NOMINATION AND REMUNERATION / COMPENSATION POLICY

OF

MINTIFI FINSERVE PRIVATE LIMITED

Document Information

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Nomination And Remuneration Policy

1. PREAMBLE

This Nomination and Remuneration Policy ("Policy") has been formulated pursuant to the provisions of Section 178 of the Companies Act, 2013 ("Companies Act" or "Act") read with the applicable rules thereto, Para 94.2 of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and RBI's Guidelines dated April 29, 2022 on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs as prescribed under Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs as amended from time to time (hereinafter referred to as "Law"), by the Nomination and Remuneration Committee ("Committee") and approved by the Board of Directors of **Mintifi Finserve Private Limited ("Company").**

2. OBJECTIVE

The objective of this Policy is as follows:

a) To constitute and define terms and references of Nomination and Remuneration Committee (NRC) of the Company.

b) To establish principles of compensation structures for Directors, Key Managerial Personnel (KMP), Senior Management Personnel (SMP) and other employees as and when it deems fit to the committee.

c) To define malus/clawback provisions for KMP, SMP and other employes as and where applicable.

d) To provide a consistent framework to the NRC to perform its functions in compliance with the Law pertaining to the appointment of, remuneration payable to and removal of, Directors, KMP, and senior management personnel and make appropriate recommendations to the Board. This policy also aims to ensure the payment of equitable, competitive remuneration to all the Directors, KMP, and Senior Management of the Company, which will be based on individual performance, the Company's benchmark, and Industry practices.

3. SCOPE

This Policy shall apply to all members of the Board of Directors of the Company, including Executive and Non-Executive Directors, Key Managerial Personnel ("KMP") as defined under Section 2(51) and other applicable provisions of the Companies Act, 2013, and all Senior Management Personnel of the Company as defined from time to time.

For the purpose of this Policy, "Senior Management Personnel" shall include members of the core management team one level below the Chief Executive Officer/Managing Director/Whole-time Director(s), including functional heads and any other officers designated as senior management by the

Board from time to time, who are entrusted with significant managerial, operational, financial, compliance, or strategic responsibilities within the Company.

4. CLARIFICATIONS, AMENDMENTS AND UPDATES

This Policy shall be implemented as per the provisions of the Applicable Law. Any amendments in the Applicable Law, including any clarification/ circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.

All words and expressions used herein, unless defined herein, shall have the same meaning respectively ascribed to them, in the Applicable Law under reference, that is to say, the Companies Act, 2013 and Rules framed thereunder, as amended, from time to time and Directions, Circulars, Notifications, Press Release, Clarifications as issued by the RBI from time to time and applicable on the Company.

5. DEFINITIONS

a) **Act** means the Companies Act, 2013, and Rules framed thereunder, as amended from time to time.

b) **Board** means the Board of Directors of the Company.

c) **Directors** mean Directors of the Company.

d) **Key Managerial Personnel" or "KMP"** means the Chief Executive Officer and/or the Managing Director and/or the Manager, the Whole-time Director(s), the Chief Financial Officer, and the Company Secretary of the Company, as defined under Section 2(51) and other applicable provisions of the Companies Act, 2013.

e) **Senior Management** shall include members of the core management team one level below the Chief Executive Officer/Managing Director/Whole-time Director(s), including functional heads and any other officers designated as senior management by the Board from time to time, who are entrusted with significant managerial, operational, financial, compliance, or strategic responsibilities within the Company.

6. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ("NRC" or "Committee") has been constituted by the Board of Directors in accordance with the provisions of Section 178 and other applicable provisions of the Companies Act, 2013, the rules framed thereunder, and the applicable corporate governance and compensation guidelines issued by the Reserve Bank of India for Non-Banking Financial Companies (NBFCs), as amended from time to time.

The Committee Composition is as follows:

7. ROLE OF COMMITTEE

The NRC shall:

a) 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.

b) Identify persons who are qualified to become Directors and persons who may be appointed to Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy and as per RBI guidelines.

c) Recommend to the Board, appointment and removal of Director, KMP, and Senior Management Personnel.

d) Policy for appointment and removal of Director, KMP, and Senior Management

e) The Committee shall identify and ascertain the integrity, qualification, expertise, and experience of the person for appointment as Director, KMP, or at the Senior Management level and recommend to the Board his / her appointment.

f) A person should possess adequate qualifications, expertise, and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether the qualifications, expertise, and experience possessed by a person are sufficient/satisfactory for the position concerned.

