

Nomination and Remuneration Policy

Preamble:

This Nomination and Remuneration Policy (the “Policy”) has been formulated by IIFL Securities Limited (“Company”) in compliance with Section 178 of the Companies Act, 2013, read with applicable rules made thereunder and in compliance with Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) as amended from time to time.

Purpose:

The purpose of this Policy is to serve as a guiding charter to appoint qualified persons as Directors on the Board of Directors of the Company (“Directors”), Key Managerial Personnel (the “KMP”), and persons who may be appointed in Senior Management Positions (“SMP”), to recommend the remuneration to be paid to them and to evaluate their performance.

Scope:

The policy shall be applicable to the following in the Company:

- a) Directors
- b) KMPs
- c) SMPs
- d) Other employees

Definitions:

“**Act**” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

“**Board**” means Board of Directors of the Company.

“**Company**” means “IIFL Securities Limited”.

“**Key Managerial Personnel (KMP)**” means Key Managerial Personnel as defined under subsection (51) of Section 2 of the Companies Act, 2013 as under:

- Managing Director, or Chief Executive Officer or Manager
- Whole-time Director
- Chief Financial Officer
- Company Secretary
- Such other officer, not more than one level below the Directors who is in whole-time employment designated as Key Managerial Personnel by the Board

- And such other officer as may be prescribed

“**Other employees**” mean all employees other than the Directors, KMPs and the Senior Management Personnel.

“**Policy**” means “Nomination and Remuneration Policy.

“**Remuneration**” means any money, or its equivalent given or passed to any person for services rendered by him/her and includes perquisites as defined under the Income-Tax Act, 1961.

“**Research Analysts**” shall have the same meaning as defined under the SEBI (Research Analysts) Regulation, 2014 as amended from time to time.

“**Senior Management Personnel (SMP)**” shall mean officers/personnel of the Company who are members of its core management team excluding the Board of Directors and normally this shall comprise all members of management one level below the “Chief Executive Officer/Managing Director/Whole Time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the Board) and shall specifically include the functional heads, by whatever name called and Company Secretary and Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 / SEBI Listing Regulations (wherever applicable) as may be amended from time to time shall have the meaning respectively assigned to them therein.

Nomination and Remuneration Committee (NRC)

The Board shall constitute a Nomination and Remuneration Committee consisting of a minimum of 3 Non- Executive Directors, most of them being Independent. The Chairperson of the Committee shall be an Independent Director. The Chairperson of the Company shall not be a Chairman of the Committee. The term of the Committee shall be continued unless terminated by the Board of Directors.

Role of the NRC:

1. Formulate criteria and manner for effective evaluation of the performance of the Board, its committees, Individual Directors and review its implementation and compliance.
2. Formulate the criteria for determining qualifications, positive attributes, and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel, and other employees. While formulating this policy ensure that –
 - (i) Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.

- (ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
 - (iii) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
3. Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
 4. Determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
 5. Devise a policy on diversity of the Board of Directors.
 6. Recommend to the Board all remuneration, in whatever form, payable to Senior Management.
 7. Administration and superintendence of the ESOP Schemes.

Appointment and removal of Director, KMP, and Senior Management:

1. Appointment Criteria and Qualifications:

- a) A person being appointed as Director, KMP, or in Senior Management should possess the adequate qualification, expertise, and experience for the position he/she is considered for appointment.
- b) Independent Director:
 - i. Qualifications of Independent Director:

An Independent Director shall possess appropriate skills, experience, and knowledge in terms of the Board Diversity Policy of the Company.
 - ii. Positive attributes of Independent Directors:

An Independent Director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his/her responsibilities in a bona- fide manner in the interest of the Company; devote sufficient time and attention to his/her professional obligations for informed and balanced decision making; and assist the Company in implementing best corporate governance practices.

2. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules, and regulations there under, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP, or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3. Retirement:

The Director, KMP, and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, or Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Provisions relating to remuneration of Directors, KMP, Senior Management Personnel and other employees:

A. Directors:

1. Executive Directors (Managing Director, Manager, or Whole Time Director):

- i. At the time of appointment or re-appointment, the Executive Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes NRC and the Board of Directors) within the overall limits prescribed under the Companies Act, 2013.
- ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting as per the requirement of the Companies Act, 2013.
- iii. The remuneration of the Manager/ CEO/ Managing Director/ Whole Time Director is broadly divided into fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company. In determining the remuneration (including the fixed increment and performance bonus), the Committee shall consider the following:
 - The relationship of remuneration and performance benchmarks
 - Balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals
 - Responsibility required to be shouldered, the industry benchmarks and the current trends
 - The Company's performance vis-à-vis the annual budget achievement and individual performance

2. Non-Executive Director:

- i. The Non-Executive Independent Director may receive fees for attending meetings of the Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- ii. A Non-Executive Director may be paid commission on an annual basis, of such sum as may be approved by the Board on the recommendation of NRC.
- iii. In determining the quantum of commission payable to the Directors, the Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.
- iv. The total commission payable to the Directors shall not exceed prescribed limits as specified under Companies Act, 2013.
- v. The commission shall be payable on pro-rata basis to those Directors who occupy office for part of the year.

B. KMP and Senior Managerial Personnel:

The remuneration to the KMP and Senior Management Personnel will be based on following guidelines:

- i. Maintaining a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company.
- ii. Compensation should be reasonable and sufficient to attract retain and motivate KMP and Senior Management Personnel.
- iii. Remuneration payable should comprise of a fixed component and a performance linked variable based on the extent of achievement of individual performance vis-a-vis overall performance of the Company.
- iv. Remuneration shall be also considered in form of long term incentive plans for key employees, based on their contribution, position and length of service, in the nature of ESOPS/ESPS.

C. Remuneration of other employees of the Company:

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

D. Research Analysts

The compensation of all individuals employed as Research Analyst shall be reviewed, documented and approved at least annually by NRC. While approving the compensation of the Research Analysts, NRC shall not consider:

- i. Any specific merchant banking or investment banking or brokerage services transaction which might have happened because of the services of the Research Analyst; and
- ii. Any contribution made by the Research Analyst to the Company's investment banking or merchant banking or brokerage services business other than that of preparing and/or providing research reports.

Malus & Clawback

Malus & Clawback of the remuneration paid shall be applicable in case of any act of gross negligence and breach of integrity by the Director, KMP or Senior Management Personnel or any other employee. Such cases pertaining to Director, KMP or Senior Management Personnel or employee upto grade EVP shall be determined by NRC. Cases pertaining to other employees shall be reviewed and determined by the Head – Human Resource. Errors of judgment shall not be construed as breaches as may be determined by NRC.

Deviations

Deviations on elements of this Policy in extraordinary circumstances, when deemed necessary in the interest of the Company, may be done based on specific reasons at the sole discretion of NRC.

Disclosure of the Policy

This Policy shall be placed on the website of the Company and the salient features of the Policy and changes therein, if any, along with the web address of the Policy shall be disclosed in the Board's Report.

Review/Revision

The Policy shall be reviewed annually and any amendments thereto shall be approved by NRC and the Board of Directors. If at any point a conflict of interpretation/information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities ("Regulatory Provisions") arises, then the

interpretation of the Regulatory Provisions shall prevail. In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions.

Last Amended: 23.01.2023	Reviewed by: ESG Committee and Nomination & Remuneration Committee
Process Owner: Secretarial & HR Department	Approved by: Board of Directors