

ANNUAL REPORT  
FOR THE FINANCIAL YEAR 2023-24

**NARAYANA HEALTH INSURANCE LIMITED**  
(CIN: U65120KA2023PLC174002)

## REPORT OF THE BOARD OF DIRECTORS

Your Directors are pleased to present the First Report on the business and operations of your Company (CIN: U65120KA2023PLC174002) and Audited Accounts for the period ended March 31, 2024 together with the Audited Statement of Accounts and Auditor's Report thereon.

### 1. THE COMPANY

Your Company was incorporated on May 24, 2023, and received the Certificate of Registration from the Insurance Regulatory and Development Authority of India ("IRDAI") on January 3, 2024, to conduct Health Insurance Business. Your Company is a Wholly Owned Subsidiary of M/s. Narayana Hrudayalaya Limited (the "Company" / "NHIL").

### 2. FINANCIAL HIGHLIGHTS

Since this is the first year of the operation of the Company, the previous year's figures do not exist. However, the financial highlights for the year ended March 31, 2024, are as under:

Particulars	(INR in Lakhs) For year ended March 31, 2024
Operating Income	-
Income from Investments	91.89
Other Income	0.04
<b>Total Income</b>	<b>91.93</b>
Operating Expenditure	(481.05)
<b>Profit / (Loss) before Tax</b>	<b>(389.12)</b>
Less: Provision for Current Tax	0
<b>Net Profit / (Loss) after Tax</b>	<b>(389.12)</b>
<b>Balance Carried to the Balance Sheet</b>	<b>(389.12)</b>

### 3. OPERATIONS

The Company was incorporated under the Companies Act 2013, with the purpose of operating as a standalone/exclusive Health Insurance Company in compliance with the relevant provisions, master circulars, and regulations issued by IRDAI from time to time. The Company received the Certificate of Registration from IRDAI on January 3, 2024, enabling it to conduct health insurance business.

During the period under review, your Company had not commenced its commercial operations.

### 4. INDUSTRY OVERVIEW

The Health segment in India represents the largest non-life business, driven significantly by increased risk awareness resulting from the pandemic. Over recent years, the health sector has undergone substantial changes, largely due to rising healthcare costs and a significant share of out-of-pocket spending on health. The growth of health insurance is expected to remain strong, maintained by factors that have supported robust expansion over the past decade. At the same time, there is an opportunity to offer greater value to customers in the form of comprehensive products, lower premiums, and better services in order to grow the industry and provide more people accessible to affordable, quality care.

#### **5. DIVIDEND**

This being the first year of operations for the Company and there being no profits, your directors do not recommend any dividend for the period ended FY 2023-24.

#### **6. SHARE CAPITAL**

The authorized share capital of the Company is INR. 1,00,10,00,000 (Indian Rupees Hundred Crores and Ten Lakh only) divided into 10,01,00,000 (Ten Crores and One Lakh only) Equity Shares of INR. 10/- (Indian Rupees Ten only) each. As of March 31, 2024, the paid-up equity share capital of your Company was INR 1,00,05,00,000/- (Indian Rupees Hundred Crores and Five lakh only).

#### **7. RESERVES**

This being the first year of operation for the Company and there being no profits, your directors do not propose any amount to be carried to Reserves.

#### **8. PUBLIC DEPOSITS**

During the year under review, the Company has not accepted any deposit from the public falling within the ambit of section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, from time to time.

#### **9. SUBSIDIARIES**

Your Company does not have any Subsidiary Company.

#### **10. DETAILS OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARY/ JOINT VENTURE/ ASSOCIATE COMPANIES DURING THE YEAR.**

No Company has become or ceased to be a subsidiary, Joint venture or associate Company(ies) of the Company, during the year under review.

#### **11. INVESTMENT PERFORMANCE**

During the year under review, the investment assets were INR 95.25 crores and the same was invested in Mutual funds.

#### **12. HEALTH INSURANCE PRODUCTS**

There has not been a great deal of innovation in health insurance products since the beginning of Mediclaim policies. Products still largely only cover hospitalization and are complicated and difficult for people to understand. There exists an opportunity to simplify the product architecture, broaden coverages, and offer greater value.

During the year under review, the first product was developed and subsequently launched in the following financial year.

#### **13. CORPORATE GOVERNANCE**

Your Company upholds stringent standards of Corporate Governance, with the Directors persistently advancing these principles through various initiatives aimed at elevating governance practices.

The Board of your Company as on March 31, 2024, comprises of Five (5) Non-Executive Directors and One (1) Executive Director, out of Five (5) Non-Executive Directors, two (2) are Independent Directors (Women Directors). In total, there are three women Directors on the Board of the Company.

As per Corporate Governance Guidelines issued by IRDAI to the extant applicable read with IRDAI (Corporate Governance for Insurers) Regulations, 2024 read with Master Circular notified thereunder ("IRDAI Regulations"), Ms. Sheela Ananth (DIN: 10420538), Chief Executive Officer, was appointed as a Whole-time Director (designated as Whole-time Director & CEO) of the Company under the applicable provisions of the Companies Act, 2013. The Company has received a Deed of Covenant and Declaration from Directors appointed during the year in accordance with the said IRDAI Corporate Governance Guidelines/ IRDAI Regulations. Accordingly, the relevant forms / applications have been filed / submitted to the Authority for its approval/ intimation.

The Board has the following Committees, functioning in line with IRDAI's Corporate Governance Guidelines/ IRDAI Regulations and the Companies Act 2013:

- a) Audit Committee
- b) Investment Committee
- c) Risk Management Committee
- d) Nomination and Remuneration Committee
- e) Policyholders' Protection, Grievance Redressal and Claims Monitoring Committee

The Constitution and functioning of these Committees are governed, wherever applicable, by the relevant provisions of the Companies Act, 2013 as well as the IRDAI Regulations. The Company Secretary of the Company serves as the Secretary to all the Board Committees of the Company.

The relevant disclosures, as per IRDAI's Corporate Governance Guidelines read with the latest IRDAI Regulations, are obtained by the Company. The details regarding the number of meetings of the Board and its Committees along with the attendance of Directors of the Company thereof, as required under Section 134(3)(b) of the Companies Act 2013 along with the Directors' profile are appended as Annexure 1 forms part of this report.

#### **14. BOARD OF DIRECTORS AND ITS COMMITTEES**

The Board of Directors are responsible for the approval of the overall corporate strategy and other Board-related matters. The Board of Directors of your Company comprises of Six (6) members as on March 31, 2024.

1. Dr. Devi Prasad Shetty (DIN: 00252187), Mr. Viren Prasad Shetty (DIN: 02144586) and Mr. Ravi Vishwanath (DIN: 07828699) were the first Directors of the Company.
2. There has been a change in the Board of Directors of the Company during the financial year ended March 31, 2024.
3. During the year, Ms. Sheela Ananth (DIN: 10420538), Chief Executive Officer, was appointed as a Whole-time Director (designated as Whole-time Director & CEO) of the Company w.e.f. February 20, 2024.
4. During the year, Ms. Anamika Roy Rashtrawar (DIN: 07870227) and Ms. Tajinder Mukherjee (DIN: 08227563), were appointed as Additional Directors in the capacity of Independent Directors ("Independent Director(s)") not being liable to retire by rotation, for a term of 5 (five) consecutive years i.e. from 28th August 2023 till 27th August 2028, subject to approval of the Members. The Board recommends their appointment at the ensuing 1<sup>st</sup> Annual General Meeting.

5. According to the provisions of section 152 of the Companies Act, 2013, the aforesaid additional directors hold office only up to the date of the First Annual General Meeting ("AGM") and therefore they shall be appointed as Directors of the Company in ensuing AGM. In this regard, the Company has received notices under Section 160 of the Companies Act, 2013 and other applicable provisions. The Board recommends their appointment at the ensuing AGM.
6. In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of your Company, Dr. Devi Prasad Shetty (DIN: 00252187) being liable to retire by rotation at the ensuing Annual General Meeting of your Company and being eligible, offers himself for reappointment. The Board recommends his re-appointment at the ensuing AGM.
7. In accordance with the requirements of the Companies Act 2013 and IRDAI's Corporate Governance Guidelines/ IRDAI Regulations, below are the Committees of the Board as on March 31, 2024:

S. No	Committees	Composition
1.	Audit Committee	Ms. Tajinder Mukherjee, Independent Director (Chairperson) Ms. Anamika Roy Rashtrawar, Independent Director Mr. Viren Prasad Shetty, Non-Executive Director
2.	Investment Committee	Mr. Tajinder Mukherjee, Independent Director (Chairperson) Ms. Ravi Vishwanath, Non-Executive Director Chief Executive Officer (CEO) Chief Financial Officer (CFO) Chief Investment Officer (CIO) Chief Risk Officer (CRO) Appointed Actuary (AA)
3.	Policyholders Protection, Grievance Redressal and Claims Monitoring Committee	Ms. Anamika Roy Rashtrawar, Independent Director (Chairperson) Chief Executive Officer (CEO) Chief Risk Officer (CRO) Chief Compliance Officer (CCO)
4.	Risk Management Committee	Ms. Anamika Roy Rashtrawar, Independent Director (Chairperson) Ms. Tajinder Mukherjee, Independent Director Mr. Viren Prasad Shetty, Non-Executive Director Chief Executive Officer (CEO) Chief Financial Officer (CFO) Chief Risk Officer (CRO) Appointed Actuary (AA)
5.	Nomination and Remuneration Committee	Ms. Anamika Roy Rashtrawar, Independent Director (Chairperson) Ms. Tajinder Mukherjee, Independent Director Mr. Viren Prasad Shetty, Non-Executive Director

8. The Company currently has two Independent Directors on its Board. As per the IRDAI Guidelines of 2016, the Company initially fell under exemption; however, according to the latest IRDAI Regulations of 2024 and the Master Circular, this exemption has not been extended. Consequently, the Company has formally requested an extension for the appointment of a third Independent Director, as indicated in the letter dated 31<sup>st</sup> May 2024 submitted to the Authority. On the other hand, The Company is rigorously looking up for the eligible candidate to fill the position of third Independent Director at the earliest.

