

**Manipal Health Enterprises Limited**  
**NOMINATION & REMUNERATION POLICY**

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**1. PREAMBLE**

**Manipal Health Enterprises Limited** (the “**Company**”) has formulated this Nomination and Remuneration Policy (“**Policy**”) to provide a framework for remuneration of members of the board of directors (the “**Board**”) of the Company, key managerial personnel, members of senior management of the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the “**Companies Act**”) and Regulation 19(4) read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

This Policy reflects the remuneration philosophy and principles of the Company and considers the pay and employment conditions with peers/competitive market to ensure that pay structures are appropriately aligned.

**2. MATTERS TO BE DEALT WITH AND RECOMMENDED BY THE NOMINATION AND REMUNERATION COMMITTEE (“NRC”) TO THE BOARD:**

- a. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director and recommend to the Board of Directors a policy relating to the Remuneration of the Directors, Key Managerial Personnel, Senior Management and other employees.
- b. To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.
- c. To Devise a policy on diversity of Board of Directors.
- d. To recommend remuneration of Directors, KMP, and Senior Management to the Board.
- e. To decide on extension or continuation of term for Independent Director based on performance evaluation.
- f. Evaluation of performance of Independent Directors and the Board.

**3. APPOINTMENT AND REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT:**

- a. **Qualifications and Criteria for appointment:**

The NRC and the Board shall annually assess the review of the skills, knowledge, and experience needed for a diverse and effective Board.

In evaluating potential Directors, the NRC shall consider:

- Understanding of the Company's business dynamics, global business, environmental, and social perspectives.
- Educational and professional background and professional standing.
- Personal and professional ethics, integrity, and values.
- Ability to devote sufficient time and effort to fulfill duties effectively.

**b. The Proposed appointees must meet the following requirements:**

- Possess a Director Identification Number (DIN).
- Fulfills requirements and shall not be disqualified under the Companies Act, 2013, SEBI Listing Regulations or other applicable laws.
- Provide written consent to serve as a director, commit to attending Board and relevant Committee meetings.

**c. Removal:**

Due to reasons for any disqualification mentioned in the Applicable Laws, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the Applicable Laws.

**d. Retirement:**

The Directors, KMP and Senior Management, shall retire in compliance with the Applicable Law and relevant policies of the Company. The Board will have the discretion to retain the Directors, KMP and Senior Management at the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company, subject to approvals as required under the Applicable Laws.

#### **4. CRITERIA OF INDEPENDENCE**

The NRC shall be governed by the terms of reference as provided under the SEBI Listing Regulations and the Charter applicable to the NRC on the website of the Company. It shall evaluate the Independence of Directors at appointment or re-appointment, while the Board shall conduct an annual reassessment and review independence whenever a Director discloses new interests or relationships.

An Independent Director must:

- Meet the criteria for independence under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations, as amended.

- Comply with requirement as per Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Independent Directors shall adhere to the “Code for Independent Directors” outlined in Schedule IV of the Companies Act, 2013.

Further the appointment, re-appointment or removal of an Independent Director shall be subject to the approval of shareholders of the Company and shall hold office for a term up to 5 consecutive years on the Board of the Company and disclosure of such appointment in the Board’s Report. No Independent Director shall hold the office for more than two consecutive terms of maximum up to 5 years each and shall be eligible for appointment after 3 years of ceasing to be an Independent Director. Whether to extend or continue the term of appointment of the Independent Director is based on the performance evaluation of independent directors.

