



MAS RURAL HOUSING & MORTGAGE **FINANCE LIMITED**

**Policy for Remuneration & Compensation to
Directors/Key Managerial Personnel and Senior
Management**

1. INTRODUCTION AND OBJECTIVE

This Remuneration and Compensation Policy is framed pursuant to the provisions of the Companies Act, 2013, the Rules made thereunder, applicable NHB & RBI Guidelines for NBFCs (including RBI Guidelines dated October 19, 2023 on compensation of KMP and Senior Management), and other applicable regulatory requirements.

The objective of this Policy is to:

- Establish a transparent and fair framework for remuneration and compensation;
- Ensure alignment of compensation with prudent risk-taking and long-term interests of the Company;
- Attract, retain, and motivate competent Directors, Key Managerial Personnel (KMP), and Senior Management Personnel (SMP) and Strengthen corporate governance standards of the Company.

2. APPLICABILITY AND SCOPE

This Policy shall apply to Managing Director / Whole-time Directors/Non-Executive Directors and Independent Directors/Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) of MAS Rural Housing & Mortgage Finance Limited ("the Company").

This Policy consolidates and supersedes the earlier Remuneration Policy and Compensation Policy to the extent applicable.

3. DEFINITIONS

1. Key Managerial Personnel (KMP)
 - a) Chairman & Managing Director
 - b) Director & COO
 - c) Chief Financial Officer
 - d) Company Secretary.
2. Senior Management Personnel (SMP)
Personnel identified by the Board of Directors, excluding the Board of Directors.

4. GOVERNANCE FRAMEWORK

4.1 Board of Directors (BOD's)

The Board of Directors shall have the overall responsibility for approval, implementation, and periodic review of this Policy.

4.2 Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee, comprising Non-Executive Directors, shall:

- Recommend remuneration and compensation structure for Directors, KMPs, and SMPs;
- Ensure compliance with statutory and regulatory requirements;
- Review the Policy annually or as and when required.

5. GUIDING PRINCIPLES FOR REMUNERATION AND COMPENSATION

The remuneration and compensation framework shall be:

- Reasonable, transparent, and equitable;
- Market competitive and role-based;
- Commensurate with the Company's size, complexity, and financial capacity;
- Performance-linked with clearly defined benchmarks;
- Balanced between fixed and variable components; and
- Risk-aligned, with scope for reduction or elimination of variable pay in case of adverse performance.

6. REMUNERATION TO MANAGING DIRECTOR / WHOLE-TIME DIRECTORS

- a. The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b. Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors

7. REMUNERATION TO NON-EXECUTIVE AND INDEPENDENT DIRECTORS

- a. The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b. All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- c. Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied: i) The Services are rendered by such Director in his capacity as the professional; and ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

8. REMUNERATION AND COMPENSATION TO KMPs AND SENIOR MANAGEMENT

Remuneration and compensation payable to the Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs) shall be in accordance with the provisions of the Companies Act, 2013 and applicable Reserve Bank of India (RBI) guidelines. The quantum and structure of such remuneration and compensation shall be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. Such remuneration and compensation shall be commensurate with individual performance, functional responsibilities, and the overall performance of the Company.

9. COMPENSATION STRUCTURE

9.1 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.

9.2 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.

10. COMPENSATION FOR CONTROL AND ASSURANCE FUNCTIONS

KMPs and SMPs engaged in finance, risk management, compliance, and internal audit shall be compensated independently of the business units. they oversee and commensurate with their control responsibilities.

11. 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.

12. GUARANTEED BONUS

Guaranteed bonus may not be paid to KMPs and senior management. 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.

13. MALUS AND 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 NBFC, which require them to invoke the malus and clawback clauses that may be applicable on entire variable pay.

14. IMPLEMENTATION AND DELEGATION

The NRC may issue guidelines, procedures, and reporting mechanisms for effective implementation of this Policy and may delegate its powers to its members.

15. REVIEW AND AMENDMENT

This Policy shall be reviewed at least annually by the NRC and any amendments shall be placed before the Board for approval.