8. TERM / TENURE

a) *Managing Director/Whole-time Director:* The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.

b) Independent Director:

i) 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.

ii) 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.

iii) At the time of appointment of an Independent Director, it should be ensured that the number of Boards on which such an Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies in case such a person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

9. CRITERIA FOR DETERMINING QUALIFICATIONS AND POSITIVE ATTRIBUTES OF A DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

a) DIRECTORS

i. The Director shall possess appropriate expertise, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or such other areas related to the Company's business as determined by the Nomination and Remuneration Committee

ii. The Director shall also possess core skills/expertise/competitive skills as identified by the Board of Directors.

iii. The person to be appointed as a Director on the Board of the Company shall comply with the requirements of sub-section (4) of section 152 of the Act and shall not have been disqualified from appointment as provided in section 164 of the Act.

iv. The person to be appointed as a Director on the Board of the Company shall comply with the requirements of sub-section (4) of section 152 of the Act and shall not have been disqualified from appointment as provided in section 164 of the Act.

v. A person to be appointed as an Independent Director shall be qualified as an 'Independent' in terms of Section 149(6) of the Companies Act and the rules made thereunder and Regulation 16(b) of Listing Regulation. Such a person shall not be on the Board of more than three NBFCs-Middle Layer or NBFC-Upper Layer (NBFC-ML or NBFC-UL) at the same time. Further, the Company will also evaluate that there is no conflict arising out of such person being an Independent Director on the Board of other NBFCs at the same time.

vi. The appointment of such person as an Independent Director on the Board of the Company shall be made in accordance with the conditions provided in the Applicable Law.

vii. The termination of services of a Director (either by removal/resignation) shall be given effect to in accordance with the provisions of the Companies Act, 2013, Listing Regulations, the constitutional documents (Memorandum and Articles of association) of the Company, Appointment Letter (if any) executed between the Company and Director and Human Resource (HR) Policy of the Company, as applicable.

b) SENIOR MANAGEMENT PERSONNEL

The NRC shall consider the presented and future requirements of the Company when shortlisting and recommending a candidate for a Senior Management position. The criteria to be considered when assessing prospective candidates for a Senior Management position shall include the following:

i. The appointee shall have appropriate skills, experience, and knowledge as required for the job position concerned.

ii. The appointee shall possess attributes such as integrity, leadership qualities, decision-making ability, effective communication skills, and such other attributes which, in the opinion of the Committee, are necessary in the interest of the Company.

iii. The appointee shall not engage in any business, relationship, or activity that might detrimentally conflict with the interest of the Company.

iv. The appointment, termination, and remuneration, including revision(s) in the terms of employment of SMP, shall be governed in accordance with the Employee's terms of employment with the Company and HR Policy of the Company.

v. The overall experience of the person and the relevant experience in the required field of Expertise

vi. Academic records/background, educational qualifications, including specialized qualifications in relevant areas

vii. Ability to contribute towards the achievement of the business objectives of the Company.

c) **KEY MANAGERIAL PERSONNEL (KMP)**

i. A whole-time KMP shall not hold office (Including Directorship) in any other company except in its subsidiary company at the same time

ii. The appointee shall have appropriate skills, experience and knowledge as required for the concerned job position

iii. The appointee shall possess attributes such as integrity, leadership qualities, decision making ability and effective communication skills.

iv. The appointee shall not engage in any business, relationship or activity, which might detrimentally conflict with the interest of the Company.

v. Termination of KMP (either by removal/resignation) shall be given effect to in accordance with the provisions of the Companies Act, 2013, Listing Regulations,

vi. Employee's terms of employment with the Company and HR Policy, as applicable.

d) **BOARD DIVERSITY**

The company shall maintain an appropriate balance of skills, experience, knowledge, independence, and diversity to ensure effective governance and decision-making. The Company recognizes that Board diversity, including diversity of age, professional background, industry experience, geographical exposure, and thought, enhances the quality of deliberations and promotes balanced and objective oversight. In identifying and recommending candidates for appointment to the Board, the Nomination and Remuneration Committee shall consider merit as the primary criterion while also ensuring that the Board composition reflects an appropriate mix of expertise in finance, risk management, legal, regulatory, and business domains, in compliance with the provisions of the Companies Act, 2013 and applicable guidelines issued by the Reserve Bank of India.

