

THE VENKTESH COMPANY PRIVATE LIMITED

Compensation policy

(Applicable for Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs) and Other Employees)

Effective from: This Policy is effective for the financial year 2024-25 and onwards.

1. Objective of the policy

The policy seeks to achieve the following objectives.

- a) To establish guidelines for remunerating employees fairly and in line with the applicable regulatory instructions, if any
- b) To determine a level of compensation based on the Company's business outlook, financial position, growth and trends and practices on remuneration prevailing as the best practices in competitive compensation based on fairness and equity.
- c) To align reward and recognition mechanism directly to the effort, commitment, performance, dedication, and achievement relating to the Company's operations.
- d) To attract, retain, motivate, and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- e) To 'Pay for Performance' i.e., the compensation shall be linked to the performance and to strike the right balance between fixed pay reflecting short- and long-term performance objectives appropriate to the goals of the company.
- f) To ensure compliances and maintain high standards to governance, in the context of the aforesaid, the following policy has been formulated

2. Scope of the policy

This Policy is applicable to all Key Managerial Personnel (KMPs) including Manager & CFO and other members of the Key Managerial Personnel, Senior Management personnel (SMPs) of the Company (together referred to as "Covered Employees").

3. Definition(s)

3.1. "Key Managerial Personnel" (KMP) as defined in section 2(51) of the Companies Act, 2013("the Act") means:

- (i) the Chief Executive Officer or the Managing Director.
- (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 CEO who is in whole time employment, and designated as Key Managerial Personnel by the Board: and
- (vi) such other officer as may be prescribed.

3.2. "Senior Management" shall mean officers/personnel of the Company who are members of its Core Management Team and are specially designated by the management with the approval of the NRC/Board and may include all members of management one level below the chief executive officer/managing director/whole-time director and who does not come under the KMPs.

3.3. Nomination, Remuneration and Corporate Governances Committee ("NRC") shall mean a committee of the Board having the constitution, powers, functions, and duties as laid down in section 178 of the Companies Act, 2013, applicable provisions of RBI Guidelines and other applicable legal provisions.

3.4. A "malus" arrangement shall mean where the Company prevents the vesting of all or part of the amount of a deferred remuneration.

3.5. A "clawback" arrangement shall mean a contractual agreement between the Covered Employees and the Company in which the Covered employee agrees to return previously paid or vested remuneration to the Company under certain circumstances or empowers the Company to recover previously paid or vested remuneration by the company under certain circumstances.

3.6. "Retention period" shall mean a period of time after the vesting of instruments which have been awarded as deferred compensation during which they cannot be sold or accessed.

4. Underlying Principles for the policy.

The policy is prepared based on certain specific principles in the context of our operations as detailed below.

- To align the compensation with the long-term interests of the Company and its shareholders
- To be transparent as far as possible simultaneously ensuring less complexity.
- Align the parameters to annual business performance of the company
- To ensure meritocracy and is linked to key performance and business drivers
- Reflective of market competitiveness so as to attract the best talent

5. Compensation Structure

The broad structure of compensation payable to Covered Employees shall be as under:

5.1 Fixed pay which has components like:

a) basic salary

b) Perquisites and Allowances

c) Retiral's such as PF, Gratuity & contribution towards pension fund, as may be applicable

d) Benefits such as company provided car, medical & dental benefit, loans, insurance benefits, vehicle fuel and maintenance expenses, club membership, mobile instruments, etc., as per the Policy of the Company from time to time.

5.2 Variable Pay

The Company does not have any variable pay at present.

6. Role of NRC:

- a) NRC shall be responsible for framing, review, modifying and implementation of this Policy, subject to the approval of the Board of the Company.
- b) NRC shall recommend to the Board, all remuneration, in whatever form, payable to KMPs and Designated Senior management personnel (SMPS).
- c) NRC shall ensure that related RBI Guidelines pertaining to the composition and
- d) Proportion of fixed and variable pay, if any, shall be adhered to while determining the compensation of the KMPs and SMPs , including but not limited to the following conditions:
 - The compensation shall achieve a fine balance between the attractiveness for the concerned employee on one hand and profitability & capital adequacy of the Company on the other hand.
 - NRC shall also determine representative set of situations for invoking the malus / claw back arrangements

7. Malus Clause/ Clawback:

- a) Any deferred compensation, wherever applicable, will be subject to malus/clawback
- b) arrangements in the event of occurring of agreed events during the period for which the conditions will be applicable. Such conditions may be fixed by the NRC in consultation with the Board

8. Approval, Review and Amendments

- a) The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the policy entirely with a new policy, based on the recommendation(s) of NRC, from time to time.
- b) The Board shall periodically review the policy (not less than once in a year). The review of the policy shall be carried out by NRC and shall be recommended to the Board for approval.
- b) Statutory/ regulatory provisions and any amendments thereon, made from time to time shall be binding on the Company and will be complied even if not specifically incorporated in this Policy.

9. Limitation

In the event of any conflict between the provisions of this Policy, the Act, and rules thereunder, RBI Guidelines or any other statutory enactments, the Act, and rules thereunder, RBI Guidelines or any other statutory enactments shall prevail over this Policy

Adopted/Revised/Reviewed

1. Adoption 20/12/2023
2. Revised on 30/01/2025