

## **Remuneration Policy for Executive Directors**

At Apollo Hospitals Enterprise Ltd. (“Apollo Hospitals”), our approach to executive remuneration is rooted in our unwavering commitment to **delivering world-class healthcare and creating sustainable value for all our stakeholders**—patients, employees, shareholders, partners, and the communities we serve.

### ***I. Scope of the Policy***

This Remuneration Policy (the “Policy”) applies to Executive Directors on the Board of Apollo Hospitals. A separate policy governs the remuneration of Key Managerial Personnel (“KMP”) who are not Board members. The Nomination and Remuneration Committee (“the Committee”) is responsible for overseeing and enforcing both policies.

### ***II. Remuneration Philosophy***

**Guided by our mission** to bring healthcare of international standards within the reach of every individual, our Policy seeks to align executive remuneration with the Company’s strategic objectives and performance outcomes. Accordingly, Apollo Hospitals adopts a balanced approach that **supports sustainable growth, upholds financial prudence, and encourages a high-performance culture** anchored in accountability, innovation, and patient-centricity.

The Policy of Executive Directors is **determined by the Committee**, comprised solely of independent Non-Executive Directors (“NEDs”), with the **support by independent compensation consultants**. The Policy aims to:

- **Promote leadership behaviours** that are consistent with its values and mission;
- **Incentivize the delivery** of exceptional clinical, operational, and financial performance;

- **Provide a competitive and equitable reward structure** benchmarked against healthcare and services peers;
- **Reflect the complexity and scope of Apollo Hospitals' operations**, including its hospitals, diagnostics, clinics, digital health platforms, and emerging business verticals;
- **Ensure pay outcomes are appropriately linked to performance** and reflect both annual achievements and longer-term strategic progress.

The Committee has intentionally designed the **Remuneration Policy and framework to be simple, transparent, and easily understood**—reflecting direct feedback from stakeholders. The structure consists solely of three components: (1) base salary, (2) annual performance-based bonus, and (3) benefits and perquisites. For the Executive Chair alone, an additional performance-based commission is provided, subject to a defined monetary cap.

### ***III. Evolution of Executive Remuneration***

Since the beginning of 2020, following the Executive Directors' previous appointment, Apollo Hospitals has delivered strong and consistent growth, creating shareholder value with a **total shareholder return ("TSR") that significantly outperformed the NIFTY 50**. Over the same period, the Company's market capitalization increased 5x — from ₹150 billion to over ₹900 billion.

This growth was accompanied by significant expansion in both operational scale and profitability. In contrast to these developments, overall remuneration remained broadly stable, with only **base salaries adjusted to reflect market trends and employee pay increases** (see Table 1), reflecting the Committee's continued commitment to a **disciplined, performance-driven remuneration framework** aligned with stakeholder outcomes.

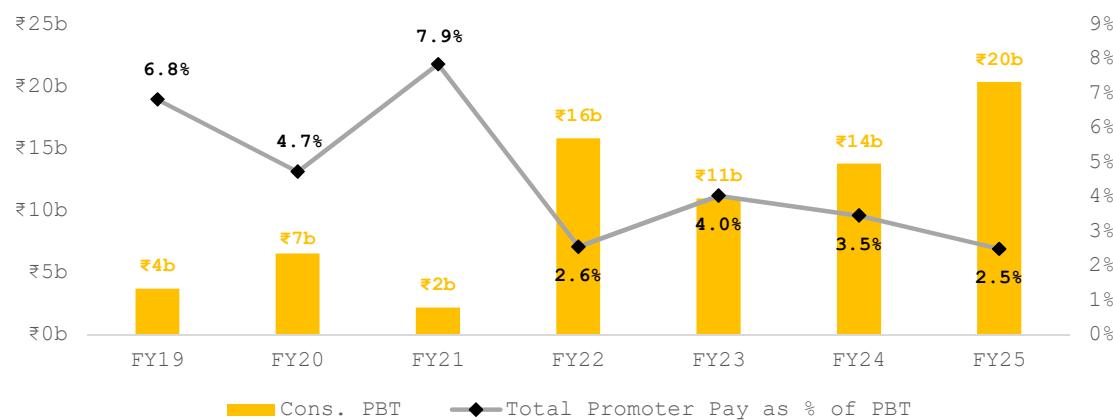
**Table 1 – Apollo Hospitals’ Key Growth Indicators (FY-end 2020 vs. 2025)**

Indicators	FY 2020	FY2025	% Increase
<b>Consolidated Revenues</b>	₹112.5b	₹217.9b	94%
<b>Consolidated PBT</b>	₹6.6b	₹20.4b	210%
<b>Employees</b>	62.9k	86.9k	38%
<b>Total Executive Director Base Salary</b>	₹181.2m	₹235.0m	30%

Source: FactSet, Company Filings

Importantly, **total Promoter Directors remuneration declined as a proportion of Profit Before Tax (“PBT”)**, demonstrating the Board’s prudent approach to executive remuneration (see Graph 1).