10. SELECTION PROCESS

In order to ensure a structured, transparent and merit-based approach to leadership appointments, the following process shall apply to filling vacancies or new openings of SMP & KMP.

i. **Initiation of process:** Upon occurrence or anticipated occurrence of a vacancy (due to resignation, retirement, expansion, restructuring, or creation of a new role), the Human Resources Head ("HR Head") shall initiate the selection process.

ii. **Internal Selection:** The Company shall, wherever feasible, prioritize internal candidates in line with its succession planning framework. The HR Head shall evaluate eligible internal candidates based on qualifications, experience, performance track record, leadership capability, integrity, and fit and proper status (where applicable).

In case of internal selections the vacancy shall be filled through:

- ✓ Promotion within the same function/location
- ✓ Cross-functional movement
- ✓ Lateral transfer from another location or business vertical

iii. **External Requirement**: If no suitable internal candidate is identified or external expertise is required, the HR Head shall undertake an external search. The selection process shall include structured evaluation, background verification, reference checks, regulatory eligibility assessment, and review of potential conflicts of interest.

iv. **Presentation to NRC:** The HR Head shall place before the Nomination and Remuneration Committee ("NRC") a detailed note containing:

- ✓ Candidate profile and evaluation summary
- ✓ Justification for selection
- ✓ Proposed role and reporting structure
- ✓ Proposed remuneration structure in compliance with the Companies Act, 2013 and applicable compensation guidelines
- ✓ Confirmation of due diligence and fit and proper assessment

v. **NRC and Board Approval**: The NRC shall review the proposal to ensure merit, independence, regulatory compliance, and alignment with prudent risk and compensation principles.
Where required, the recommendation shall be placed before the Board for final approval

11. COMPENSATION STRUCTURE (NON-EXECUTIVE DIRECTORS & EXECUTIVE DIRECTORS)

a. Non-Executive Directors

i. Subject to approval of the Board of Directors, the Non-executive Directors of the Company may be paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The sitting fees paid to the Non- Executive Directors for attending meetings of Board of Directors shall be such as may be determined by the Board within the limit prescribed under the Companies Act, 2013 and as per the provisions of the Listing Regulations. The Non-executive Directors will also be entitled to reimbursement of expenses for attending the meeting.

ii. The sitting fees of the Non-Executive Directors for attending meetings of Board of Directors and the Committees thereof may be modified from time to time only with the approval of the Board or any officer(s) authorized by the Board, in due compliance of the provisions of Companies Act, 2013 and the Listing Regulations as amended from time to time.

iii. An Independent Director shall not be entitled to any stock option and may receive remuneration only by way of sitting fees and reimbursement of expenses for participation in meetings of the Board or Committee thereof.

iv. If any such director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law such remuneration shall be refunded to the Company by such Director and until such sum is refunded, hold it in trust for the Company.

v. The Non-executive Directors are not eligible for any mode of Stock incentives

b. Executive Directors

i. The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director / Whole Time Directors (MD/WTD. Their remuneration shall be governed by the external competitive environment, track record, potential, individual performance, and performance of the Company as well as industry standards. The remuneration determined for MD/WTDs/Manager shall be approved by the Board of Directors at a meeting, which shall be subject to the approval of members at the next general meeting of the Company as per the provisions of the Companies Act, 2013, and the Listing Regulations. As per the Policy, the Executive Directors are not paid any fees for attending the Board and/or Committee meetings.

ii. If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, under the Applicable law, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

iii. A Director may receive any remuneration or commission from any holding or subsidiary company of the Company, subject to its disclosure by the Company in the Board's report.

12. GUIDING PRINCIPLES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT

i. **Support for Strategic Objectives**: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, and supports and reinforces the achievement of the Company's vision and strategy.

ii. **Transparency:** The process of remuneration management shall be transparent and conducted in good faith.

iii. **Internal equity**: The Company shall remunerate the Executives in terms of their roles within the organization. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.

iv. **External equity**: The Company strives to pay an equitable remuneration, capable of attracting and retaining high-quality personnel. Therefore, the Company will remain logically mindful of the ongoing need to attract and retain high-quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.

v. **Flexibility**: Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other relevant laws

vi. **Performance-Driven Remuneration**: The Company shall establish a culture of performance-driven remuneration through the implementation of the System.

vii. **Affordability and Sustainability**: The Company shall ensure that remuneration is affordable on a sustainable basis.

viii. **Components and risk alignment**: The compensation packages of KMP and Senior Management Personnel of the Company will comprise of fixed, and variable pay components which will be aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks, 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.

