



CREST VENTURES LIMITED

**REMUNERATION POLICY FOR
DIRECTORS, SENIOR AND KEY
MANAGERIAL PERSONNEL AND
OTHER EMPLOYEES**

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REMUNERATION POLICY FOR DIRECTORS, SENIOR AND KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

1. INTRODUCTION:

Crest Ventures Limited ("CVL" or "the Company") recognises the importance of aligning the business objectives with specific and measureable individual objectives and targets.

Furthermore, the Company has crossed the threshold of asset size of Rs. 1,000 Crores and hence has become eligible to be classified in the category of Middle Layer as per Reserve Bank of India ("RBI") Regulations on Scale Based Regulations vide RBI circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021.

The Company has therefore formulated remuneration policy for its directors, senior and key managerial personnel and other employees keeping in view the following objectives:

- Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.
- Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
 - To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management by taking into account provisions of the Companies Act, 2013 ("the Act") and rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and RBI Guidelines on Compensation of Key Managerial Personnel ("KMP") and Senior Management in NBFCs, vide circular DOR.GOV.REC.No.29/18.10.002/2022-23 dated April 29, 2022 ("RBI Guidelines").

2. SCOPE AND EXCLUSION:

- This Policy sets out the guiding principles for the Nomination and Remuneration Committee for recommending to the Board the remuneration of the directors, senior and key managerial personnel and other employees of the Company by taking into account provisions of the Act and rules framed thereunder, SEBI Listing Regulations and RBI Guidelines.
- Compensate Directors adequately for the efforts put in by them for the growth of Company the Company taking into consideration their significant professional expertise and rich experience across a wide spectrum of functional areas, time



commitment, ensuring compliance with various statutory requirements and current competitive business environment.

- Aligning remuneration of Board of Directors with the long-term interests of the Company and its stakeholders.

3. MAJOR PRINCIPLES AND OBJECTIVES OF THE POLICY:

3.1. Support for Strategic Objectives:

Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.

3.2. Transparency:

The process of fixing the remuneration to be paid to directors, senior and key managerial personnel and other employees shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

3.3. Internal equity:

The remuneration to the directors, senior and key managerial personnel and other employees shall be in accordance with their roles within the Company. Roles and Responsibility shall be formally evaluated to determine their relative weight in relation to other positions within the Company.

3.4. 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.

3.5. 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 legislation.

3.6. Performance-Driven Remuneration:

The Company shall entrench a culture of performance driven remuneration through the implementation of the performance appraisal system.

3.7. Affordability and Sustainability:

The Company shall ensure that remuneration is affordable on a sustainable basis.



3.8. Compensation components and Risk Alignment:

The compensation of Key Managerial Personnel (KMPs) and senior management shall be reasonable, recognising all relevant factors including adherence to statutory requirements and industry practices. The compensation packages may comprise of fixed and variable pay components 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.

3.9. Composition of Fixed Pay:

All the fixed items of compensation, including the perquisites and contributions towards superannuation/retiral benefits, may be treated as part of fixed pay. 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 free furnished house, use of company car, etc.) may also be part of fixed pay.

3.10. Principles for Variable Pay

3.10.1. Composition of Variable Pay

The variable pay may be in the form of share-linked instruments, or a mix of cash and share-linked instruments. It shall be ensured that the share-linked instruments are in conformity with relevant statutory provisions.

3.10.2. Proportion

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



3.10.3. Deferral of variable pay

Not all the variable 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.

3.10.4. Control and assurance function personnel

KMPs and SMPs engaged in financial control, risk management, compliance and internal audit may 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 may have higher proportion of fixed compensation. However, a reasonable proportion of compensation may be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.

3.11. Guaranteed bonus

Guaranteed bonus may not be paid to KMPs and SMPs. However, in the context of new hiring joining/sign-on bonus could be considered. Such bonus will neither be considered part of fixed pay nor of variable pay.

4. Malus / Clawback

The deferred compensation may 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. A representative set of situations may be identified by the Company, which require the Company to invoke the malus and clawback clauses that may be applicable on entire variable pay. 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.



4. TERMS AND REFERENCES:

- a) **"Act"** means the Companies Act, 2013, and Rules framed thereunder, as amended from time to time;
- b) **"Director"** means a director appointed to the Board of a company;
- c) **"Executive Director"** means a whole time director as defined in clause (94) of section 2 of the Act;
- d) **"Key Managerial Personnel ('KMP')"** means:
 - (i) the Chief Executive Officer or the managing director or the manager;
 - (ii) (ii) the company secretary;
 - (iii) the whole-time director;
 - (iv) the Chief Financial Officer;
 - (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - (vi) such other officer as may be prescribed under the Companies Act, 2013.
- e) **"Nomination and Remuneration Committee ('NRC')"** means the committee constituted by CVL's Board in accordance with the provisions of Section 178 of the Act and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time.
- f) **"Senior Management Personnel ('SMP')"** shall mean officers/personnel of CVL who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

