

Bahadur Chand Investments Private Limited

REMUNERATION, COMPENSATION AND BOARD DIVERSITY POLICY

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1. BACKGROUND

Bahadur Chand Investments Private Limited (hereinafter referred as the ‘Company’) believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior and in complete compliance of laws.

2. DEFINITION

Board: Board means the board of directors of the Company

Company: means Bahadur Chand Investments Private Limited

NRC: Nomination and Remuneration Committee

Diversity :the term “diversity” of Board of Directors {Board} has not been defined. Diversity is statutorily achieved, more particularly functionally, residence and gender wise, whereby the Board has to have an optimum combination of executive, non-executive, independent, resident/non-resident and woman director/s, small shareholders directors in terms of law and corporate governance. As per various national / international practices, it would also mean that the individuals of the Board should be diverse in background, education, experience, knowledge, thoughts, perspective, functional expertise, independence, age and gender. Diversity would further include differences that relate to communication styles, problem solving & interpersonal skills.

Employee: means the persons, who are in the whole time employment in the Company, includes, KMPs and Senior Management.

KMPs: Key Managerial Personnel as defined under the Companies Act, 2013, including the Company Secretary & Compliance Officer of the Company.

Senior Management: includes the Chief Risk Officer, Internal Audit Head, Chief Information Officer or such other officers/employees, as may be appointed from time to time, upto two ranks below the Board of the Company.

Malus: means the arrangements, which prevents the vesting of all or the part of the amount of differed or unvested remuneration. Malus arrangements do not reverse vesting after it has already occurred, in other words, they have no force after the end of the deferral or vesting period.

Clawback: means the arrangements, that allows recoupment of remuneration already paid or vested.

Remuneration: means any money or its equivalent given or passed to any person for services rendered by him / her and includes perquisites as defined under the Income-tax Act, 1961 (43 of 1961).

Compensation: the term Compensation includes basic salary, allowances, perquisites, loans and/or advances, remuneration as per relevant HR policies, retirement benefits, benefits under welfare schemes, etc. besides long term incentives as may be decided by the NRC.

3. OBJECTIVE

The purpose for achieving diversity on the Board of Directors of the Company is for the benefits of:-

- Enhancement of the quality of performance of the Board;
- Usher in independence in the performance of the Board;
- Eradicate the gender bias in the Board;
- Achievement of sustainable and balanced performance and development in the Company;
- Support the attainment of strategic objectives of the Company; &
- Compliance of applicable law/s and good corporate practices.

The Company believes that to a large extent requisite diversity is already present in the Board of the Company which, however, needs to be reviewed in terms of this Policy.

4. BRIEF OVERVIEW OF THE LAWS

Companies Act 2013 and its Rules and Listing Regulations

{Sections 149, 151 & 152 & Companies [Appointment and Qualification of Directors] Rules 2014 & Section 178 & Companies [Meetings of Board and its Powers] Rules 2014} as amended from time to time. Relevant Regulation of Listing Regulations and the guidelines/Circular/ Notifications, issued by the Reserve Bank of India.

In the process of attaining a diverse Board based on the aforementioned criteria, the following criteria needs to be assessed:

4.1 Optimum Composition:

(a) The Board shall have an optimum combination of executive and non-executive directors and not less than fifty percent of the Board of Directors comprising non-executive directors.

(b) At least half of the Board should comprise of independent directors' (where the Chairman of the Board is executive) or at least one third of the Board consisting of independent directors (where the Chairman of the Board is non-executive).

(c) The Company shall have at least one women director on the Board to ensure that there is no gender inequality on the Board.

4.2 Functional Diversity:

(a) Appointment of directors to the Board of the Company should be based on the specific needs and business of the Company. Appointments should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company.

(b) Knowledge of and experience in domain areas such as NBFC industry, banking and finance, corporate, investment banking, legal, risk, management, etc., should be duly considered while making appointments to the Board level.

(c) While appointing independent director, care should be taken as to the independence of the proposed appointee.

(d) Directorships in other companies may also be taken into account while determining the candidature of a person.

5. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of the Company have duly constituted the Nomination and Remuneration Committee ('NRC') of the Company and the terms of reference is also defined and approved by the board.

The NRC shall review and assess Board composition on behalf of the Board and shall recommend to the Board, inter-alia, the appointment of new directors based on their qualification, positive attributes and independence and other criteria as covered under the Listing Regulations.

In reviewing Board composition, NRC will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.

NRC shall, inter alia, also ensure 'fit and proper' status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management.

6. REMUNERATION/COMPENSATION OF DIRECTORS, KMPs AND SENIOR MANAGEMENT PERSONNEL

1. Remuneration

1.1 Remuneration paid to Executive Directors

The remuneration paid to Executive Directors to be recommended by the Nomination and Remuneration Committee (NRC) and approved by the Board, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.

At the Board meeting, only the Non-Executive and Independent Directors shall participate in approving the remuneration paid to the Executive Directors. The remuneration is to be arrived at by considering various factors such as performance, qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The elements of the remuneration and limits shall be pursuant to the applicable laws.

1.1.1 Remuneration Structure/ Parameters

The remuneration structure for the Executive Directors would include the following components:

Basic Salary

- a) Provides for a fixed, per month, base level remuneration to reflect the scale and dynamics of business to be competitive in the external market
- b) Normally to be set in the home currency of the Executive Director and reviewed annually
- c) Will be subject to an annual review as per recommendations of the NRC and approval of the Board of Directors post performance assessment.