ix. **Composition of Fixed Pay:** All the fixed items of compensation, including the perquisites and contributions towards superannuation/retiral benefits, will form part of fixed pay. All perquisites that are reimbursable will be included in the fixed pay as per the monetary ceilings applicable for such reimbursements. Monetary equivalent of benefits of non-monetary nature (such as free furnished house, use of company car, etc.) will form part of fixed pay.

x. **Principles for Variable Pay:** The Company may offer variable pay in the form of share- linked instruments, or a mix of cash and share-linked instruments. The Company will ensure that the share-linked instruments are in conformity with relevant statutory provisions.

xi. **Proportion:** The Company will ensure that the proportion of variable pay in total compensation of KMPs/ Senior Management Personnel of the company is commensurate with their role and prudent risk-taking profile. The proportion of variable pay will be higher depending on the level of responsibility of the concerned KMP / Senior Management Personnel in the organisation's hierarchy. In case the variable pay contains share-linked instruments, the Company will maintain a proper balance between cash payout and share-linked instruments. Further, based on the performance of the concerned individual, business unit and company wide level, the Company may reduce the variable pay to zero.

xii. **Control and assurance function personnel:** The KMPs and Senior Management Personnel of the company engaged in financial control, risk management, compliance and internal audit will be compensated based on their key role in the Company vis-à-vis performance assessment indicators, which will be independent of the business areas. The Company may offer a higher proportion of their compensation in fixed mode and some proportion as determined by the NRC / Board in the form of variable pay to enable the Company to exercise the options of malus and/or clawback, when warranted.

xiii. **Guaranteed bonus:** The Company will not pay guaranteed bonus to KMPs and Senior Management. However, in the context of new hiring joining/sign-on bonus/ retention bonus could be considered, which will neither be considered part of fixed pay nor of variable pay.

xiv. **Malus/Clawback:** The deferred compensation to any employee including but not limited to SMP & KMP shall be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the company and/or the relevant line of business or employee misconduct in any year. The Company will provide all KMPs and Senior Management eligible for variable pay, a representative set of situations along with the details of the period, including deferral and retention period, in which the Company may invoke the malus and clawback clauses on the entire variable pay.

13. POLICY ON REMUNERATION TO KMP, SMP AND OTHER EMPLOYEES

Key principles of compensation would be as under:

a) **Attract and retain:** Remuneration packages shall be designed to attract high-caliber executives in a competitive market and to remunerate executives fairly and responsibly. Remuneration shall be competitive and based on the individual's responsibilities and performance.

b) **Motivate and reward:** Remuneration shall be designed to motivate the delivery of the Company's key business objectives, create a strong performance-oriented environment, and reward the achievement of meaningful targets over the short and long term.

c) **Non-monetary benefits**: The Executives will be entitled to customary non-monetary benefits, such as a company car and company health care. In a few cases, company housing may also be offered.

d) The compensation for KMP / SMP shall comprise a monthly salary with performance bonus and stock incentives (ESOP). The salary paid shall have a fixed component and another variable component, the latter varying commensurate with yearly performance of the relevant year.

e) **No Inter-departmental congruence**: The compensation for department heads, falling in one hierarchy order, may have different structures and quantum based on negotiation with employees at the time of appointment as well as in alignment with quantum of risk and responsibilities assigned. The differences between any two department heads may move upside down with new assignments

Further, the compensation structure will be as follows:

a) The performance bonus and stock incentives are treated as part of variable compensation but are over and above the variable component of salary.

b) Any kind of retention incentive shall be part of fixed compensation and performance incentive/bonus will be considered as variable compensation.

c) The yearly escalation (increment), decided on the performance matrix may be divided into fixed and variable components of salary in the proportion the initial salary is bifurcated.

d) However, the variable compensation shall be limited to a maximum, so that the total compensation offered at appointment is determinable. The variable pay shall be so parameterized against performance that it may be reduced to zero based on performance at an individual, business-unit and company-wide level. The performance measurement, variable compensation measurement and their alignment should be clearly and equitably defined before the start of the performance measurement period.

e) The NRC has the right to fix the composition of the fixed and variable pay ratio of KMP, and the above ceiling will not be applicable to KMP.

f) All reimbursements of actual expenses incurred by the KMP / SMP during the course of performing the assigned job and responsibilities, limited to entitlement or as approved by higher authority, shall not be a part of remuneration. KMP / SMP must claim the expenses through bills, which are to be duly sanctioned.