**Graph 1 – Apollo Hospitals’ Executive Remuneration vs. PBT**



#### **IV. Shareholder Engagement**

**Apollo Hospitals actively engages with shareholders**, and the research providers that guides them (such as proxy advisors, ESG rating agencies, etc.), to ensure its Policy reflects global best practices and stakeholder expectations. While these engagements have consistently confirmed strong support for the current approach—

particularly for the Policy's ability to create long-term shareholder value—the **Committee remains attentive to stakeholder feedback.**

In response, three key enhancements were made: **the bonus opportunity was increased**—recognising the absence of a long-term equity plan—to further strengthen the pay-for-performance link, **clawback and malus provisions were introduced**, and a voluntary cap on executive remuneration was implemented

Central to these changes was a focus on increasing the “at-risk” portion of pay, reflecting a **deliberate Committee response to the intensifying industry competition**, particularly from private equity backed entities, and **Apollo Hospitals' ongoing strategic transformation**. The aim is to ensure Executive Directors remain focused on delivering tangible results that contribute creating shareholder value and executing key strategic transactions—such as the completed merger and upcoming demerger.

#### **V. Pay Benchmarking and Wider Employee Pay**

The Committee, with the support of independent consultants, regularly reviews the Company's **overall pay positioning against the NIFTY 50**, as well as a **select group of market peers in the healthcare and broader services sectors.**

This benchmarking extends beyond quantum, covering structure, design, and prevailing market practices. Apollo Hospitals aims to maintain a competitive remuneration framework that supports the attraction and retention of high-calibre leadership while remaining aligned with stakeholder expectations and industry standards.

The Committee also considers internal factors, including pay trends and developments across the wider Apollo Group, to ensure fairness and consistency in its approach. In 2024, Apollo Hospitals approved the introduction of an employee stock option plan for below Board-level senior executives and employees, recognising equity ownership as a vital tool to drive motivation, enhance retention, and further align long-term interests across the leadership team.

Further details on employee remuneration, including pay ratio disclosures, can be found as part of our annual report under the Corporate Governance section.

## **VI. Remuneration Components**

### **VI. i. Base Salary**

Base salaries for Executive Directors are **reviewed annually, considering market benchmarks**. The Committee also considers broader economic factors, including inflation, as well as pay across the wider employee base.

To enhance transparency and provide greater clarity to shareholders, the Committee has established an “upper limit” for base salaries applicable to all Executive Directors through to the end of FY 2030–31, as outlined in Table 2. The upper limit of ₹80.00 million is **not a target or guaranteed outcome, but simply a maximum limit within which any future adjustments may be considered**, if appropriate. This upper limit was determined using the benchmark provided by the independent consultants

During the period under review, 2024/25, the Committee increased the base salaries of the Executive Directors by 8.50% to ₹50.00 million, which reflected the increases provided at peers, and what was **provided to the wider employee group of 9%**. This is also **broadly consistent with inflation trends** and market compensation increases for executive levels.

For the 2026 financial year, the Committee has approved an increase of 10% to base salaries to ₹55.00 million, in line with the growing scope and scale of the Company as well as the increases broadly provided to the wider employee base.

Finally, should any salary increase be implemented in upcoming years, the Committee will ensure that clear and detailed justification is provided in the relevant year’s Annual Report.

**Table 2 – Base Salary Limits for the Executive Directors, in ₹Millions**

Executive Directors <sup>#</sup>	Role	Base Salary (2025)	Base Salary - Upper Limit (2030/31)
<b>Smt Preetha Reddy</b>	Executive Vice Chairperson	50.00	<b>80.00</b>
<b>Smt Suneeta Reddy</b>	Managing Director	50.00	<b>80.00</b>
<b>Smt Sangita Reddy</b>	Joint Managing Director <sup>##</sup>	50.00	<b>80.00</b>
<b>Total</b>		150.00	<b>240.00</b>

# In the case of Dr Prathap C Reddy, Executive Chairman, the NRC Committee has determined that the Base Salary would be capped at a figure of ₹85.00 million till the end of his current tenure which would be till June 2026. Smt Shobana Kamineni only serves on Apollo Hospitals' Board as a non-independent Non-Executive Director with her compensation being fully paid by Apollo HealthCo Ltd where she is the Executive Chairperson.

## In the case of Smt Sangita Reddy, 30% of her total remuneration comprising of base salary and variable bonus, as determined by the Committee and Board of Apollo Hospitals is being paid by Apollo Health and Lifestyle Limited effective FY 2023-24. The remuneration details provided above in her case represents the combined pay for Apollo Hospitals and Apollo Health and Lifestyle Limited.