Commission

- a) Executive Directors will be allowed remuneration, by way of commission on a case to case basis which is in addition to the Basic Salary, Perquisites and any other Allowances, benefits and amenities.
- b) Subject to the condition that the amount of commission shall not exceed such limits as prescribed under Sections 197 & 198 of Companies Act 2013, if applicable.
- c) The amount of commission shall be paid subject to recommendation of the NRC and approval of the Board of Directors and shareholders, if required.

Perquisites and Allowances

A basket of perquisites and allowances would also form a part of the remuneration structure.

Contribution to Provident and other funds

In addition to the above, the remuneration would also include:

- a) Contribution to Provident, Superannuation and National Pension Scheme funds as applicable.
- b) Gratuity

Minimum Remuneration

If in any financial year during the tenure of the Executive Directors, the Company has no profits or its profits are inadequate, they shall be entitled to minimum remuneration as prescribed under the Companies Act, 2013.

1.2 Remuneration payable to Non-Executive & Independent Directors

The Non-Executive Directors and/ or Independent Directors of the Company would be paid sitting fees as determined by the Board from time to time for each meeting of the Committees and Board. The NRC/ Board shall review and revise this limit, if there are any changes in the limits/provisions of law.

Subject to approval of the Board and shareholders, as may be applicable, the Non-Executive and/ or Independent Directors will also be entitled to remuneration by way of commission aggregating up to 1% of net profits of the Company pursuant to the provisions of Sections 197 and 198 of the Companies Act 2013, if applicable, in addition to the sitting fees for attending the meetings of the Board and any Committee thereof.

2. Compensation Parameters for Key managerial personnel, senior management & other employees

2.1 Principles of Compensation: The Company follows a well-defined policy for compensation. The policy clearly links the performance with the total compensation paid to an individual. The compensation for the Key managerial personnel, senior management and other employees at the

Company would be guided by the external competitiveness and internal parity through periodic benchmarking surveys.

2.2 Components of Compensation: The Total Compensation for KMP and Senior Management Comprises of Fixed Compensation and Variable Compensation.

2.3 Principles of Fixed Compensation: It includes Basic pay, allowances and perquisites drawn by KMPs and Senior Management, which will include Gross Salary (excluding HRA), Special Allowances, reimbursements (with monetary ceilings), Loans/ accommodations/ Cars, wherever applicable, and Company's contribution to Provident Fund, Gratuity and Pension/NPS (as may be applicable) and any other components as may be decided by the Company.

2.4 Principles of Variable Compensation: Variable pay as a proportion of total remuneration increases as roles and responsibilities increase. The percentage distribution of total remuneration could vary basis roles and responsibility and performance in a given financial year. The variable pay component of remuneration is paid to the KMP and Senior Management basis the final performance and leadership rating for the year. These aspects ensure compensation outcomes are symmetric with risk and performance outcomes.

2.5 Principles of Deferral Variable Compensation: The Company recommends 100% payment of the cash component of the Variable Compensation (after deduction of the applicable taxes) at the end of the financial year. The Malus and Clawback clause shall not be applicable on the variable component of the Compensation, subject to conditions as contained herein. The NRC shall periodically review the situation and if considered it necessary, will implement deferral vesting of the Cash component of the Variable Compensation to be paid to the KMPs and Senior Management, in the manner and to the extent, as may be decided by the NRC for the time being in force.

2.6 Annual Performance review of Employees: All the employees of the Company will be subject to annual performance review as per approved performance management process of the Company. Meritocracy will be promoted by ensuring rigorous performance differentiation. The rating obtained by an employee will be used as an input to determine variable and merit pay increases. Variable and merit pay increases will be calculated using a combination of individual performance and organizational performance. Grade wise differentiation in the ratio of variable and fixed pay as well as in increment percentage will be made. Appropriate salary band and grade structure will be designed to ensure the organization is managed efficiently and effectively. The structure will be reviewed by the NRC from time to time.

2.7 Implementation of Malus and Clawback clauses: The NRC shall, inter alia, in the following situations, implement the Malus and Clawback clauses:

- i. Material breach of company's Code of Conduct, any Non-Disclosure Agreement, regulatory procedures, internal rules and regulations or any other such instance, as may be decided by the NRC from time to time.
- ii. Fraud, breach of trust, dishonesty, or wrongful disclosure by the employee of any confidential information.
- iii. Willful misinterpretation / misreporting of financial performance of the company.
- iv. An act of willful, reckless, grossly negligent conduct which is detrimental to the interest or reputation of the company

- v. Any misconduct pertaining to moral turpitude, theft, misappropriation, corruption, forgery, embezzlement or of criminal nature.
- vi. Non disclosures of any Material Conflict of interest to the Company.
- vii. Such other circumstances, as may be decided by the NRC.

Further, in the event of the application of the Malus and Clawback clauses, the NRC shall apply the same within a period of 4 years from the date of Variable amount payment.

7. REVIEW OF THE POLICY

The NRC will review the policy annually, which will include an assessment of the effectiveness of the policy. The NRC will discuss any revision that may be required and recommend any such revisions to the Board for approval.