g) Similarly, vehicles provided for discharge of duties with driver and petrol shall not be treated as part of compensation, even though they may be subject to personal income tax by the KMP or FBT by the company.

h) The different components of variable compensation are mapped to individual, departmental or corporate performance which is assessed and approved based on calibrated modules of Key Performance Indicators (KPI). The KPI modules are constructed considering the risk and responsibilities of the job profile.

i) The KMP/ SMP will merit for full or part of offered/ agreed variable compensation after the completion of the financial year and based on his/her performance. The variable portion of salary shall be paid at same proportion of performance whereas cash incentive and stock options are determined in ranges of performance.

j) Stock Incentive: The stock incentives are governed by the Mintifi Stock option Scheme approved by the shareholders or any other plan as may be amended from time to time. The stock option plan, including eligibility, grant, and redemptions, shall be governed by the Company's Stock option schemes.

k) Deferral of Variable Compensation and Retention Bonus

- ✓ A portion of the variable compensation / performance incentive payable to Senior Management Personnel (SMP) or any other employee as defined by the NRC from time to time shall be subject to deferral in order to ensure alignment with the long-term performance, risk outcomes and regulatory expectations of the Company.

- ✓ Accordingly, 20% of the variable compensation / incentive payable shall be deferred for a period of six (6) months from the due date of payment ("Deferment Period"). 80% of the eligible variable compensation shall be paid on the due date, while the remaining 20% shall be retained by the Company during the Deferment Period.

- ✓ Further, any retention bonus payable to SMP shall be paid in a deferred manner upto two-year period, wherein 50% of the retention bonus shall be payable upfront or upon completion of the first year from the due date and the remaining 50% upon completion of the first year/second year, subject to the employee continuing in service with the Company and compliance with the applicable terms of the retention arrangement.

- ✓ The deferred portion shall be released upon completion of the Deferment Period, subject to continued satisfactory performance, compliance with the Company's policies, and absence of any circumstances warranting invocation of malus or clawback provisions, including but not limited to misconduct, material regulatory non-compliance, fraud, or actions resulting in financial or reputational loss to the Company.

- ✓ The Nomination and Remuneration Committee (NRC) shall have the authority to review, modify, defer, reduce or cancel the deferred compensation, where warranted based on risk outcomes, regulatory considerations, or invocation of malus or clawback provisions, in accordance with the Company's compensation governance framework.

Subject to the provisions of the articles of association of the Company, the remuneration (including revision) of KMPs and SMPs shall be determined by the MD/WTD/Manager and Head of Human Resource (HR) Department after taking into consideration the academic, professional qualifications, work experience, skills, other capabilities, and industry standards.

Further, the remuneration (including revision) of KMPs (excluding Executive Directors) shall also be subject to approval of the Board of Directors/concerned Committees/ shareholders, if stipulated by any Act, statute, regulations, etc.

l) Escalation/appraisal of compensation: The compensation for the KMP and SMP may be with an escalation as approved by NRC. It may differ from person to person depending on the risk alignment. The percentage of rise in compensation so decided is the maximum that he/she can get, subject to individual, departmental, or corporate performance. Further, the KMP / SMP,

including department heads assigned with business development
and allocated targets, will be assessed in terms of their personal and departmental achievements in accordance with their roles and responsibilities. The KMP/ SMP, including department heads in non-business areas such as internal audit, monitoring, financial controls, risk management, etc., shall be assessed in terms of corporate achievements. Such personnel may have a higher proportion of fixed compensation, but with a reasonable proportion of variable pay so that the options of malus and claw-back do not become infructuous. The maximum escalation proposed with conditions of variance in accordance with performance shall be clearly communicated to the KMP / SMP or any other employee

m) Compensation to other employees - The remuneration of other employees is fixed from time to time as per the guiding principles outlined by the Company, considering industry standards and cost of living. In addition to basic salary, they are also provided perquisites and retirement benefits as per the schemes of the Company and statutory requirements, where applicable. Policy of motivation/ reward/ severance payments is applicable to this category of personnel, as in the case of those in the management cadre. Subject to the approval of the Nomination and Remuneration Committee (NRC), Management may, from time to time, extend the applicability of the deferment of variable compensation and/or retention bonus to other employees of the Company, as deemed appropriate.

14. EVALUATION

The Committee shall specify the manner for effective evaluation of the performance of the Board of Directors, its Committees, and every Director at regular intervals (yearly) as per the provisions of the Companies Act, 2013.