#### **15. INDEPENDENT DIRECTORS' MEETING**

During the year under review, the Independent Directors met to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairperson of the Company, taking into account the views of the Executive and Non-Executive Directors; and
- Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

#### **16. KEY MANAGERIAL PERSONNEL ("KMP") UNDER THE COMPANIES ACT, 2013 AND IRDAI'S CORPORATE GOVERNANCE GUIDELINES/ IRDAI REGULATIONS**

As on March 31, 2024, the following employees were holding the position of Key Managerial Personnels, duly appointed with approval of the Board:

1. Ms. Sheela Ananth, Whole time Director & CEO- (Designate);
2. Mr. Anil Kumar Taneja, Chief Financial Officer;
3. Mr. Naresh Kumar Katla, Company Secretary and Chief Compliance Officer;
4. Mr. Gaurav Agarwal, Chief Risk Officer;
5. Mr. Jainish Narendra Jain, Chief Investment Officer;

#### **17. CHANGE IN NATURE OF BUSINESS OF THE COMPANY**

There was no change in the nature of business of the Company during the year under review.

#### **18. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

There are no significant and material orders passed by the Regulators or Courts or Tribunals that impacted the going concern status of the Company or which can potentially impact the Company's operations in future.

#### **19. DEBENTURES, DETAILS OF DEBENTURE TRUSTEE AND REGISTRAR & TRANSFER AGENT**

During the year under review, the Company have neither issued any debentures nor have appointed transfer Agent.

#### **20. MANAGEMENT REPORT**

The Management Report as stipulated under Cl. 10 of Part II of Schedule -II (Finance Function) of Regulation 6(2) of Chapter II (Guiding Principles for Actuarial, Finance and Investment Functions) of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, forms part of financials statements which forms part of Annual Report as Annexure -5.

#### **21. SOLVENCY**

Your Company regularly monitors its solvency margins, to ensure that it is maintained in line with the requirements of IRDAI.

The Company has not launched health insurance products during the period ended 31<sup>st</sup> March 2024 and accordingly, the requirement of maintaining solvency margin as stipulated in section 64 VA of the Insurance Act, 1938 (as amended by the Insurance Laws (Amendment) Act, 2015) and the IRDAI (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations, 2016 is not applicable for the period ended March 31, 2024.

## **22. IMPLEMENTATION OF INDIAN ACCOUNTING STANDARD (Ind AS) IN INSURANCE SECTOR**

IRDAI vide its letter dated July 14, 2022 advised the insurance companies to set up a cross functional Steering Committee to oversee the implementation of Ind AS. The Company has accordingly set up an Ind AS Steering Committee which meets at regular intervals to oversee the progress on the matter. The Company had discussions with various knowledge partners and technology partners in FY 2023-24 to understand the implementation of IndAS 117.

## **23. POLICY ON ALLOCATION OF EXPENSES OF MANAGEMENT**

Pursuant to IRDAI (Expenses of Management, including Commission, of Insurers) Regulations, 2024 read with Master Circular notified thereunder, insurers exclusively carrying Health insurance business, the EOM shall not exceed 35% of gross premium written in India in a financial year.

The Company, through GI council, has applied to the Authority / IRDAI for an exemption from complying with the Expenses of Management (EoM) limits for a period of 5 years from FY 2024-25 to FY 2028-29 at applicable to newly established companies as per the combined EoM and commission regulations 2024.

Further, after the year under review, as required under the Regulation, the Company has prepared a Policy for the allocation of expenses of management. The Policy has been approved by the Board and will be reviewed periodically.

## **24. RURAL & SOCIAL SECTOR OBLIGATIONS**

The Company was not operational during the Year under review, hence was not applicable.

## **25. STATUTORY AUDITORS**

M/s R.G.N Price & Co, Chartered Accountants, having Firm Registration No.002785S, the First Auditors of the Company, who were appointed by the Shareholders at Extra-ordinary General Meeting held during the year under review, retire as Auditors of the Company at the conclusion of the 1<sup>st</sup> AGM.

Your Company has received certificates for:

- Re-appointment of M/s R.G.N Price and Co., (Firm Registration No. 002785 S) Chartered Accountants, as Statutory Auditors for a term of 4 years from FY 2024-25, who shall act as Joint statutory Auditor(s).
- Appointment of M/s K P Rao & Co, (Firm Registration No. 003135S), Chartered Accountants, as Statutory Auditors for a term of 4 years from FY 2024-25, who shall act as Joint statutory Auditor(s).

Pursuant to applicable provisions of the IRDAI Regulations read with Master Circular notified thereunder and pursuant to Section 139 of the Companies Act, 2013, as amended from time to time and that their appointment / reappointment as Auditors, if made, shall be in accordance with the conditions laid down in the Companies (Audit and Auditors) Rules, 2014 and that they both are not disqualified from appointment under Sections 141 & 144 of the Companies Act, 2013, the Insurance Act 1938 as amended from time to time including the amendment brought by Insurance Laws(Amendment) Act, 2015 and IRDAI (Corporate Governance for Insurers) Regulations, 2024 read with Master Circular notified thereunder.



The Board recommends both aforesaid appointments at the ensuing AGM.

The Report given by M/s R.G.N Price and Co., Statutory Auditors, on the audited financial statements for Financial Year 2023-24 of the Company is part of the Annual Report.

## **26. DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- that in the preparation of annual accounts for the financial year ended March 31, 2024, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit/loss of the Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on a going concern basis; and
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **27. NUMBER OF CASES FILED AND THEIR DISPOSAL UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company is very sensitive towards any complaints related to sexual harassment and has a well-defined Policy on Prevention of Sexual Harassment against Women at the workplace.

During the year under review, no complaints received by the Company related to sexual harassment.

## **28. ANNUAL BOARD PERFORMANCE EVALUATION**

As per the requirements of section 178 of the Companies Act, 2013, as amended by the Companies (Amendment) Act, 2017, the Nomination and Remuneration Committee shall specify the manner for effective evaluation of performance of Board, its Committees and Individual Directors (including Independent Directors) and review its implementation and compliance.

In view of the above, a formal Annual Performance Evaluation has been carried out to evaluate the performance of the Board, its Committees and Individual Directors (including Independent Directors). Also, the performance evaluation of the Chairperson and the Non-independent Directors was carried out by the Independent Directors.

The performance evaluation was carried out by obtaining feedback from all directors confidentially. The results, including a summary of the data, were subsequently shared separately with the Chairperson of the Nomination and Remuneration Committee for appropriate dissemination.



**29. ADEQUACY OF INTERNAL FINANCIAL CONTROLS SYSTEMS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has in place adequate internal financial Controls with reference to financial statements.

**30. RISK MANAGEMENT POLICY**

In terms of the requirements of the Companies Act and IRDAI Regulations to the extent applicable, during the year under review, your company was in the process of developing Risk Management Policies and Frameworks which include Asset Liability Management, Anti Money Laundering, Fraud Risk, Solvency, Product Management, Cyber Security, Outsourcing, Reinsurance etc.

**31. CONTRACT OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188(1) OF THE COMPANIES ACT, 2013**

All Related Party Transactions ("RPT") entered into by your Company during the year under review were on an arm's Length basis and in the ordinary course of business. The Particulars of such transactions with the related parties are not required to be reported by your Company in the prescribed Form AOC-2 as Annexure 2.

Your Company has a Board approved Related Party Transaction Policy. The requisite disclosure of the Related Party Transaction has been made in the Notes to Accounts of your Company.

**32. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

In accordance with Section 186(11)(a) of the Companies Act 2013 together with the clarification issued by Ministry of Corporate Affairs on February 13, 2015, during the year under review, no Loans, Guarantees and Investments were made by the Company pursuant to section 186 of the Companies Act, 2013.

**33. THE EXTRACT OF THE ANNUAL RETURN UNDER 92 OF THE COMPANIES ACT, 2013**

The extract of the Annual Return as per the requirements of Section 92 of the Companies Act, 2013 forms part of the Annual Report and is published on the website of the Company <https://narayanahealth.insurance/>.

**34. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS UNDER SECTION 178 OF THE COMPANIES ACT, 2013**

Your Company has a duly constituted Nomination and Remuneration Committee (NRC) which is a sub-committee of the Board. The NRC has at least 50% of its members as Independent Directors.

Your Company has put in place the relevant framework and a Nomination & Remuneration Policy as required in section 178 of the Companies Act 2013. A copy of the policy is annexed to the Board's Report as Annexure 3.

**35. PARTICULARS OF THE ESOP GRANTED BY THE COMPANY DURING THE YEAR MARCH 31, 2024**

During the year under review, the Company has not granted any ESOP.

**36. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SECTION 149(6) OF THE COMPANIES ACT, 2013**

Your Company has received declarations from all the Independent Directors of your Company confirming that they meet the criteria of independence as prescribed under sub section (6) of Section 149 of the Companies Act, 2013. The Independent directors have duly complied with the Code for Independent Directors prescribed in Schedule IV to the Act and other requirements of IRDAI's Corporate Governance Guidelines/ IRDAI Regulations.

**37. STATEMENT REGARDING THE OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR**

The Independent Directors were appointed by the Company during the year under review. The Board is satisfied with the expertise, integrity and experience (including proficiency) of the Independent Directors, both individually and collectively.

**38. CODE OF CONDUCT & WHISTLE BLOWER POLICY**

In order to uphold the highest standards of ethical behavior, your Company has a Code of Conduct which is applicable across the organization.

Your Company also has a Whistle Blower Policy approved by the Board which empowers and provides a channel to employees for communicating any breaches of your Company's Values, Code of Conduct, Anti Money Laundering Policy and other regulatory and statutory requirements. It ensures protection to the person raising concerns about any serious irregularities within the Company.

There are no cases of violation during the year under review.

