, while discharging its duties, shall ensure that compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process and the capital adequacy requirements, as applicable from time to time.

4.5 Authority to Delegate its Powers- The NRC shall have powers to delegate any of its powers to one or more of its members/ Directors or the Company's HR Head or any other KMP/ SMP of the Company.

4.6 Minutes of the Committee's meetings- Proceedings of all meetings shall be properly documented and the Minutes of the Committee meetings shall be tabled at the subsequent meeting of the Committee. Further, the Minutes shall be signed by the Chairperson of the Committee at subsequent meeting.

4.7 Implementation of the Policy- The NRC shall be authorized to issue the guidelines, procedures, formats, reporting mechanism and manual in supplement for better implementation to this Policy, as per its discretion.

5. POLICY GUIDELINES FOR APPOINTMENT OF DIRECTORS AND KMPs

5.1 General Conditions

(a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director/ KMP with the objective of having a Board/ Management Team with diverse background and experience in business, education and public service and recommend to the Board his/ her appointment.

(b) Attributes expected of all Directors/ KMPs include independence, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

(c) No person shall be appointed as a Director/ KMP, if he/she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

(d) A person shall 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. In evaluating the suitability of individual Board members, the Committee considers many factors, including general understanding of marketing, finance, operations, management, public policy, legal, governance and other disciplines. The Board evaluates each individual in the context of the Board as a whole, with the objective of having a group that can best perpetuate the success of the Company's business and represent stakeholders' interests through the exercise of sound judgment, using its diversity of experience.

(e) The Company shall not appoint or continue the employment of any person as a Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

(f) In determining whether to recommend a Director for re-election, the Committee shall consider the Director's past attendance at meetings, participation in meetings and contributions to the activities of the Board.

5.2 Appointment of Independent Directors

(a) The Company shall appoint Independent Directors subject to the provisions of Section 149 of the Companies Act read with Schedule IV and rules thereunder, the RBI HFC Directions and the SEBI LODR, if applicable. The NRC shall check that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act before his/ her appointment as an Independent Director.

(b) In accordance with the RBI SBR Framework, within the permissible limits in terms of Companies Act, 2013, an Independent Director shall not be on the Board of more than three NBFCs (NBFC-ML or NBFC-UL) at the same time. Further, the Board of the Company shall ensure that there is no conflict arising out of their Independent Directors being on the Board of another NBFC at the same time. Existing Independent Directors, if required, shall have time till September 30, 2024 to ensure compliance with these norms relating to limits on directorship with other NBFCs. There shall be no restriction to directorship on the Boards of NBFC-BLs, subject to applicable provisions of Companies Act, 2013.

5.3 Compliance with the SEBI LODR- In case the Company qualifies as a Listed Company as per the provisions of the LODR, the Company shall comply with the limits prescribed for a Director/ Independent Director.

6. TERM/ TENURE

6.1 Managing Director ("MD")/ Whole-Time Director ("WTD")/ Executive Director ("ED")- The Company shall appoint or re-appoint any person as its MD or WTD or ED for a term not exceeding three/five years at a time. No re-appointment shall be made earlier than one year before expiry of the current term, the tenure shall be subject to the overall retirement policy of the Company.

6.2 Independent Director- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, 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 said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

7. EVALUATION

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

7.2 Evaluation of other KMPs (apart from MD/ WTD/ ED), SMPs and other Employees- The Human Resources Department ("**HRD**") shall carry out the evaluation of the employees, every year ending March 31, with the Department Head(s)/ Management concerned. Key Responsibility Areas ("**KRAs**") shall be identified well in advance. Performance benchmarks shall be set, and evaluation of employees shall be done by respective Reporting Manager(s)/ Management to determine whether set performance benchmarks are achieved. The payment of remuneration/ annual increment to such employees shall be determined after the satisfactory completion of evaluation process.

The HRD of the Company is authorized to design the framework for evaluating performances of other KMPs, SMPs and other Employees. The framework shall consider the following aspects:

(a) Leadership and stewardship abilities.

(b) Contributing to the clearly defined corporate objectives and plans.

(c) Communication of expectations & concerns clearly with subordinates.

(d) Obtain adequate, relevant, and timely information from external sources.

(e) Review & achievement of strategic and operational plans, objectives, budgets.

(f) Regular monitoring of corporate results against projections.

(g) Identify, monitor, & mitigate significant corporate risks.

(h) Assess policies, structures, and procedures.

The objective of carrying out the evaluation by the Company shall be to identify and reward those with exceptional performances during any financial year. At the same time, training and development orientation programs on a need basis shall be provided to employees, whose performance during any financial year does not meet the benchmark criteria.

8. REMOVAL

Due to reasons of any disqualification mentioned in the Companies Act or under any other applicable Acts, rules and regulatory requirements, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director/ KMP/ SMP as may be required.

9. RETIREMENT

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

10. REMUNERATION/ COMPENSATION STRUCTURE

10.1 General Provisions relating to remuneration to the Directors and the KMPs

(a) The remuneration and commission etc to be paid to the Directors and KMPs shall be in accordance with the Articles of Association of the Company subject to the provisions of the Companies Act, 2013.

