



Edel Finance Company Limited

Remuneration Policy

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	1	March 21, 2015	
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Objective

The Companies Act, 2013('the Act') requires a Company to frame policy for determining the remuneration payable to the Directors, Key Managerial Personnel (KMPs) and other employees.

The Company is registered with the Reserve Bank of India ("RBI") as a Non-Banking Financial Company - Core Investment Company (NBFC-CIC). The RBI (Core Investment Companies) Directions, 2025 read with the RBI (Non-Banking Financial Companies - Governance Directions, 2025 requires NBFC-CICs to frame a remuneration policy to address issues arising out of excessive risk taking caused by misaligned compensation packages.

The objective of the Remuneration Policy (the Policy) of the Company is to provide a framework for the remuneration of the Independent Directors, Non-executive Directors, Managing Director/Executive Directors, KMPs, and other Senior level employees of the Company.

The objective of this Policy is to ensure that:

- i. the level and composition of remuneration is reasonable and sufficient to attract, retain talent required to run the company successfully;
- ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii. remuneration to the Directors, KMPs and senior management comprises a balance of fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- iv. remuneration is effectively aligned with prudent risk taking.

Remuneration of the Independent Directors & Non- executive Directors

- The Independent Directors & Non-executive Directors are eligible for sitting fees for attending the Meetings of the Board and the Committees thereof.
- The Independent Directors & Non-executive Directors are also eligible for commission, subject to limits prescribed under the Act and the Rules framed there under.
- The Independent Directors shall not be eligible for stock options/stock appreciation rights.
- The Non-executive Directors (other than Promoter Directors) shall be eligible for stock options/stock appreciation rights.

Remuneration of the Managing Director & Executive Directors

- The remuneration of the Managing Director/Executive Directors shall be recommended by the Nomination and Remuneration Committee ('NRC') to the Board. Based on the recommendations of the NRC, the Board determines and approves the remuneration of the Managing Director/Executive Directors, subject to necessary approvals, if any.
- The remuneration paid to the Managing Director/Executive Directors shall be within the limits prescribed under the Act and approved by the shareholders of the Company. The remuneration structure includes fixed salary, perquisites, bonus (variable pay), other benefits and allowances and contribution to Funds, etc.
- The Executive Directors (other than the Promoter Directors) shall be eligible for stock options/stock appreciation rights.

Remuneration of the KMP (other than Executive Directors) and Senior level employees

- The key components of remuneration package of the KMP (other than Executive Directors) and Senior level employees shall comprise of fixed salary, perquisites, annual bonus (variable pay), other benefits and allowances and contribution to Funds, etc.
- They shall be eligible for stock options/stock appreciation rights.
- Employees in risk management, compliance and internal audit shall be compensated independently of business unit performance and based on functional objectives

Malus and Clawbacks

Malus arrangement permits the Company to prevent vesting of all or part of the deferred variable pay.

Claw back is a contractual agreement between the employee and the Company in which the employee agreed to return previously paid or vested remuneration to the entity under certain circumstances

Scope

Malus/Clawback arrangements under this Policy are applicable in respect of deferred compensation payable to identified members of the senior management personnel and any other Material Risk Takers (MRT). The MRT executives are the ones who contribute to or been materially responsible for the need for the restatement of financial results for reasons including:

- Personally, acting fraudulently or dishonestly or in a manner that adversely affects the Company's reputation, or which is characterised as gross misconduct.
- Directing an employee, contractor, or advisor to act fraudulently, dishonestly or to undertake other misconduct.
- Breaching their material obligations through error, omission or negligence.

Examples of breach of material obligation that could trigger application of Malus/Clawback could include:

- a material misstatement in the accounts for the relevant years
- conduct exposing the Company to potential reputational damage or legal action or that is otherwise in a breach of the Code of Conduct.

The same will be applicable in the event of the commission of felony, fraud, misappropriation, breach of trust or any offence involving moral turpitude or breach of integrity, gross or willful insubordination, or any other act determined to be detrimental to the interest of the Company including and not restricted to violation of Code of Conduct, the claw back clause shall also be considered.

Malus clause shall also apply if an act of gross negligence on part of one or a group of employees, comes to light in the subsequent period.

An act of gross negligence occurs when a KMP/MRT fails to meet the standard of due diligence or commits a negligent error that another similarly skilled professional would have most likely avoided.

Policy Review

- The Policy may be amended as may be necessary.
 - The NRC shall implement the Policy, and may issue such guidelines, procedures etc. as it may deem fit.
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