**39. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The provisions of the Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 read with the IRDAI Regulation on Corporate Governance, were not applicable to your Company during the year under review hence it is not mandatory for your Company to undertake initiative under "Corporate Social Responsibility".

**40. ENVIRONMENT SOCIAL & GOVERNANCE (ESG)**

The Company is committed to conduct its business in a sustainable and responsible manner. We integrated ESG considerations within all our business decisions and key work processes, with the aim of creating long-term value by identifying and mitigating future risks and enhancing ESG related opportunities. As a responsible health insurance company.

**41. SECRETARIAL AUDIT**

In terms of Section 204 of the Companies Act, 2013 and Rules made there under, Secretarial Audit is not applicable to your Company for the period under review.

**42. DIRECTORS' COMMENTS ON QUALIFICATIONS, RESERVATIONS, DISCLAIMERS AND ADVERSE REMARKS**

**a) STATUTORY AUDIT**

M/s R.G.N Price & Co, Chartered Accountants, First Statutory Auditors of your Company for the financial year 2023-24 in their Auditor's Report for FY 2023- 24 have given no qualifications, reservations, disclaimers, comments and/or adverse remarks.

**43. ADDITIONAL INFORMATION**

**a) PARTICULARS OF EMPLOYEES**

The information required under Section 197 of the Companies Act, 2013 together with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, and IRDAI (Corporate Governance for Insurers) Regulations, 2024 is annexed herewith as an Annexure – 4.

The information in accordance with the provision of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, as amended time to time) for the year ended March 31, 2024 is provided hereunder:

**b) CONSERVATION OF ENERGY**

In view of the nature of business activity of the Company, the information relating to the conservation of energy, as required under Section 134(3) and Rule 8(3) of Companies (Accounts) Rules, 2014, is not applicable to the Company.

**c) TECHNOLOGY ABSORPTION**

**i) Efforts made towards technology absorption:**

In FY 2024, Narayana Health Insurance Limited launched its digital transformation with the introduction of our core insurance platform and related applications. This platform was specifically designed to introduce our flagship retail product, Narayana Aditi, with upcoming products and features in the pipeline. A significant milestone was the initiation of a robust Policy and Claims Administration System. This digital platform serves as a foundation, offering reliable, scalable, and secure infrastructure to enhance technology adoption for future products and applications.

**ii) The benefits derived from technology improvement, cost reduction, new technological development and import substitution:**

The key advantage noted from multiple technology initiatives was the establishment of a technology platform that efficiently supports business sourcing mechanisms. This platform guarantees a highly available system, enhancing business performance and ensuring satisfaction among end users and customers.

**iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

- I. the details of technology imported – Not Applicable
- II. the year of import – Not Applicable
- III. whether the technology been fully absorbed – Not Applicable

**iv) The expenditure incurred during the year on Research and Development: - NIL**

**d) FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars	For the year ended 31 <sup>st</sup> March 2024
Foreign Exchange earnings	NIL
Foreign Exchange outgo	INR 127.59 Lakhs

#### 44. MAINTENANCE OF COST RECORDS

The Company is in the insurance industry. In view of the nature of activities which are being carried on by the Company, the maintenance of cost records as specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 is not applicable on the Company and hence such accounts and records are not maintained.

#### 45. THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

The Company has neither made any application nor are there any pending proceedings under the Insolvency & Bankruptcy Code, 2016 during the year under review.

#### 46. DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION CARRIED OUT AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

During the year under review, this section was not applicable to the Company.

#### 47. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB- SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

During the year under review, the statutory auditors have not reported any instances of fraud by its officers or employees against the Company to the Audit Committee, the details of which would need to be mentioned in the Board's report as required under section 143(12) of the Companies Act, 2013.

#### 48. COMPLIANCE WITH APPLICABLE SECRETARIAL STANDARDS

During the year, the Company has complied with the applicable provisions of the Secretarial Standard on meetings of the Board of Directors ('SS-1') and the Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India.

#### 49. ACKNOWLEDGEMENTS

The Board of Directors sincerely thank the Chairperson, the members and other officials of the IRDAI for their advice, counsel and guidelines from to time.

The Board of Directors wish to place on record their sincere appreciation for the hard work, dedication, teamwork, and professionalism demonstrated by our employees, stakeholders, advisors, bankers and Partners. Their collective efforts have been instrumental for establishing your Company as a prominent player in Health Insurance Section in India.




Your Directors take this opportunity to express their sincere thanks to our valued shareholders and its policyholders for their continued patronage.

Your Directors also express gratitude to the Insurance Regulatory and Development Authority of India, the Reserve Bank of India, Ministry of Corporate Affairs, Central & State Governments, for their continued cooperation, support and assistance.

**For and on behalf of the Board of Directors**

Place : Bengaluru  
Dated : 23<sup>rd</sup> July 2024

  
**Dr. Devi Prasad Shetty**  
**Chairperson**

DIN: 00252187

**LIST OF ANNEXURES**

<b>S.No</b>	<b>Particulars</b>	<b>Relevant Rules</b>	<b>Relevant form</b>	<b>Annexure No.</b>
1.	Disclosures for the FY 2023-24 as per Corporate Governance Guidelines/ IRDAI Regulations 2024	IRDAI Corporate Governance Guidelines/ IRDAI Regulation 2024	NA	1
2.	Contracts and arrangements with Related Parties	Section 188 of the Companies Act, 2013 read with Rule 8 of the Companies(Accounts) Rules, 2014, , as amended from time to time.	Form AOC-2	2
3.	Nomination and Remuneration Policy	Section 134 (3)(e) of the Companies Act, 2013, as amended from time to time.	Policy Copy	3
4.	Particulars of Employees	Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time.	NA	4
5	Audited Financial statements with Auditors Report and Management Report for FY 2023-24.	IRDAI Regulations 2024 on ⇒ Corporate Governance ⇒ Financial Functions	NA	5
6	Compliance Certificate from CCO under IRDAI (Corporate Governance for Insurer) Regulations 2014.	under IRDAI (Corporate Governance for Insurer) Regulations 2014	Clause 10.3 (b))	6



## Annexure to Boards' Report for the FY 2023-24

**Disclosures for the Financial Year 2023-24 as per IRDAI (Corporate Governance for Insurers) Regulations, 2024 read with Master Circular on Corporate Governance for Insurers, 2024 ref no IRDAI/F&I/CIR/MISC/82/5/2024 dated 22<sup>nd</sup> May 2024**

- 1) During the Year under review, Audit, Risk Management, Nomination and Remuneration, Investment and Policyholder protection, Grievance redressal and claims monitoring Committees were constituted by the Board of Directors at their meeting held on 26<sup>th</sup> Mar 2024.
- 2) The Board of Directors met 9 times during the year under review, i.e., on 21<sup>st</sup> Jun 2023, 14<sup>th</sup> Aug 2023, 28<sup>th</sup> Aug 2023 (twice), 10<sup>th</sup> Nov 2023, 12<sup>th</sup> Dec 2023, 6<sup>th</sup> Jan 2024, 13<sup>th</sup> Feb 2024 and 26<sup>th</sup> Mar 2024
- 3) The Nomination and Remuneration Committee met twice during the year under review, i.e., on 28<sup>th</sup> Aug 2023 and 13<sup>th</sup> Feb 2024.
- 4) The Constitution of the Board, number of meetings held and attendance by Directors during the year 2023-24:

Name of the Director and Nature of Directorship	21 Jun, 2023	14 Aug, 2023	28 Aug, 2023	28 Aug, 2023	10 Nov, 2023	14 Dec, 2023	6 Jan, 2024	13 Feb, 2024	26 Mar, 2024
Dr. Devi Prasad Shetty (Non-Executive Director)	Yes	Yes	Yes (Chair-person)	Yes (Chair-person)	Yes (Chair-person)	Yes (Chair-person)	Yes (Chair-person)	Yes (Chair-person)	*-
Mr. Viren Prasad Shetty (Non-Executive Director)	Yes (Chair-person)	Yes (Chair-person)	Yes	Yes	Yes	Yes	Yes	Yes	Yes (Chair-person)
Mr. Ravi Vishwanath (Non-Executive Director)	Yes	*-	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Anamika Roy Rashtrawar* (Independent Director)	-	-	Yes	Yes	Yes	*-	*-	Yes	Yes
Ms. Tajinder Mukherjee* (Independent Director)	-	-	Yes	Yes	Yes	*-	*-	Yes	Yes
Ms. Sheela Ananth** (Whole Time Director & CEO-Designate)	-	-	*-	-	-	-	-	-	Yes

\*Ms. Anamika Roy Rashtrawar and Ms. Tajinder Mukherjee were appointed on 28<sup>th</sup> August 2024 as Independent Directors in the Board.

\*\*Ms. Sheela Ananth was appointed on 20<sup>th</sup> February 2024 as Whole Time Director (Designate).

\*- dispensation from meeting.

- 5) Constitution of the Audit Committee as approved by the Board of Directors at their meeting held on 26<sup>th</sup> Mar 2024.

Following are the details of directors/members. No meeting of the Audit Committee was held during the year under review.

Name of the Director	Nature of Directorship	Designation in the Committee and Board
Ms. Tajinder Mukherjee	Independent Director	Chairperson
Ms. Anamika Roy Rashtrawar	Independent Director	Member
Mr. Viren Prasad Shetty	Non-Executive Director	Member

- 6) Constitution of the Investment Committee, as approved by the Board of Directors at their meeting held on 26<sup>th</sup> Mar 2024.

Following are the details of directors/members. No meeting of the Investment Committee was held during the year under review.

Name of the Director	Nature of Directorship	Designation in the Committee and Board
Ms. Tajinder Mukherjee	Independent Director	Chairperson *
Mr. Ravi Vishwanath	Non- Executive Director	Member*
Chief Executive Officer (CEO)	Executive Director	Member
Chief Financial Officer (CFO)	-	Member
Chief Investment Officer (CIO)	-	Member
Chief Risk Officer (CRO)	-	Member
Appointed Actuary (AA)	-	Member

\* Note: In the Board meeting held on 21<sup>st</sup> May 2024, Mr. Ravi Vishwanath was appointed as Chairperson.