(b) The remuneration/ commission etc. to be paid to a Director/ KMP will be determined by the NRC and shall be recommended to the Board for its approval. The remuneration/ commission etc. shall be paid to the Director and KMP subject to provisions of the Companies Act.

(c) Increments to the existing remuneration structure may be recommended by the NRC to the Board, within the limits approved by the Shareholders in case of whole-time Director and Managing Director

(d) Where any insurance is taken by the Company on behalf of its Directors and KMPs for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

(e) **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Directors and KMPs in accordance with applicable provisions of the Companies Act.

(f) Provisions for excess remuneration: Refund/ Recovery of the excess

remuneration: If a 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 requisite approval, where required, he / she shall refund such sums to the Company within the timelines prescribed 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.

10.2 Provisions for the Non-Executive Directors including Independent Director- The key element of remuneration of a Non-Executive Director or an Independent Director shall be sitting fees and commission subject to overall limit as prescribed in the Companies Act, 2013, and Rules made there under and the approval of the shareholders, and the Articles of Association of the Company, as applicable.

The Independent Directors shall not be eligible for stock options. However, other types of Non-Executive Directors are eligible for stock options as may be decided by the NRC from time to time. The Directors may be covered under the Directors and Officers Liability Insurance (D&O) Policy.

The Company also bear/reimburse travelling and other expenses to outstation Directors for attending meetings and expenses in relation to attending to matters or business of the Company.

10.3 Specific Provisions relating to the MD/ WTD/ ED- The MD/ WTD/ ED shall be appointed on a contractual basis for a fixed tenure as approved by the shareholders and such contracts are renewable upon expiry of the tenure subject to recommendation by the NRC/ Board and approval of the shareholders.

The remuneration paid to MD/ WTD/ ED shall broadly comprise of Fixed Pay & Variable Pay. The Fixed Pay shall typically consist of elements like Base Salary, Allowances, Perquisites, Benefits and Retirement benefits within overall limit under Section 197 of the Companies Act, 2013, and the Articles of Association of the Company.

The variable pay component is performance bonus which is discretionary. The quantum of variable pay will be based on the performance of the Company and Individual performance. Further, the Executive Directors shall be eligible for stock options of the Company as may be permitted under the applicable laws and approved Schemes.

In addition to the various cash components (salary, allowances etc.) the Company may offer certain perquisites like the Company's Car, Car Lease, Company Leased Accommodation and Club Membership. The MD/ WTD/ ED may be covered under the Directors and Officers Liability Insurance (D&O) Policy. Further, their annual increments shall be linked to their overall performance and as decided by the NRC, from time to time.

10.4 Provisions relating to remuneration to other KMPs, SMPs and other Employees

The key components of remuneration package of other KMPs (apart from MD/ WTD/ ED), SMPs and other employees of the Company shall comprise of Fixed Pay, Variable Pay, Mediclaim, Life Insurance Coverage and other benefits/ perquisites as per the HR policies of the Company. The Fixed pay may include basic salary, HRA, special allowance, contribution to provident fund, gratuity etc. All perquisites that are reimbursable may also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Monetary equivalent of benefits of non-monetary nature (such as use of the Company's car), if any, shall also be part of the Fixed Pay.

They may also be eligible for stock options as may be permitted under the applicable laws

or the Schemes approved by the Board/ NRC based on their grade. The Variable Pay is discretionary and is based on the business unit performance and individual's performance. The variable pay component is the performance bonus which is paid out annually taking into account the performance review ratings. Further, the Company may sponsor Employees for further education/ training to enhance managerial skills for middle and senior level employees.

The annual increments shall be linked to business unit performance and individual's performance as recommended by the Managing Director/CEO in consultation with their reportingmanagers and the HRD and approved by the Board/ NRC.

10.5 Additional aspects relating to remuneration/ compensation to KMPs and SMPs

(a) **Components and Risk Alignment**: For KMPs and SMPs, the remuneration shall be based on roles & responsibilities assigned, experience, skills, performance, industry benchmarking etc. The increments shall usually be linked to their performance as well performance of the Company.

The compensation package shall be aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks. The Company shall ensure that the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

(b) Principles for Variable Pay to KMPs and SMPs

(i) Variable Pay, its Proportion and Deferral: Variable compensation may be in the form of share-linked instruments, or a mix of cash and share-linked instruments. The share-linked instruments shall be in conformity with relevant statutory provisions. The KMPs and the SMPs may also be eligible for Long Term Incentive Plan in the form of stock options or any other equivalent instruments.

(ii) Proportion of Variable Pay: The proportion of Variable Pay in total compensation shall be commensurate with the role and prudent risk-taking profile of KMPs and SMPs. At higher levels of responsibility, the proportion of variable pay shall be higher. There shall be proper balance between the cash and share-linked instruments in the variable pay compensation in case the variable pay contains share linked instruments. The variable pay shall be truly and effectively variable and can be reduced to zero based on performance at an individual, business-unit and company-wide level. In order to do so, performance measures and their relation to remuneration packages shall be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism.

