

GRUH FINANCE LIMITED

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

1. Preamble

The primary objective of this Remuneration Policy is to provide a framework for the remuneration of the Directors, Key Managerial Personnel (KMP), Members of senior management and other employees of GRUH.

In terms of Section 178 of the Companies Act, 2013 read with the rules framed thereunder and Clause 49 of Listing Agreements, the Nomination and Remuneration Committee of GRUH's Directors (NRC) has formulated and recommended this Policy for approval of GRUH's Board.

2. Objectives of the Policy

The primary objectives of this Policy are as under:

- a) To ensure that the level and composition of remuneration is in line with other companies in the industry, sufficient to attract and retain right talent, at all levels and keep them motivated enough to meet the organizational objectives.
- b) To ensure that a reasonable balance is maintained in terms of composition of remuneration (fixed and variable component).
- c) To have performance measurement parameters in place to assess the overall performance of Directors, KMPs, Members of Senior Management and other employees.

Based on the above objectives and broad parameters, GRUH's Board of Directors, at its meeting held on March 19, 2015, approved this Policy.

3. Applicability

This Policy shall be applicable and act as a guiding principle with regard to remuneration payable by GRUH to all directors, KMPs, Senior Management and other employees of GRUH.

4. Remuneration payable to Independent Directors

The key elements of remuneration of Independent Directors are Commission and Sitting Fees, subject to overall limits as prescribed in the Companies Act, 2013, Rules made thereunder and the approval of the shareholders, as applicable. The Independent Directors shall not be entitled to any stock options.

5. Remuneration payable to Non-executive Non Independent Directors

The key elements of remuneration of Non-executive Non Independent Directors are Commission and Sitting Fees, subject to overall limits as prescribed in the Companies Act, 2013, Rules made thereunder and the approval of the shareholders, as applicable. The Non-executive Non Independent Directors shall be entitled to stock options.

6. Remuneration payable to Whole-time Directors

- ✓ The Whole-time Directors are 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 Whole time Directors shall be within the limits approved by GRUH's shareholders, which includes Fixed salary, Perquisites, Variable Pay in terms of ex-gratia, other benefits and allowances, certain retiral benefits within the overall limits under section 197 of the Companies Act, 2013. The Whole Time Directors shall be entitled to stock options.
- ✓ The Annual increments of the Whole-time Directors are linked to their performance and decided by the Board on the recommendation of the NRC.

7. Remuneration payable to time KMP, Senior Management and other employees

KMP shall mean and include the following:

- Company Secretary :
- Chief Financial Officer :

Senior Management shall mean and include the following :

- Corporate Service Heads and
- Regional Managers
- ✓ The key components of remuneration package of the KMP, Senior Management and other employees comprises basic salary, all Allowances, contribution to provident fund and superannuation fund, Gratuity, premium on medical insurance and personal accident insurance, Leave Encashment, Housing and other loans at concessional rate etc. which is linked to their respective grade. They are also entitled to stock options.
- ✓ The remuneration, performance appraisal and rewards KMP, Senior Management and other employees shall be in line with the stated objectives.
- ✓ The KMP, Senior Management and other employees must conduct themselves to ensure that no breach of Code of Conduct, GRUH's Share Dealing Code, Standard Operating Processes (SOPs) and all other relevant and applicable Codes. Any such breach will have a direct bearing on their performance appraisal and rewards and shall also attract appropriate disciplinary action.
- ✓ The Annual increments / promotions to KMP, Senior Management and other employees are linked to their performance and contribution by the respective member and will be decided by the management.

8. Directors and Officers Liability Insurance

The Independent Directors, Non Independent Non Executive Directors, Whole Time Directors, KMP and Senior Management shall be covered under the Directors and Officers Liability Insurance (D&O) Policy.

9. Disclosures in the Board's Report

The disclosures as required under relevant provisions of the Companies Act, 2013, the rules made there under and the revised Clause 49 of the Listing Agreements, shall be made.

10. Policy review

The Remuneration Policy shall be reviewed by NRC and approved by the Board as and when required.