- 7) Constitution of the Risk Management Committee, as approved by the Board of Directors at their meeting held on 26<sup>th</sup> Mar 2024.

Following are the details of directors/members. No meeting of the Risk Management Committee was held during the year under review.

Name of the Director	Nature of Directorship	Designation in the Committee and Board
Ms. Anamika Roy Rashtrawar	Independent Director	Chairperson
Ms. Tajinder Mukherjee	Independent Director	Member
Mr. Viren Prasad Shetty	Non-Executive Director	Member

Chief Executive Officer (CEO)	-	Member
Chief Financial Officer (CFO)	-	Member
Chief Risk Officer (CRO)	-	Member
Appointed Actuary (AA)	-	Member

- 8) Constitution of the Policyholders' Protection, Grievance redressal and claims monitoring Committee, as approved by the Board of Directors at their meeting held on 26<sup>th</sup> Mar 2024.

The Following are the details of the directors/members. No meeting of the Committee was held during the year under review.

Name of the Director	Nature of Directorship	Designation in the Committee and Board
Ms. Anamika Roy Rashtrawar	Independent Director	Chairperson
Chief Executive Officer (CEO)	Executive Director	Member
Chief Risk Officer (CRO)	-	Member
Chief Compliance Officer (CCO)	-	Member

- 9) Constitution of the Nomination and Remuneration Committee along with attendance of the Directors in the meeting held during the year under review:

Name of the Director	Nature of Directorship	Designation in the Committee and Board	Meeting held on 28 <sup>th</sup> Aug 2023	Meeting held on 13 <sup>th</sup> Feb 2024
Ms. Anamika Roy Rashtrawar	Independent Director	Chairperson	Yes	Yes
Ms. Tajinder Mukherjee	Independent Director	Member	Yes	Yes
Mr. Viren Prasad Shetty	Non-Executive Director	Member	Yes	Yes

- 10) Your Company did not pay any remuneration to the Non-Executive Directors other than sitting fees and remuneration of Rs. 2.96 Lakhs to each Independent Directors for FY 2023-24 as approved by the Shareholders of the Company.
- 11) There was no pecuniary relationships or transactions of the Non-Executive Directors with the Company during the Financial Year 2023-24.
- 12) Disclosure in respect of Remuneration or Commission, if any, received by Managing or Whole Time Director of your Company from the Holding Company or Subsidiary company, who is also in receipt of commission from the Company:

The Whole Time Director of the Company has neither received any commission from the Company nor any remuneration or commission from the Holding Company during the year.

Further, Whole Time Director's remuneration from the Company for the Financial Year 2023-24 is disclosed in Annual Return forming part of this report.

13) **Sitting Fees:**

Your Company has paid sitting fees to its Non-Executive - Independent Directors, namely, Ms. Anamika Roy Rashtrawar and Ms. Tajinder Mukherjee for attending the Board & Committees meeting during the Financial Year 2023-24.

Details of which are hereunder:

Board Meeting /Committee Meeting	Sitting fees per meeting	Total Meetings Attended	Total amount paid in INR to Ms. Anamika Roy Rashtrawar	Total amount paid in INR to Ms. Tajinder Mukherjee
Board Meeting	Rs. 75,000/-	5*	INR 3 Lakhs	INR 3 Lakhs
Nomination and Remuneration Committee	Rs. 50,000/-	2	INR 1 Lakh	INR 1 Lakh

\*Two Board meetings were convened on the same day i.e., 28<sup>th</sup> Aug 2024.

- 14) Dr. Devi Prasad Shetty pursued MBBS from University of Mysore in 1978. He is a member of High- Level expert Group on Healthcare constituted by the Fifteenth Finance Commission. He is the Chairman of Healthcare Sector Skills Council. He is a renowned Cardiac Surgeon with around 40 years of experience, introduced the concept of micro-health insurance scheme, which eventually led to the Karnataka Government implementing the Yeshashvini Scheme for Rural Farmers. He is also one of the members of Health Insurance Consultative Committee constituted by IRDAI. His status of directorship is annexed to this report.

Mr. Viren Shetty pursued Post-Graduate in Business Administration degree from Stanford Graduate School of Business. With a diverse background of operations, supply chain management, business development and strateg, he has been instrumental in designing and building some of the key hospitals for Narayana Hrudayalaya Limited, including the Mazumdar Shaw Medical Center as well as the Multispecialty hospitals in Jaipur and Ahmedabad. His status of directorship is annexed to this report.

Ms. Anamika Roy Rashtrawar pursued MA (English) and is CPCU and a Fellow from Insurance Institute of India. She has worked in both public as well as private insurance companies in India. She started as a direct recruitment officer in a nationalized insurance company and finally held the position of Managing Director & CEO, Board Member of IFFCO TOKIO General Insurance Company Limited. From January 2022 till date, she is an independent consultant. She does not hold directorship in any other Company.

Ms. Tajinder Mukherjee pursued B.com (Hons) and is Fellow from Insurance Institute of India General Insurance. She has 39 Years of experience in General Insurance Industry. She has extensive domain expertise in Reinsurance and Health Insurance. She actively contributed to key initiatives in General Insurance Industry like PPN Network, Indian Nuclear Pool and Reinsurance Regulations. She does not hold directorship in any other Company.

Mr. Ravi Vishwanath pursued Master of Business Administration (MBA), International from Thunderbird School of Global Management, 1993 – 1994. He has nearly 25 years of Global Insurance experience. He held Leadership positions in Insurance Companies as VP-Distribution, CMO, Deputy CEO & CDO, etc. He Currently serves as the President - Integrated Care for Narayana Health. He does not hold directorship in any other Company.

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Ms: Sheela Anant pursued PGDBA from Symbiosis, Pune. She has 27 years of experience in leadership positions across different industries. She was also a Founder Member of Vidal Health TPA Private Limited. She does not hold directorship in any other Company.

Place : Bengaluru  
Dated : 23<sup>rd</sup> July 2024

**For and on behalf of the Board of Directors**



**Dr. Devi Prasad Shetty**  
Chairperson  
DIN: 00252187

## Annexure to Boards' Report for the FY 2023-24

## FORM No. AOC - 2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]


Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under the third proviso thereto.

- Details of contracts or arrangements or transactions not at arm's length basis: **NIL**
- Details of material contracts or arrangements or transactions at arm's length basis:

Sl. No.	Name(s) of the related party and nature of relationship	Names of contract/ arrangements/ transactions	Duration of the contracts/ arrangement/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
1	Narayana Hrudayalaya Limited ('NHL'), Parent entity in which • Dr. Devi Prasad Shetty, Whole Time Director and • Mr. Viren Prasad Shetty, Whole Time Director are Non-Executive Directors of Narayana Health Insurance Limited, respectively.	Reimbursement of expenses (Net) & Other Contingencies	Ongoing	Reimbursement of expenses (Net) & Other Contingencies. Value of transactions during the year was <b>Rs.1,34,52,485</b>		NIL
		Lease Rent	Ongoing	Registered office Space Rent. Value of transactions during the year was <b>Rs.55,263</b>		NIL

For and on behalf of the Board of Directors

Place : Bengaluru  
Dated : 23<sup>rd</sup> July 2024

  
Dr. Devi Prasad Shetty  
Chairperson

DIN: 00252187



**NRC Policy** (attached separate as PDF)

**Annexure- 3**

**Annexure- 4**

**PARTICULARS OF EMPLOYEES**

The aforesaid information can be sought by writing to the Company Secretary of the Company.

**Annexure- 5**

**AUDITED FINANCIAL STATEMENT ALONG WITH AUDIT REPORT AND MANAGEMENT REPORT**

(attached separate as PDF)

# Nomination and Remuneration Policy



## **Corporate Office:**

Narayana Health Insurance Limited  
261A, Bommasandra Industrial Area, Anekal Taluk,  
Bommasandra Industrial Estate,  
Bangalore South, Karnataka  
India-560099

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<b>Document Summary</b>					
<b>Document Title</b>	<b>Nomination and Remuneration Policy</b>				
<b>Document Id</b>	NHIL-005	<b>Current Version</b>	2.0	<b>Date of Release</b>	26 <sup>th</sup> -Mar-2024
<b>Classification</b>	INTERNAL	<b>Storage Location</b>	NHIL Corporate Office		
<b>Administrating Function / Department</b>	HR Function cum Secretarial Function				
<b>Document Owner's Name &amp; Designation</b>	Head HR				

<b>Document Approvers</b>			
<b>Version No</b>	<b>Name</b>	<b>Designation</b>	<b>Date</b>
1.0	NRC / Board	-	28 – Aug - 2023
2.0	Sheela Ananth	CEO	26 – March 2024

<b>Revision History</b>			
<b>Version No</b>	<b>Date of Revision</b>	<b>Pages Affected</b>	<b>Description of Change</b>
2.0	26 - Mar – 2024	All	Adoption of new regulations

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## **I. Policy on Nomination and Remuneration of Directors and Key Managerial Persons**

The Insurance Regulatory and Development Authority of India (IRDAI), vide circular bearing number IRDAI/F&A/GDL/MISC/141/6/2023 dated June 30, 2023 has issued the “Guidelines on Remuneration of Directors and Key Managerial Persons of Insurers” (the “Guidelines”), governing the compensation and remuneration to the members of the Board, Senior Management, Key Persons in Control Functions and other employees of the Insurers, whose actions may have a material impact on the risk exposure of the insurer and should not encourage such individuals, to take inappropriate or excessive risks, especially where performance-based variable remuneration is used.

