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**NOMINATION & REMUNERATION  
POLICY OF RIWAAZ INVESTMENTS  
PRIVATE LIMITED  
(VERSION 1)**

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**RIWAAZ INVESTMENTS PRIVATE LIMITED**

Regd. Office: Unit No. 808, 8th Floor, Gopal Heights Tower, Plot No.

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## **Introduction**

Riwaaz Investments Private Limited ('Company') is a company registered as a Non-Banking Financial Company (NBFC) with the Reserve Bank of India ('RBI'). Pursuant to the RBI Circular no. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 named 'Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs' ('SBR Framework') and since Satin Creditcare Network Limited being categorized as NBFC - Middle Layer ('NBFC-ML') and the Company being treated as an NBFC being part of Satin Creditcare Network Limited, therefore, the Company is also categorized as NBFC - Middle Layer ('NBFC-ML').

As per the aforesaid RBI Circular and RBI Circular no. RBI/2022-23/36 DOR.GOV.REC.No.29/18.10.002/2022-23 dated April 29, 2022 the Company is required to constitute Board approved compensation policy to address issues arising out of excessive risk taking caused by misaligned compensation packages

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay justifiable remuneration to all Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company, this policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management has been reformulated by the Nomination & Remuneration Committee and approved by the Board of Directors. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees of the Company.

## **Applicability**

The Policy shall be applicable to:

- (a) Directors (Executive and Non-Executive);
- (b) **Key Managerial Personnel (KMP) and Senior Management Personnel (SMP)**, which means all personnel as defined under Section 2 (51) of the Companies Act, 2013 or as defined under any other applicable laws as amended from time to time;
- (c) **Other Employees** of the Company.

## **Effective date for Implementation of the policy**

The Policy is applicable to the Company with effect from 01.04.2023 as may be approved and amended by the Board of Directors as per the regulatory requirements from time to time.

## **Nomination and Remuneration Committee**

The NRC shall have the constitution, powers, functions and duties as laid down in section 178 of the Companies Act, 2013. The NRC, inter alia, shall also have the mandate to oversee the framing, review and implementation of compensation policy of the company which should have the approval of the board. The NRC shall work in close coordination with Risk Management Committee (RMC) of the company to achieve effective alignment between compensation and risks. Further, the NRC shall ensure that compensation levels are supported by the need to retain earnings of the company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP). NRC shall 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.

The Committee shall meet at such intervals as deems fit to carry out the objectives set out in the Policy. The Chairperson of the Nomination & Remuneration Committee may be present at the annual general meeting, to answer the shareholder's queries.

### **Objectives and Functions of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee shall, inter-alia, perform all the functions as prescribed under applicable laws, as amended from time to time and more particularly the following functions, to the extent of applicability:

- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees
- Ensure and determine that the size of the Board is balanced and diversity as well;
- Decide / approve details of fixed components and performance linked incentives (if any) along with the performance criteria;
- Ensure fit and proper criteria at the time of appointment of Directors and on a continuing basis.
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their Service contract;
- Delegating any of its powers to one or more of its members of the Committee;
- Recommend any necessary changes to the Board;
- Considering any other matters as may be requested by the Board; and to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board;
- To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To develop a succession plan for the Board and to regularly review the plan;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To Recommend to the Board, all remuneration, in whatever form, payable to senior management.

## **Policy for compensation**

**Components and risk alignment:** The compensation of Key Managerial Personnel (KMPs) and senior management shall be reasonable, recognising all relevant factors including adherence to statutory requirements and industry practices. The compensation packages may comprise of fixed and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks, the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

**Composition of Fixed Pay:** All the fixed items of compensation, including the perquisites and contributions towards superannuation/retiral benefits, may be treated as part of fixed pay. All perquisites that are reimbursable may also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Monetary equivalent of benefits of non-monetary nature (such as free furnished house, use of company car, etc.) may also be part of fixed pay.

**Principles for Variable Pay:** The variable pay may be in the form of share-linked instruments, or a mix of cash and share-linked instruments. It shall be ensured that the share-linked instruments are in conformity with relevant statutory provisions.

**Proportion:** The proportion of variable pay in total compensation be commensurate with the role and prudent risk taking profile of KMPs/ senior management. At higher levels of responsibility, the proportion of variable pay be higher. There should be proper balance between the cash and share-linked instruments in the variable pay in case the variable pay contains share linked instruments. The variable pay should be truly and effectively variable and can be reduced to zero based on performance at an individual, business-unit and company-wide level.

**Deferral of variable pay:** Not all the variable pay awarded after performance assessment may be paid immediately. Certain portion of variable pay, as decided by the Board of the company, may be deferred to time horizon of the risks. The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. Deferral period for such an arrangement may be decided by the Board of the company.

**Control and assurance function personnel:** KMPs and senior management engaged in financial control, risk management, compliance and internal audit be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the company. Such personnel may have higher proportion of fixed compensation. A reasonable proportion of compensation may be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.

**Guaranteed bonus :** Guaranteed bonus may not be paid to KMPs and senior management. However, in the context of new hiring joining/sign-on bonus could be considered. Such bonus will neither be considered part of fixed pay nor of variable pay.

**Malus / Clawback:** The deferred compensation may be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the company and/or the relevant line of business or employee misconduct in any year. A representative set of situations will be identified by the Company, which require them to invoke the malus and clawback clauses that may be applicable on entire variable pay. While setting criteria for the application of malus and clawback, Company may also specify a period during which malus and/or clawback can be applied, covering at least the deferral and retention periods.

## **Review and Amendment**

- i. The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary.
  - ii. The Nomination and Remuneration Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
  - iii. This Policy may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.
  - iv. This policy shall always be in conformity with the provisions of the Regulations and any amendments in the Regulations shall be deemed to form part of this Policy.
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