#### ***VI. ii. Benefits/Perquisites***

As part of its commitment to safeguarding its leadership team, the Company maintains a Directors' and Officers' Liability Insurance ("D&O") Policy, with premiums paid by the Company. This cover is intended to remain in force throughout the tenure of the Executive Directors, subject to the terms and conditions of the policy as applicable from time to time.

Additionally, Executive Directors are entitled to medical insurance benefits, including Group Mediclaim coverage for themselves and their spouses, in line with the Company's prevailing policies. These provisions form part of a broader framework

designed to ensure security and well-being while enabling leadership to focus on delivering long-term value.

Finally, Executive Directors are eligible to receive a company car and driver for business purposes, where required in the performance of their duties.

No other benefits or perquisites are provided.

#### ***VI. iii. Service Contracts***

None of the Executive Directors are eligible for any severance pay.

#### ***VI. iv. Annual Performance-Based Bonus***

The maximum annual performance-based bonus for all Executive Directors, including the Executive Chair, has been **increased to 100% of base salary**, up from the previous cap of 67.5% with effect from FY 2025-2026 but **below the 125% limit that was in place in 2020**.

This adjustment **strengthens the performance linkage in the overall pay structure**, particularly in the absence of long-term equity incentives, as well as more closely **aligned with evolving market best practices**. More importantly, this change **reflects feedback from shareholders** and advances the Board's objective to **strengthen pay-for-performance alignment**—particularly important amid intensifying industry competition and Apollo Hospitals' ongoing transformation.

As in prior years, 100% of the Executive Chair's annual bonus remains directly tied to the achievement of operating profit targets. For other Executive Directors, performance is assessed against both group wide financial performance—including consolidated revenue growth, operating profit and operating profit margins, amongst other key financial indicators—as well as Individual Key Results Areas ("KRA"). These KRAs may include segment-level growth and performance, clinical excellence focus, human resource management, technology and innovation, group reputation, capital allocation and sustainability initiatives.

In line with standard practice and to **protect commercially sensitive information**, specific measures and weightings will be disclosed retrospectively in the Annual Report. The updated performance framework is outlined below.

**Table 3 – Summary of Annual Bonus Plan**

Role	Maximum Award Opportunity (as a % of base salary)	Performance Measures	
		Group-Wide	Individual Key Results Areas
<b>Executive Chair</b>	100%	100%	-
<b>Other Executive Directors<sup>#</sup></b>	100%	60%	40%

# In the case of Smt Sangita Reddy, 30% of her total remuneration comprising of base salary and variable bonus, as determined by the Committee and Board of Apollo Hospitals is being paid by Apollo Health and Lifestyle Limited effective FY 2023-24. The remuneration details provided above in her case represents the combined pay for Apollo Hospitals and Apollo Health and Lifestyle Limited.

#### ***VI. v. Performance-Based Commission***

In addition to the annual performance-based bonus, only the Executive Chair is eligible for a commission of up to 1% of the net profits before tax of the Company. This commission is subject to a maximum ceiling of ₹75.00 million per annum.

The commission is determined by the Committee based both on the Company's performance, as well as specific review of the Executive Chair's achievements in Clinical Health, Public Health Initiatives, Corporate Social Responsibility and Brand Enhancement.

Over the past five financial years, the Executive Chair's commission has consistently aligned with company performance. Since 2021, the average achievement has been 64% (including a 0% payout during the pandemic), underscoring a robust pay-for-performance alignment for the award.

***VI. vi. Long-Term Equity Incentives***

There is no long-term equity incentive plan in place at Apollo Hospitals, as the Executive Directors—being members of the Promoter Group—are already shareholders, with their interests inherently aligned with those of the Company and its stakeholders. Instead, the Policy ensures a strong performance orientation through disciplined goal-setting, rigorous evaluation of outcomes, and a clear focus on responsible use of corporate resources through the performance-based cash bonus.

***VII. Malus & Clawback***

Apollo Hospitals is committed to ensuring that executive remuneration outcomes reflect sustainable performance and responsible conduct. Accordingly, the Company may consider applying malus (adjustment before payment) and clawback (recovery after payment) provisions in relation to performance-based pay, such as annual bonuses and commissions, as assessed and approved by the Committee.

***VIII. Overall Remuneration Limit***

The Committee has voluntarily put in place a guiding policy that total executive remuneration on a consolidated basis in any financial year will **not exceed 2.50% of consolidated PBT and 3.0% of standalone PBT tax respectively**. These limits are well below the maximum allowed under law and reflect the Company's commitment to responsible and performance-linked pay practices.