## **5. OTHER DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS**

- Board members must possess sufficient time, expertise and experience to contribute effectively to the Company’s Board. The NRC shall assess a Director’s commitments, including the nature and time required for other board roles, when evaluating their suitability and making recommendations to the Board.
- A Director shall not hold directorships in more than 20 companies (including private and public), with a maximum of 10 being public limited companies, pursuant to Section 165 of the Companies Act, 2013.
- An Independent Director shall not serve on more than 7 listed entities; if serving as a Whole-time Director or Managing Director in a listed entity, the limit is 3 listed entities as per Regulation 17A of the SEBI Listing Regulations.
- A Director shall not be a member of more than 10 committees or chair more than 5 committees across all listed entities where they hold directorship as per Regulation 26 of the SEBI Listing Regulations. For this reason, only Audit Committees and Stakeholders’ Relationship Committees of public limited companies (listed or unlisted) are counted, excluding private limited companies, foreign companies and Section 8 companies under the Companies Act 2013.

## **6. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS**

6.1 Non-Executive and Independent Directors (“NEDs”) will be paid remuneration by way of sitting fees and/or commission. The remuneration/commission/ compensation to the NEDs will be determined by the Nomination and Remuneration Committee of the Board (“NRC”) and recommended to the Board for its approval, subject to the approval of shareholders, as maybe required.

6.2 The payment of the commission to the NEDs will be placed before the Board every year for its consideration and approval, if required. The sitting fee payable to the NEDs for attending the Board and committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.

- 6.3 Keeping with evolving trends in industries and considering the time and efforts spent by specific NEDs, the practice of paying differential commission will be considered by the Board.
- 6.4 NEDs will not be eligible to receive stock options under the employee stock option scheme(s) (“**ESOP**”) of the Company.
- 6.5 NEDs are entitled to be paid all travelling and other expenses they incur for attending to the Company’s affairs, including attending meetings of the Company.
- 6.6 The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Companies Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

## **7 REMUNERATION OF EXECUTIVE DIRECTOR**

- 7.1 The compensation paid to the executive directors (including managing director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Companies Act or as approved by the shareholders of the Company.
- 7.2 The elements of compensation of the executive director will include the elements as described in paragraph 6 below.
- 7.3 The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on Company’s and individual’s performance as against the pre-agreed objectives for the year.
- 7.4 The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC.
- 7.5 In case of inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Companies Act.
- 7.6 Executive directors will not be paid sitting fees for any Board/committee meetings attended by them.
- 7.7 The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Companies Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

## **8 REMUNERATION TO KEY MANAGERIAL PERSONNEL/SENIOR MANAGEMENT AND OTHER EMPLOYEES**

8.1 The Company's total compensation for key managerial personnel/ members of senior management as defined under the Companies Act and the SEBI Listing Regulations, as applicable, and other employees will consist of:

- fixed compensation;
- variable compensation in the form of annual incentive;
- benefits;
- work related facilities and perquisites.

8.2 In addition, select senior executives will be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP scheme will be approved by the NRC.

8.3 Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include basic salary, housing allowance, leave travel allowance and a cash allowance.

8.4 The annual incentive (variable pay) of executives will be linked directly to the performance of the Company.

8.5 Based on the grade and seniority of employees, benefits for employees may include:

- Health-Related
- Health (hospitalization) insurance
- Accident and life insurance
- Retirement-related
- Contribution to a superannuation fund (in addition to statutory benefits such as provident fund account, gratuity, etc.)

8.6 Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.

8.7 A formal annual performance management process will be applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.

- Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.

- Employees may be eligible for ESOPs as per the ESOP scheme(s) approved by the shareholders and in force from time to time. The objective of the ESOP is to reward the eligible employees, for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company.
- Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

## **9. COMMITTEE MEMBERS INTEREST**

A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated. The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

## **10. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION**

This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the NRC. This Policy may be reviewed at such intervals as the Board or NRC may deem necessary.

Such disclosures of this Policy as may be required under the Companies Act and SEBI Listing Regulations may be made.

## **11. DISSEMINATION OF POLICY**

This Policy shall be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the Annual Report of the Company. Any subsequent amendment/modification in the Companies Act 2013, or the Rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard, the statutes would prevail over the Policy and shall automatically apply to this Policy.

## **12. EFFECTIVE DATE**

This policy will be effective from the date of approval of Draft Red Herring Prospectus by the Board.

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