5. POLICY:

5.1. REMUNERATION TO EXECUTIVE DIRECTORS:

- The Board on the recommendation of NRC shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits of the Act and Rules framed thereunder and the limits approved by the shareholders;
- The remuneration structure to the Executive Directors shall include the following components within the overall limit as per Section 197 of the Act and Rules framed thereunder and subject to the approval of the shareholders of the



Company and subject to any other regulatory provisions applicable to the Company and/or its' business:

- (i) Basic Pay
 - (ii) Perquisites and Allowances
 - (iii) Stock Options
 - (iv) Commission (Applicable in case of Executive Directors)
 - (v) Retiral benefits
 - (vi) Annual Performance Bonus.
- Annual increments to Executive Directors, if any, shall be linked to their overall performance and as decided by the NRC from time to time and subject to any regulatory approval, if applicable to the company and/or its' business.
 - The Annual Plan and Objectives for Executive Directors shall be reviewed by the NRC Committee and Annual Performance Bonus will be approved by the NRC based on the achievements against the Annual Plan and Objectives.

5.2. REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTORS:

- The Board on the recommendation of the NRC shall review and approve the remuneration payable to the Non-executive/ Independent Directors of the Company within the overall limits of the Act and Rules framed thereunder and the limits approved by the shareholders;
- Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and/or the Committees thereof. In addition to the above, Non-executive/ Independent Directors shall be paid travelling expenses including airfare, hotel stay and car on rental basis for attending the meetings and such other expenses as are incurred by the directors and allowed to be reimbursed as per the provisions of the Act and Rules framed thereunder issued from time to time and any other regulatory provisions applicable to the company and/or its' business;
- The Non-Executive Directors shall also be entitled to profit related commission in addition to above;
- The Non-Executive Directors (excluding Independent Directors) shall be eligible for stock options of the Company and/or other group companies of CVL as may be decided by NRC from time to time;
- The Independent Directors shall not be eligible for stock options;



- The Non-executive/ Independent Directors collectively endeavour to ensure that the Company performs well and is compliant with applicable laws, rules, regulations and guidelines. The commission paid to them, shall be subject to the approval of the Board of Directors and based on the recommendations of the NRC and shall require the approval of the shareholders by way of a Special Resolution.

5.3. REMUNERATION TO SMPs AND KMPs:

- The key components of remuneration package of the SMPs and KMPs shall comprise of fixed salary, perquisites, variable pay in the form of performance bonus, certain retiral benefits, allowances and other benefits. They may also be eligible for stock options of the Company and/or other CVL group companies, from time to time.
- The remuneration performance appraisal and rewards to SMPs and KMPs shall be in line with the stated objectives.
- The annual increments for the SMPs and KMPs shall be linked to their overall performance, performance of the Company and as decided and recommended by the NRC and Board in consultation with their reporting managers, if any and Human Resources Department.

5.4. REMUNERATION TO OTHER EMPLOYEES:

- Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization.
- The key components of remuneration package of the employees shall comprise of fixed salary, perquisites, variable pay in the form of performance bonus, certain retiral benefits, allowances and other benefits.
- They may also be eligible for stock options of the Company and/or other CVL group companies, from time to time.
- Individual remuneration and annual increments of the Employees shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs and shall be based on the recommendation of the SMPs, KMPs and Human Resources Department and in line with the stated objectives.



5.5. REALIGNMENT OF THE REMUNERATION OF THE SENIOR MANAGEMENT PERSONNEL, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

- Managing Director of the Company is authorized to realign the remuneration of all the Senior Management Personnel, Key Managerial Personnel and other employees in case of any emergency needs including but not limited to disruption of operations of the Company due to natural calamity (earthquake, flood, fire etc.) and/or any global pandemic, force majeure or events such as strikes, lockouts etc.

6. DISCIPLINARY ACTION:

All the Directors, SMPs, KMPs and Employees must conduct themselves to ensure that no breach of Code of Conduct and other applicable Codes is committed. Any such breach shall have a direct bearing on their performance appraisal and rewards and shall also attract appropriate disciplinary action.

7. DISCLOSURE IN THE BOARD'S REPORT:

The disclosures as required under the relevant provisions of the Act and the Rules made thereunder and the SEBI Listing Regulations, 2015 shall be made with regard to the remuneration details of the Directors, KMPs, SMPs and other employees.

8. REVIEW AND AMENDMENTS:

The Board of Directors of the Company may subject to applicable laws amend, suspend or rescind this Policy at any time. The Board may also, establish further rules and procedures, from time to time or substitute any of the provision(s) with the new provision(s) or replace the policy(s) entirely with a new policy(s). The Policies adopted shall be reviewed by the Board from time to time to give effect to the intent of the Policy and further the objective of good corporate governance.

9. DISSEMINATION OF THE POLICY:

This policy shall be hosted on the intra-net and website of the Company and a web link thereto shall be provided in the annual report of the Company.