Performance Assessment:

a) The NRC shall establish Key Performance Indicators (KPI) modules with calibration of points for each area of function to assess the performance of each member of KMP for the purpose of providing equitable payment of variable compensation, and such modules will be approved by the Board. Further, KMP shall establish Key Performance Indicators (KPI) modules for SMP.

b) The set of KPIs for each function shall account for risks and responsibilities, timeliness of individuals, line of business, as well as achievements of corporate goals, where the personal risk and responsibilities will be attributed a weightage at least 60%, the performance of the line of business 25%, and Behavioural performance 15%. In case of non- business areas such as internal audit, risk management, compliance, credit monitoring, the personal performance as well as the role played by him in attending to issues and problems and their resolution will be attribute weightage 60% and Behavioural + Line Business 40%.

c) The NRC shall assess the performance of the Managing Director, Whole-time Director, and Manager (if any), and the assessment shall be approved/ amended by the Board.

d) The NRC shall assess the performance of the CEO, CFO, and Company Secretary, which shall be reviewed by the Board.

15. In addition to the NRC, the performance review of the Assurance Function shall be conducted by the respective Committee or Board before approval by the Board. Specifically, the performance of the Head of Internal Audit shall be reviewed by the Audit Committee, the performance of the Chief Risk Officer shall be reviewed by the Risk Management Committee, and the performance of the Chief Compliance Officer shall be reviewed by the Board.

16. MALUS AND CLAWBACK PROVISIONS

The company shall be entitled to hold back the deferred variable pay/incentives or stocks issued beyond the deferral/retention period for the following reasons or events during the deferral or stock retention period

a) Where the Company records negative financial performance or losses during the relevant performance period, as assessed against approved business plans and budgets.

b) Where the concerned KMP/SMP resigns from the services of the Company or where the employment is terminated, whether for cause or otherwise, prior to the vesting or payout of variable remuneration.

c) Where the concerned KMP/SMP is under contemplation for, or is subject to, any ongoing, pending, or proposed disciplinary proceedings, inquiry, investigation, or regulatory action, whether internal or external.

d) Where the concerned KMP/SMP has, by act of commission or omission, contributed to material financial loss, operational failure, regulatory non-compliance, or has materially increased the risk exposure of the Company, as determined by the Board/NRC.

e) Where, during the course of employment, any amounts (other than loans and advances duly sanctioned in accordance with Company policy) crystallize as recoverable from the concerned KMP/SMP, including but not limited to excess or unauthorized payments, breach of fiduciary duties, default of commitments, or violations of internal policies or the Code of Conduct.

f) The hold-back or malus provisions shall not apply where the adverse performance is demonstrably attributable to exceptional external factors beyond the reasonable control of the concerned KMP/SMP, including but not limited to pandemics, industry-wide disruptions, systemic or macroeconomic downturns, or adverse economic conditions materially impacting the Company’s business environment.

g) The hold-back or ‘malus’ provisions shall be expressly incorporated in the letter of appointment and/or employment of the concerned KMP/SMP and shall form an integral part of the remuneration framework approved by the NRC and the Board, in accordance with Section 178 of the Companies Act, 2013 and applicable RBI guidelines on compensation and governance.

h) **Waiver of Malus / Release of Deferred Variable Pay:** Where the withholding ("hold back") of variable pay or incentives is triggered solely on account of performance parameters and not due to any misconduct, fraud, negligence, regulatory breach, or any act resulting in financial or reputational loss to the company, the deferred portion of such incentive may be considered for release after completion of the applicable deferral period. All approvals shall be properly recorded in the minutes and shall remain subject to compliance with applicable laws and compensation governance guidelines.

17. MONITORING AND EVALUATION

The NRC shall place an annual review of total remuneration expenditure impacting profitability with a comparative position with that of other employees for Board review and necessary guidance. This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval and such changes shall be disclosed in the Board's Report. The Board shall at least annually review the policy in case of no change or recommendation from the NRC Committee.

18. CLARIFICATION/AMENDMENT

This Policy is framed based on the provisions of the Act and rules there under, RBI's guideline on Corporate Governance and the Articles of Association of the Company. In case of any subsequent changes in the provisions of the Act, Articles of Association or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act, Articles of Association or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

19. REMOVAL

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, or Senior Management Personnel, subject to the provisions and compliance with the said Act, rules, and regulations.

20. RETIREMENT

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