(iii) Deferral of Variable Pay: Not all the variable pay compensation awarded after performance assessment shall be paid immediately. Certain portion of variable pay, as decided by the Board/ NRC of the Company, shall 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 shall be decided by the Board/ NRC while approving the Variable Pay.

(iv) Control and Assurance Function Personnel: KMPs and SMPs engaged in control and assurance functions like financial control, risk management, compliance and internal audit shall be compensated in a manner that is independent of the

business areas they oversee and commensurate with their key role in the Company. Accordingly, such personnel could have higher proportion of fixed compensation. However, a reasonable proportion of compensation will be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.

(c) **Guaranteed Bonus**: Guaranteed Bonus shall not be paid to KMPs and Senior Management Personnel. However, for new hiring, joining/ sign-on bonus may be considered. Such joining/ sign-on bonus shall neither be considered part of fixed pay nor of variable pay.

(d) **Malus/ Clawback Arrangement**: The deferred compensation shall be subject to malus or clawback arrangements in the event of subdued or negative financial performance of the Company and/or the respective line of business or employee misconduct in the intervening period.

In this regard, a malus arrangement would be one which shall permit the Company to prevent vesting of all or part of the amount of a deferred remuneration. However, a malus arrangement shall not reverse vesting after it has already occurred. Further, a clawback would be 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.

In the situations/ instances where the financial statements are required to be re-stated due to fraud or non-compliance with any requirement under the Companies Act, 2013 and the rules made thereunder or non-compliance with the RBI HFC Directions or any other situation as may be identified by the Board/ NRC, the Company shall invoke the malus and clawback clauses that may be applicable on entire variable pay including any past or present KMPs/ SMPs who, during the period for which the financial statements are required to be re-stated, received the remuneration (including stock option) in excess of what would have been payable as per the restatement of financial statements. While setting criteria for the application of malus and clawback, the Board/ NRC may also specify a period during which malus and/or clawback can be applied, covering at least the deferral and retention periods. For this purpose, retention period shall be a period of time after the vesting of instruments (which have been awarded as variable pay) during which they cannot be sold or accessed.

11. SUCCESSION PLANNING FOR DIRECTORS, KMPs AND SMPs

11.1 Succession Planning for the Directors (including Independent Directors) shall be done by the NRC, in accordance with the applicable provisions of the Companies Act, the Rules thereunder and other applicable regulatory requirements as prescribed by the RBI.

The responsibility of ensuring timely replacement for positions of any Director lies with the NRC. The NRC shall undertake a process of due diligence to determine the suitability of the person for appointment/ re-appointment/ continuation as a Director on the Board, based upon qualification, expertise, track record, integrity, 'fit and proper' and other criteria, as applicable.

11.2 In the event of any unexpected vacancy in the position of the MD/CEO/ WTD/ Executive Director of the Company, the NRC shall identify a director or an official to take charge of the said position on an interim basis till the time proper replacement is appointed.

11.3 For Succession Planning relating to the KMPs and SMPs, the Company shall follow a mechanism as under:

(a) As it is critical to identify professional qualification, experience and skill set for the position. job description along with profile fitment characteristics like personality, experience. required skills and qualification shall be created. Accordingly, identification of prospective candidates for KMP or SMP position shall be done.

(b) Selection shall happen through referrals from Board members, industry leaders or leading search firms.

(c) The Succession Plan shall be based on potential and performance levels. The MD /CEO and the HR- Head shall periodically review the vacancies, if any, at the KMP/ SMP levels and based on such requirements, shall formulate and adopt an appropriate action plan.

(d) Such action plan, in the first instance, may be to identify and shortlist an employee within the same function or through a lateral transfer of an employee from another function. In case of non-availability, the said plan may involve the selection of an external candidate having the requisite skills, experience, leadership quality, and expertise deemed necessary for the said position.

(e) The Company recognised importance of having contingency plan in place to deal with sudden exits at the KMP/ SMP level. Accordingly, the Company (with responsibility of the HRD) shall identify a select pool of employees who can be groomed to occupy senior-level positions in case of any such eventuality and train them adequately. The Company shall manage, develop, upskill, and train the pool of identified talents.

12. DISCLOSURES

12.1 **Disclosure in the Board Report**: The disclosures as required under the relevant provisions of the Companies Act, 2013, the rules made there under and other regulations shall be made with regard to the remuneration details of the Directors, KMPs, SMPs and other employees.

12.2 **Disclosure of the Policy**: The Policy shall be placed on the website of the Company, if any, and the salient features of the Policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.

13. RESPONSIBILITY OF COMPLIANCE WITH THE POLICY

The Human Resources Department shall be responsible for compliance with this Policy and it shall have authority to roll-out required processes for implementation of the Policy.

14. REVIEW AND AMENDMENT OF THE POLICY

This Policy shall be reviewed by the NRC/Board annually or earlier or as and when required as per the statutory/ regulatory requirements.

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