Pursuant to the abovementioned Guidelines of IRDAI, the Company on its 9th Board Meeting held at the Corporate office of the Company at 261/A Bommasandra, Industrial Area Anekal, Bommasandra Industrial Estate, Bangalore South ,Bangalore-560099, Karnataka, adopts the present “Policy on Nomination and Remuneration of Directors and Key Managerial Persons” (the “Policy”) in supersession of any and all Policy or process subsistent in the Company in this regard. The Policy is formulated under the requirements and the provisions of the Companies Act 2013, read with appropriate IRDAI Prescriptions in this regard to govern Remuneration of Non-Executive Directors, Managing Directors/Chief Executive Officer/Whole time Directors and Key Managerial Persons of the Company.

### **1. Principles:**

The Policy shall establish an effective governance of compensation and sound Remuneration structure for the Officers of the Company, that -

- 1.1. disincentivizes excessive or inappropriate risk taking by such officers;
- 1.2. is harmonious with the long-term interests of the Company;
- 1.3. propagates an environment of healthy corporate culture, organizational objectives, contemporary strategies, and identified risk appetite in the Company;
- 1.4. prevents situations of conflict of interest (that might compromise the integrity and objectivity of such Officers), while appointing any employee or member of its Board or designing the remuneration of the officers of the Company.

### **2. Objectives:**

The Policy, amongst other objectives, primarily intends to ensure:

- 2.1. Effective governance of compensation;
- 2.2. Alignment of compensation with prudent risk taking;
- 2.3. Effective supervisory oversight and stakeholder engagement;



2.4. Safety of interest of policyholders and other stakeholders.

### 3. Definitions:

- 3.1. **'Board'** Board means the 'Board of Directors', which is the collective body of the directors of the Company, as defined under Section 2 (10) of the Companies Act, 2013.
- 3.2. **'Nomination and Remuneration Committee' or 'NRC':** The Committee Constituted by the Board under operation of section 178 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and Guidelines for Corporate Governance for insurers in India, 2016, for *inter-alia* recommending to the Board on the matters relating to the remuneration for the Directors, KMPs and other employees of the Company.
- 3.3. **'Clawback'** 'Clawback' shall mean the contractual right of the Company, by virtue of which the Company can demand and receive back, the whole or part of any previously paid or vested remuneration to any KMP under circumstances stated under this Policy.
- 3.4. **Commission on Profit:** The Commission payable to the Non-executive Directors as a part of their remuneration in accordance with the Companies Act, 2013 and Rules made thereunder, read with appropriate Prescriptions of the IRDAI. However, such commission on profit for any financial year shall be payable to the Directors subject to the following:
- a. The Company has reported positive profit after tax for the period for which the said commission is proposed to be paid.
  - b. The Board has passed the resolution approving such payment.
  - c. The amount of payment of remuneration in the form of Commission on profit to each of the Non-Executive Directors shall not exceed the limits fixed by IRDAI from time to time.
  - d. Appropriate disclosures with regard to payment of such Commission on Profit are made in the financial statements of the Company for the respective financial year.
  - e. The Company adheres to the prescriptions in this regard under any other law for the time being in force.

- 3.5. **‘Company’** **‘Company’** shall mean, Narayana Health Insurance Company Limited bearing IRDAI registration number 166, and having its registered office at 258/A Bommasandra, Industrial Area Anekal, Bommasandra Industrial Estate, Bangalore South ,Bangalore-560099, Karnataka.
- 3.6. **‘Fixed Pay’** **‘Fixed Pay’** shall mean fixed part of any KMP Remuneration, which is reasonable and arrived at taking into account all the relevant factors including responsibilities of the KMP and applicable law for the time being in force. Fixed Pay shall include Basic pay, allowances, perquisites, contribution towards superannuation/retirement benefits and all other fixed items of compensation of such KMP.
- 3.7. **Fixed Remuneration:** A fixed remuneration payable to the Non-Executive Directors irrespective of the profit or loss of the Company during any financial year as prescribed under Part II of Schedule V of the Companies (Amendment) Act, 2020.
- 3.8. **‘Independent Director’:** **‘Independent Director’** is a Non-Executive Director of the Board of the Company appointed under section 150 of the Companies Act, 2013 and the Rules made thereunder.
- 3.9. **IRDAI** IRDAI shall mean, Insurance Regulatory Development Authority of India, constituted under Insurance Regulatory and Development Authority Act, 1999 (IRDAI Act 1999) for overall supervision and development of the Insurance sector in India.
- 3.10. **IRDAI Prescriptions** The Regulations, Guidelines, Circulars, Notifications and directions issued by IRDAI from time to time with specific applicability on the Company or otherwise.
- 3.11. **Malus** Malus shall mean the right of the Company, by virtue of which the Company can forfeit, the whole or part of any unpaid or accrued Variable Pay due to any KMP under circumstances stated under this Policy.
- 3.12. **‘Key Management Person’** Key Management Person shall mean the **‘Key Managerial Person’** as defined in the IRDAI (Registration of Indian Insurance Companies) Regulations, 2022, and will include:
- a. the members of the core management team of the Company including all Whole-time Directors or Managing Directors or Chief Executive Officer and
  - b. the Functional Heads, one level below the Managing Director or Chief Executive Officer, including the Chief Financial Officer, Appointed Actuary, Chief Investment

Officer, Chief Risk Officer, Chief Compliance Officer, and the Company Secretary.

- 3.13. **‘KMP Remuneration’** **‘KMP Remuneration’** shall mean any money or its equivalent given or passed on to a KMP for the services rendered by him/her as the case may be and shall include Perquisites.
- 3.14. **‘Managing Director or ‘Chief Executive Officer’:** **‘Managing Director’** or **‘Chief Executive Officer’** of the Company shall mean a Director of the Board of the Company as defined under Section 2(54) and is appointed by operation of section 196 of the Companies Act, 2013, by virtue of the articles of the Company or an agreement with the Board or a resolution passed in its General Meeting, and is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.
- 3.15. **‘Non-Executive Director’:** **‘Non-executive director’** shall mean a Director of the Board of the Company, who is not an Executive Director and includes an Independent Director.
- 3.16. **‘Officer of the Company’** **‘Officer of the Company’** shall mean Officer as defined under section 2(59) of the Companies Act, 2013 and shall include any Director, Managing Director or Key Managerial Person of the Company.
- 3.17. **‘Perquisite’** **‘Perquisite’** shall mean Perquisite as defined under the Income-tax Act, 1961 and will include:
- Value of rent-free/accommodation provided by the Company.
  - Value of any concession in the matter of rent respecting any accommodation provided by the Company.
  - Any sum paid by the Company in respect of an obligation which was actually payable by the KMP.
  - Value of any benefit/amenity granted free or at concessional rate to the KMP etc.
  - The value of any specified security or shares allotted or transferred, directly or indirectly, by the Company, free of cost or at concessional rate to the KMP.
  - Any sum payable by the Company, whether directly or through a fund other than a recognized provident fund or an approved superannuation fund to effect an assurance on the life of the KMP or to effect a contract for an annuity.
  - The amount of any contribution to an approved superannuation fund by the Company in respect of the KMP, to the extent it exceeds one lakh rupees; and
  - The value of any other fringe benefit or amenity provided to the Employee.

- 3.18. **‘Share Linked Instruments’** Share Linked Instruments for the purpose of this Policy shall mean:  
a. Employee Stock Option Scheme (**ESOP**),  
b. Employee Stock Purchase Scheme (**ESPS**),  
c. Stock Appreciation Rights Scheme (**SARS**)
- 3.19. **‘Sitting Fee’:** A fixed sum of remuneration payable by the Company to its Non-Executive Directors against every meeting they attend in the Company in accordance with the Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard.
- 3.20. **‘Variable Pay’** Variable Pay shall mean the variable part any KMP Remuneration, which shall be either in the form of Cash Benefits and/or in the form of Share Linked Instruments.  
  
Cash Benefits for this purpose shall include incentives, bonus, all share linked benefits, where the ultimate payout is in the form of cash such as CSARs, Phantom Stocks etc..
- 3.21. **‘Whole-time Director’ or ‘Executive Director’** **‘Whole-time Director’** or **‘Executive Director’** shall mean a director in the Board, appointed under section 196 read with schedule V of the Companies Act, 2013, and who is in employment of the Company on a fulltime basis with entitlement to receive Remuneration.

**4. Effective Date:**

This policy shall be applicable on the date it is adopted by the Board.

**5. Policy on Board Diversity:**

The Board shall be comprised of Directors having expertise in different areas / fields like Finance, Sales and Marketing, Banking, Engineering, Human Resource management, etc. or as may be considered appropriate. In designing the composition of the Board, Board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Board shall have at least one Board member who has accounting or related financial management expertise and at least one women director.

**6. Conflict of interest:**

The Board recognizes conflict of Interest as one of the significant risks in structuring, implementing and reviewing this Policy. Therefore, the NRC shall carry out necessary examination to identify and prevent circumstances of conflict of interest (that might compromise the integrity and objectivity of such Officers), while recommending appointment of any member of the Board or KMP of the Company or designing their remuneration under this Policy.

In order to ensure that the members of the Board or KMP of the Company are not placed in a position of actual or perceived conflicts of interests, the Board, while structuring, implementing or reviewing this policy or taking any decision under this Policy, shall also examine on the circumstances of conflict of interest before taking any decision or further recommending to the shareholders on appointment of any member of the Board or KMP of the Company or structuring their remuneration, as the case may be, within the ambit of this Policy.

#### **7. Policy Framework:**

Keeping in view the difference of risks and responsibilities associated with the roles of the Non-Executive Directors of the Board and the Key Managerial Persons of the Company, the framework of the Policy shall have two distinct parts dealing with their entitlements, remuneration and compensation separately as under:

Part I: Policy on Remuneration of Non-Executive Directors.

Part II: Policy on Appointment and Remuneration of Key Managerial Persons.

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**Part I**  
**Policy on Remuneration of Non-Executive Directors.**

Non-executive directors of the Company objectively act in the interest of the Company and the stakeholders by overseeing and constructively challenging the management and the Company in its implementation of strategy within the system of governance of the Company and the risk appetite set by the Board. Besides, the Non-Executive Directors of the Company contribute towards ensuring that the Board members achieve their objectives; providing leadership and strategic guidance, while maintaining objective judgment; filling the expertise gap in the management; providing independent view on the running of the business, governance and boardroom best practices. The experiences of non-executive directors from different fields bring in wider perspective and outside experience contributing to the strategic developments of the Company. In view of the increasing demands on participation of non-executive directors coupled with higher responsibilities, non-executive directors are expected to bear in the interest of higher level of excellence in corporate governance and in order to enable Insurance companies to attract and retain professional non-executive directors, it is essential that such directors are appropriately compensated.

**1. Policy:**

This Policy shall be called the Policy on Nomination and Remuneration of Non-Executive Directors of the Company (NED Policy) and shall be applicable from the Date of adoption of this NED Policy by the Board or the Effective Date.

**2. Appointment and Reappointment:**

The Board and the shareholders shall carry out appointment or re-appointment of the Non-Executive Directors of the Company through recommendations of the NRC in accordance with this NED Policy and as per the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

**2.1. Age Limit:**

The maximum age limit for Non-Executive Directors, including the Chairperson of the board, shall be 75 years. No person shall continue on the Board of the Company after attaining the age of 75 years.

**2.2. Term of office:**

**2.2.1. Term of Office of Non-Executive Directors other than an Independent Director**

Other than an Independent Director, the tenure of a Non-Executive Director in the Board of the Company shall be in accordance with the decision of the Board and the Shareholders of the Company and as per the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance

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Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

### 2.2.2. Term of Office of an Independent Director

An Independent Director in the Board of the Company may be appointed for a term of up to five consecutive years and shall be eligible for re-appointment for the second term on passing of a special resolution in accordance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

No Independent Director shall hold office for more than two consecutive terms, beyond a period of 10 years. After completion of 10 years such Independent Director shall be eligible for re-appointment only after a cooling-off period of at least three years in accordance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

## 3. Remuneration:

Remuneration of the Non-Executive Directors of the Company shall Comprise of Sitting Fee, Reimbursement of expenses, Fixed Remuneration, and Commission on Profit etc.. Payment of such Remuneration by the Company shall be governed by the provisions of Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard.

### 3.1. Fixed Remuneration

Each Non-Executive Directors of the Company may be entitled for a Fixed remuneration not exceeding Rs. 5 Lakhs per annum as may be approved by the Board and Shareholders from time to time and in compliance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

### 3.2. Commission on Profit

Non-Executive Directors of the Company may be entitled for Commission on Profit as may be approved by the Board and Shareholders from time to time and in compliance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

### 3.3. Limitation on Payment of Total Remuneration

The total remuneration paid by the Company to any Non-Executive Director of the Board, collectively on account of the above-mentioned Fixed Remuneration and Commission on Profit in any financial year, shall under no circumstances exceed a sum of Rupees Twenty lakh or such sum as may be prescribed by IRDAI from time-

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to-time .

### **3.4. Sitting Fee and Reimbursement of Expenses**

In addition to the Fixed Remuneration and Commission on profit as mentioned in the preceding section, the Non-Executive Directors of the Company shall be entitled to the following:

#### **3.4.1. Sitting fees:**

The Company shall pay Sitting Fees to the Non-executive Directors an amount as approved by the Board from time to time within the limits of applicable provisions of Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard.

#### **3.4.2. Reimbursement of expenses**

Non-Executive Directors of the Company shall be entitled for reimbursement of actual expenses incurred by them to participate in the Board and other meetings of the Company, in accordance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

### **3.5. Prohibition on Equity-linked Benefits**

The Non-Executive Directors shall not be eligible for any equity-linked benefits.

## **4. Remuneration of Chairperson being a Non-Executive Director**

Whenever the Chairperson of the Board is a Non-Executive Director, the remuneration payable to such Non-Executive Chairperson shall be governed by the provisions of the Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard. In consideration of the same, the permitted modes of remuneration and reimbursement of expenses to the non-executive Chairperson shall be:

- 4.1.** Such fixed payments at such periodicity as may be recommended by the Board, approved by the shareholders from time to time, including:
  - 4.1.1. Maintaining a Chairperson's office at the expense of the Company,
  - 4.1.2. Expenses against travel on official visits and participation in various forums (both in India and abroad) as Chairperson of the Company
  - 4.1.3. Expenses against travel and other expenses and allowances for attending to the duties as Chairperson of the Company.
- 4.2.** Sitting Fee for attending each meeting of the Committees/Board as approved by the Board from time to time within the limits of applicable provisions of Companies Act, 2013 and the rules made thereunder, read with appropriate IRDAI Prescriptions in this regard.



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4.3. Reimbursement of actual expenses incurred by them to participate in the Board and other meetings of the Company, in accordance with the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.

**5. Disclosure:**

The Company shall make adequate disclosure on the amount of remuneration paid to each Non-Executive/ Independent directors, in the Notes to the Accounts forming part of Annual Financial Statements. In case no remuneration is paid during a year, the same shall also be specifically disclosed. For transparency, the Company may endeavor to present the disclosures under the heads recommended below.

- 5.1. Information relating to the composition and mandate of the NRC.
- 5.2. Information relating to the design and structure of remuneration processes.
- 5.3. Description of the ways in which current and future risks are taken into account in the remuneration processes.
- 5.4. Description of the ways in which the Company seeks to link performance during a performance measurement period with levels of remuneration.

**6. Review:**

The NRC and the Board shall review the NED Policy:

- a. at least once in every financial year, or
- b. as and when the Board considers it appropriate, or
- c. as and when the underlying laws governing the NED Policy undergoes any change including any relevant change in the Insurance Act, 1938, IRDAI Prescriptions, Companies Act, 2013 and relevant provisions of the Companies Act including applicable rules thereunder.

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## Part II

### Policy on Appointment and Remuneration of Key Management Personnel

Key Managerial Persons or KMPs play significant roles in the conduct of affairs of the Company and serve the Company as its primary drivers of business and strategy in adherence to all applicable law to meet the expectations of the Board, shareholders, policyholders and all other stakeholders including the Government.

The Company has been committed to the adoption of fair employment, equal opportunity and prudent compensation practices. The approach of the Company to compensation has always been to drive meritocracy within the framework of prudent risk management. Further, the Company upholds the principle of advancement, through talent and performance, while ensuring diversity of workplace through efforts to recruit, develop and retain the most talented people from a diverse resource pool. This Policy is intended to establish a framework and guiding principles for appointment and compensation of the KMPs of the Company that is in harmony with the stated commitments of the Company and confirms to the requirements of law for the time being in force.

#### 1. Policy:

This Policy shall be called the Policy on Appointment and Remuneration of Key Managerial Persons of the Company (KMP Policy) and shall be applicable from the Date of adoption of this KMP Policy by the Board.

#### 2. Scope:

- 2.1. The policy shall govern and administer all aspects of the KMP Remuneration, including but not limited to:
  - a. Fixed Pay including allowances,
  - b. Perquisites,
  - c. Retirement Benefits,
  - d. Variable Pay including incentives,
  - e. Bonus,
  - f. Share Linked Instruments,
  - g. Joining / Sign on bonus, etc.
- 2.2. The NRC shall ensure that every KMP Remuneration adheres to the principles and procedures laid down under this Policy and follows the applicable provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions in this regard.
- 2.3. Further, the NRC, in consultation with the Risk Management Committee of the Board, shall from time to time ensure that:
- 2.4. The KMP Remuneration is adjusted for all types of risk,
  - 2.4.1. KMP Remuneration outcomes are symmetric with risk outcomes,

- 2.4.2. Payment of KMP Remuneration are sensitive to the time horizon of the risk, and
- 2.4.3. The mix of cash, equity and other forms of remuneration are consistent with risk alignment.
- 2.5. Apart from the above, the NRC and the Risk Management Committee of the Board shall from time to time ensure that every KMP Remuneration is risk adjusted through quantitative and qualitative measures of credit, market and liquidity risks.

### **3. Institutional Performance for determination of Variable Pay and revision of Fixed Pay of the KMPs:**

The KMPs being primary drivers of the business and strategy of the Company, their remuneration in terms of Variable Pay has to be harmonious with the performance of the Company. Therefore, the NRC, while considering the Variable Pay for the KMPs of the Company for any given period, shall ensure that such Variable Pay to the KMPs commensurate with the overall performance of the Company during the period. Besides, the same evaluation shall be used by the NRC to form the basis for revision of Fixed Pay of the KMPs. The minimum parameters of institutional performance, which shall be taken into account by the NRC for determination of their Variable Pay of the KMPs for any period or for revision of Fixed Pay shall be:

- 3.1. Overall financial soundness of the Company, such as net-worth position, solvency, Net Profit, etc.;
- 3.2. Compliance status of the Company with respect to requirements under Expenses of Management Regulations;
- 3.3. Claim efficiency of the Company in terms of settlement and outstanding;
- 3.4. Improvement in overall grievance redressal status of the Company over the period previous to the one under assessment;
- 3.5. Reduction in Unclaimed Amounts due to the policyholders of the Company over the period previous to the one under assessment;
- 3.6. Improvement in overall renewal rate of the Company over the period previous to the one under assessment; and
- 3.7. Overall Compliance status of the Company with respect to all applicable laws.

Numeric weightage arrived on the basis of institutional performance on each of the above parameters shall be suitably configured by the NRC for the MD/CEO/WTDs and other KMPs depending on their respective roles. Such numeric weightage shall constitute at least 60% of the total weightage in the performance assessment matrix of MD/CEO/WTDs; and at least 30% of the total weightage in the performance assessment matrix of other KMPs individually.

The deterioration in the financial performance of the Company including the above defined parameters shall lead to a contraction in the total amount of Variable Pay which may even be reduced to zero.

**4. Fixed and Variable Pay:**

- 4.1. To ensure effective alignment of compensation with prudent risk taking, the NRC will take into account adherence to the risk framework in conjunction with which the financial plan/ targets have been formulated. The KMP Remuneration budget of the Company will be based on projected levels of business and staffing requirements, revenue generation and the other relevant parameters.
- 4.2. The Company will have a judicious and prudent approach to KMP Remuneration and will not use such KMP Remuneration as the sole lever to attract and retain employees. KMP Remuneration will take into account a mix of external market pay and internal equity.
- 4.3. The total compensation will be a prudent mix of fixed pay and variable pay. Fixed pay will include basic pay, allowances, perquisites, contribution towards superannuation/ retirals, and any other form of benefits including reimbursable perquisites with monetary ceilings.
- 4.4. The Variable Pay to any KMP shall be 'performance-based' using measures of individual, unit, or group performance that do not create incentives for inappropriate risk-taking. 'Performance-based incentives' shall be aligned with long-term value creation and the time horizon of risks to which the Company may be exposed. Any variable pay or performance incentive shall be paid/ granted to any KMP only once during a financial year.
- 4.5. The Variable Pay shall be in the form of Share Linked Instruments or Cash Benefit or a mix of Cash Benefit and Share Linked Instruments. The Share Linked Instruments shall include those instruments, which are prescribed by IRDAI. In the event of the institution of SARS and/or ESPS scheme in the Company after obtaining necessary and appropriate approvals, will be treated as Cash Benefit instruments.
- 4.6. The structure of Variable Pay shall be as under:
- 4.6.1 Variable Pay of any KMP shall be at least 50% of the Fixed Pay for the corresponding period and shall not exceed 300% of the Fixed Pay. Where variable pay is up to 200% of the Fixed Pay, a minimum of 50% of the variable pay shall be through grant of ESOPS under the Scheme as may be approved by Board/ Shareholders, as the case may be, subject to approval from IRDAI. The same limit would be 70%, in case the variable pay is above 200% of the fixed pay.
- 4.6.2 A minimum of 50% of the total Variable Pay must invariably be under deferral arrangements and the deferral period shall be a minimum of three years. The first such vesting shall accrue after one year from the commencement of the deferral period. Vesting shall be no faster than on a *pro-rata* basis and shall not take place more frequently than once in a year to ensure a proper assessment of risks before the application of *ex-post* adjustments.
- No deferment of variable pay shall be applied in case the total Variable Pay with respect to any KMP is equal to or less than Rs Twenty-Five lakhs for any given particular year.

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4.6.3 Grant of ESOPs under the the Scheme as may be approved by Board/ Shareholders, as the case may be, subject to approval from IRDAI, as a component of Variable Pay shall be reckoned at the fair value of such ESOPs as on the date of grant.

4.6.4 The total number of ESOPs issued, granted, vested or outstanding under the Scheme at any point of time shall not exceed 5% of the paid- up capital of the Company.

For clearance of doubts in interpretation and classification of Variable Pay under this sub-cluse, the flow diagram annexed to the Policy (**Annexure – A**) may be referred.

4.7. In case of retirement/resignation/death of any KMP prior to the deferral period, the deferred pay may be paid as per the employment contract of the KMP. In case of reappointment on retirement, the deferred pay due at the time of retirement (i.e., prior to reappointment) shall be paid only for the respective years to which it was originally deferred.

4.8. In case of termination of any KMP from the services consequent to a directive or order of any Judicial Authority or any other competent Authorities, or termination by the insurer in case of fraud/criminal offences etc., the deferred pay shall be forfeited in accordance with the provisions of Malus elsewhere delineated in this Policy.

### **5. Prohibited modes of KMP Remuneration:**

5.1. The KMPs of the Company shall not be issued or granted any sweat equity shares.

5.2. Guaranteed bonuses are inconsistent with sound risk management or the pay-for performance principles and hence shall not be part of any remuneration plan.

5.3. The Company shall not grant Severance Pay other than accrued benefits like gratuity, pension, etc., to Key Managerial Persons except in cases where it is mandatory under any applicable provision of the statute. However, it is clarified that Severance Pay does not include notice period pay. Therefore, the Policy does not restrict payment of contractual notice period pay to any KMP upon resignation or termination of services of such KMP, as the case may be.

### **6. Age and Term of Office of the Managing Director, Chief Executive Officer or any Whole-time Director:**

6.1. Subject to the provisions of Companies Act, 2013 read with the rules made thereunder, and the Insurance Act, 1938 read with appropriate IRDAI Prescriptions being in force from time to time, the position of the Managing Director, Chief Executive Officer or any Whole-time Director shall not be held by the same incumbent in the Company for a continuous period of more than fifteen years.

Provided that, the individual shall be eligible for re-appointment as Managing Director, Chief Executive Officer or any Whole-time Director, as the case may be, in the Company, if considered necessary and desirable by the board, after a cooling off period of at least one year, subject to the individual meeting other applicable conditions as set forth by the Board and Shareholders from time to time.

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- 6.2. No person shall continue as Managing Director, Chief Executive Officer or any Whole-time Director, as the case may be, with the Company beyond the age of seventy years.

Provided that the Board and shareholders of the Company may specify an age limit lower than seventy years for the appointment of a person as the Managing Director, Chief Executive Officer or any Whole-time Director of the Company.

- 6.3. In the event, the Managing Director, Chief Executive Officer or any Whole-time Director is appointed by the promoter of the Company, then the incumbent shall not hold the said posts for a continuous period of more than twelve years.

Provided that, the Company in the event, the Board and the Shareholders of the Company requires the incumbent to continue in the office for a period of more than 12 years, the same shall be done subject to necessary approval of the IRDAI. However, even in that case, Managing Director, Chief Executive Officer or any Whole-time Director shall not be eligible to hold office for a collective period of more than fifteen years.

### 7. Governance of KMP Remuneration:

- 7.1. The NRC shall have the oversight over design, review and implementation of the Policy.
- 7.2. The NRC will be composed of such Non-Executive Directors as may be prescribed under the applicable statutory/regulatory provisions from time to time including the IRDAI (Corporate Governance) Guidelines, 2016 or as considered appropriate by the Board.
- 7.3. The Head or Managing Director or the Chief Executive Officer or the Whole-time Director of the Company shall present the financial and strategic plans for the Company to the Board annually. The financial plan/ targets shall be formulated in conjunction with a risk framework with limit structures for various areas of risk/ lines of business, within which the Company should operate to achieve the financial plan. The NRC shall work in close coordination with Risk Management Committee to achieve effective alignment between compensation and risks.
- 7.4. The NRC shall from time to time define the Key Performance Indicators (KPIs) for the Managing Director, Chief Executive Officer, Whole-time Directors and KMPs of the Company based on the financial and strategic plans approved by the Board. KMP Remuneration shall be aligned to both financial and non-financial indicators of performance including controls like risk management, process perspective, customer perspective and others for the Company.
- 7.5. The NRC shall recommend to the Board for approval of the Fixed Pay, Perquisites, Retirals, Variable Pay that includes Cash Benefits, Non-Cash Benefits and Stock Option Grants for the Managing Director and Chief Executive Officer, whole-time Directors and KMPs of the Company. This will be subject to necessary approvals from the regulators and shareholders, wherever applicable.
- 7.6. The NRC will approve the organizational performance norms for variable pay and assess the achievement against such norms including reviewing credit, market,

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liquidity risks, material operational risks and various other risks and factor in show cause notices, strictures issued, and penalties levied by IRDAI, if any as well as any internally identified compliance failures. The KMP Remuneration shall be in compliance with all requirements law for the time being in force. Based on such an assessment, the NRC shall recommend Variable Pay to the Board for approval. The NRC may also recommend 'nil' variable pay based on its assessment.

- 7.7. The Managing Director, Chief Executive Officer and the Whole-time Directors of the Company shall be responsible for execution of the KMP Remuneration strategy, practices and plan (covering both Fixed Pay and Variable Pay) for the Company, in line with the KMP Remuneration Policy.
- 7.8. The Managing Director, Chief Executive Officer and the Whole-time Directors of the Company shall ensure that staff engaged in internal audit, compliance and risk control functions are compensated independent of business areas they oversee, and the compensation of such employees is in line with rest of the Company.
- 7.9. The Head of Human Resources of the Company shall present the KMP Remuneration Policy for review to the NRC annually.

### 8. Employee Stock Options

- 8.1. Employee Stock Options (ESOPs/ Options) are and will be a part of the total compensation structure for the KMPs of the Company.
- 8.2. ESOPs, currently governed by the Scheme as may be approved by Board/ Shareholders, as the case may be, subject to approval from IRDAI. as amended from time to time of the Company and in line with Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 to the extent applicable and other applicable regulations, aim at achieving twin objectives of aligning KMP Remuneration to long term interests of the Shareholders as well as retention of high potential employees of the Company. ESOPs aim at aligning the behavior of KMPs to long-term view of the performance of the Company. The Company may grant ESOPs from time to time to the Whole Time Directors, Chief Executive Officers and other KMPs.
- 8.3. The ESOPs will be granted in accordance with the Scheme as may be approved by Board/ Shareholders, as the case may be, subject to approval from IRDAI. , as amended from time to time, and duly approved by the NRC and shareholders, and this Policy.
- 8.4. In terms of the IRDAI Guidelines dated June 2023 on compensation and as matter of practice, the ESOPs granted by the Company shall have a minimum one-year vesting period, and thereafter vesting shall take place (subject to meeting prescribed vesting criteria) as per vesting schedule on an annual basis over three or more years, and follows the no faster than pro-rata basis for vesting. Should the Company and NRC consider other forms of Share Linked Instruments (subject to obtaining necessary and appropriate approvals), it will duly consider applying Retention Period for such other forms of Share Linked Instruments.

- 8.5. The ESOPs shall be fair valued at the date of the Grant, and based on the last closing price of the shares of the Company at a domestic stock exchange having highest volumes on the immediate business day prior to grant.

## 9. Malus and Clawback:

- 9.1. In the event of a reasonable evidence of deterioration in “Institutional Performance for determination of Variable Pay and revision of Fixed Pay of the KMPs” from one financial year to the next by percentage as may be decided by the NRC, the NRC may evaluate the conditions leading to the deterioration, including changes in regulations, force majeure, market conditions, industry performance, economic social or other conditions whether under or beyond the control of the Company or any person and other relevant factors.

In deciding whether to apply Malus/Clawback on part or all or none of the variable compensation of the previous year, NRC may in its evaluation shall have due regard to the principles of proportionality and of reasonable nexus between matters of ability, capability and expertise of the individual(s) versus matters or events outside the control or even nexus of the individual(s) to the events or situations.

- 9.2. In the event of below

- 9.2.1. act of willful or gross misconduct or neglect,
- 9.2.2. the commission of felony, fraud, misappropriation, embezzlement, breach of trust or an offence involving moral turpitude or breach of integrity,
- 9.2.3. gross or willful insubordination, or
- 9.2.4. any other act detrimental to the interest of the Company including and not restricted to violation of Employees Code of Conduct, violation in dealing with Conflict of Interest, violation of law or any other Policy of the Company, failure to discharge fiduciary and regulatory duties, and in respect of which the Company would reserve the right to institute appropriate civil, criminal or other proceedings at the risks, costs and consequences of such individual's (including employees, who were transferred or deputed or resigned),

The NRC (in case of Whole-time Directors/ Chief executive officers) or the Disciplinary Authority, may decide to apply Malus and /or Clawback on part or all of the variable pay including unvested/vested/paid or deferred Variable Pay of the KMPs of the Company. Due process, including inquiries or investigations as required and/or adherence to principles of natural justice shall be ensured prior to conclusion on the above events of breaches and which would form the basis of the decisions. Error of judgment shall not be construed to be a breach under this KMP Policy.

- 9.3. Annual reporting of application of Malus and/or Clawback by the Disciplinary Authority will be made to the NRC for being noted.



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- 9.4. Clawback in relation to Share Linked Instruments shall apply on grants made with effect from the Effective Date and for the balance length of service/employment of the concerned person with the Company and shall survive the resignation, retirement, early retirement or termination of the concerned person in accordance with this KMP Policy. Similarly, Malus in relation to Share Linked Instruments will apply on grants made with effect from Effective Date.
- 9.5. In relation to bonus grants, effective April 2023, Clawback shall be applied Deferment Period as applicable to Deferred Variable Pay in terms of this Policy applicable for the balance length of service/employment of the concerned person with the Company and shall survive the resignation, retirement, early retirement or termination of the concerned person.
- 9.6. While situations may arise requiring application of Malus and/or Clawback to Officers who may have resigned, retired or taken early retirement or been terminated, the same shall be done basis the given facts and circumstances, and through due legal process for recovery of amounts adjudged for Clawback or as damages suffered by the Company or as recoverable otherwise.

#### **10. Review:**

The NRC shall review the KMP Policy:

- a. at least once in every financial year, or
- b. as and when the Board considers it appropriate, or
- c. as and when the underlying laws governing the KMP Policy undergoes any change including any relevant change in the Insurance Act, 1938, IRDAI Prescriptions, Companies Act, 2013 and relevant provisions of the Companies Act including applicable rules thereunder.

#### **11. Disclosure:**

The Company shall make adequate disclosure on the amount of remuneration paid to the KMPs of the Company in the Notes to the Accounts forming part of Annual Financial Statements. For transparency, the Company may endeavor to present the disclosures under the heads recommended below.

##### **11.1. Qualitative Disclosures**

11.1.1. Information relating to the composition and mandate of the NRC.

11.1.2. Information relating to the design and structure of remuneration processes.

11.1.3. Description of the ways in which current and future risks are taken into account in the remuneration processes, including the nature and type of the key measures used to take account of these risks.

11.1.4. Description of the ways in which the Company seeks to link performance during a performance measurement period with levels of remuneration.

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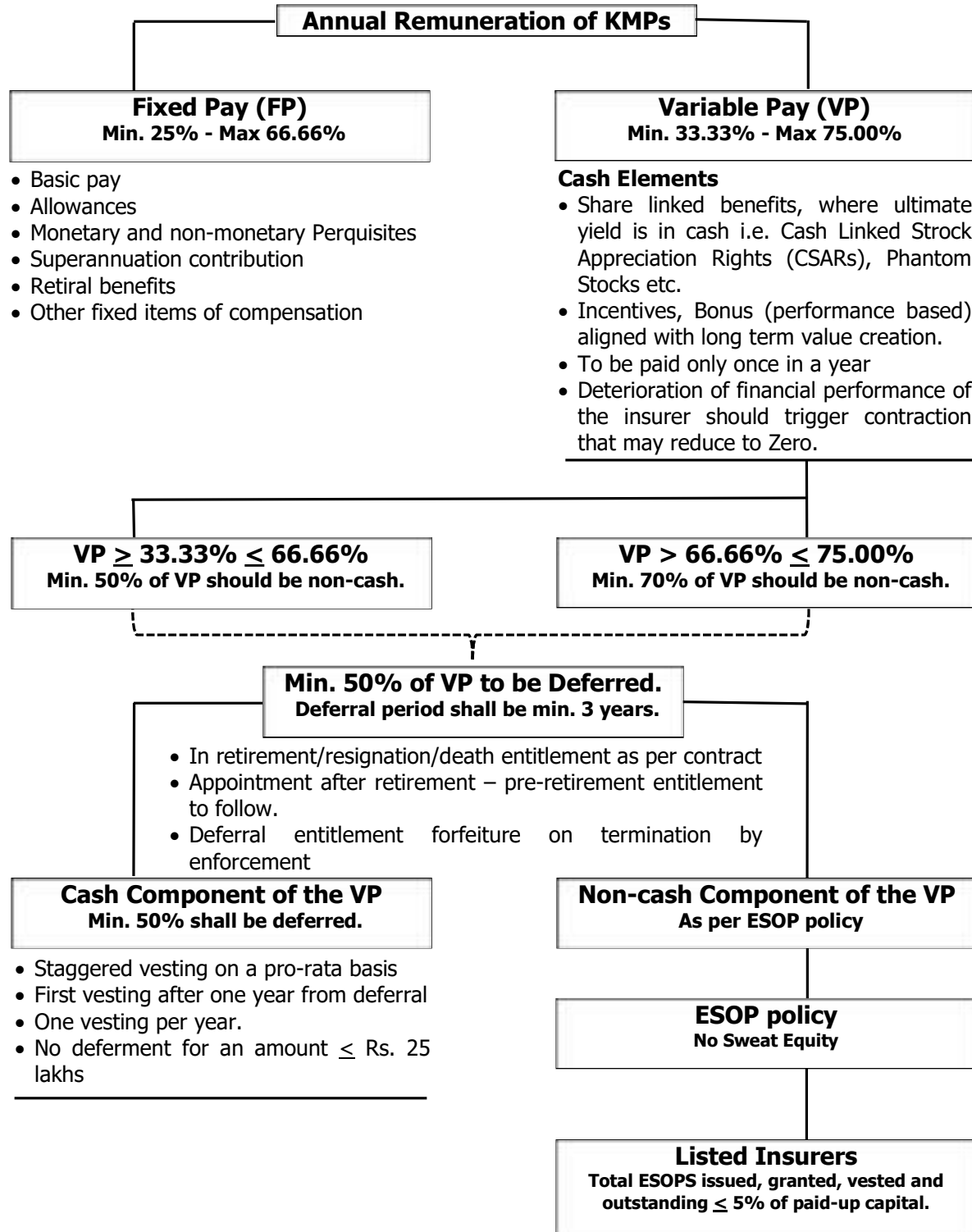
11.2. Quantitative Disclosures

11.2.1. Details of the Remuneration awarded for the Financial year to the MD/CEO/WTD mentioning Pay, Allowances and Perquisites, Variable Pay including Share Linked Benefits, Joining Bonus, accrued benefits like gratuity, pension, if any, etc. classifying the same under fixed and variable, deferred and non-deferred as applicable, the remuneration debited to Revenue Account (Policyholders Account), and Profit Loss Account (Shareholders Account).

11.2.2. Details of the outstanding deferred Remuneration of MD/CEO/WTD at the end of the Financial Year mentioning name designation, financial year (remuneration pertaining to), nature of remuneration and the amount outstanding.

11.2.3. The above disclosure in the note to account shall be made as per the format prescribed under the IRDAI prescription from time to time.

**Annexure - A**

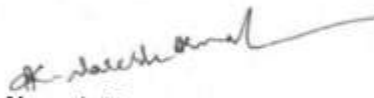


**Annexure 4**

Pursuant to Rule 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, below are the particulars of employees, if any: **NIL**

Designation of the employee	Remuneration received	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age of the employee	Last employment held by such employee before joining the company	% of equity shares held by the employee in the company	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
NIL	-	-	-	-	-	-	-	-
NIL	-	-	-	-	-	-	-	-

For Narayana Health Insurance Limited



**Naresh Kumar K**  
Company Secretary & CCO

Place: Bengaluru

Dated: 23<sup>rd</sup> July 2024

**Certification for compliance of the Corporate Governance Master Circular**

I, Naresh Kumar Katla hereby certify that Narayana Health Insurance Limited has complied with the applicable provisions of the IRDAI Corporate Governance Guidelines, 2016/ IRDAI (Corporate Governance for Insurers ) 2024 as well as IRDAI (Corporate Governance for Insurers) Regulations, 2024 and the circulars issued there under, with the exception of the appointment of the 3<sup>rd</sup> Independent Director, which is currently in progress. On the other hand, the Company has formally requested an extension of time for the appointment of 3<sup>rd</sup> Independent Director, as stated in our letter dated 31<sup>st</sup> May 2024, submitted to the Authority/ IRDAI.

Nothing has been concealed or suppressed.

Thanking You.

Yours faithfully,

For **Narayana Health Insurance Limited**



**Naresh Kumar Katla**  
**Company Secretary and CCO**

Date: 30<sup>th</sup> June 2024

Place: Bengaluru