

NOMINATION AND REMUNERATION POLICY

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I. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 and Guidelines of Reserve Bank of India on Corporate Governance Norms for NBFCs. The Key Objectives of the Committee would be:

- a. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- d. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

II. DEFINITIONS

- a. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- b. **Board** means Board of Directors of the Company.
- c. **Company** means Madura Micro Finance Limited
- d. **Directors** mean Directors of the Company.
- e. **Independent Director** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- f. **Key Managerial Personnel (KMP)** means:
 - Chief Executive Officer or the Managing Director
 - the Manager;
 - Whole-time director;
 - Chief Financial Officer
 - Company Secretary;
 - such other officer as may be prescribed.

- g. **Remuneration** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- h. **Senior Management** means personnel of the company who are members of its core management team excluding the Board of Directors.

III. RESPONSIBILITIES OF THE COMMITTEE

The Nomination and Remuneration Committee is responsible for:

- a. reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- b. identifying individuals suitably qualified to be appointed as the KMPs or in the senior management of the Company;
- c. recommending to the Board on the selection of individuals nominated for directorship;
- d. making recommendations to the Board on the remuneration payable to the Directors/ KMPs/Senior Managements so appointed/reappointed;
- e. assessing the independence of independent directors;
- f. such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Companies Act 2013 and Rules thereunder.
- g. to make 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;
- h. ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

IV. COMPOSITION OF THE NOMINATION & REMUNERATION COMMITTEE

The composition of the Nomination & Remuneration Committee shall be as decided by the Board from time to time. The Board at all times ensure that the composition of the Committee is in compliance with Section 178 of the Companies Act, 2013.

V. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT.

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/ her appointment.
- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c. The Company shall appoint any person as a Non-Executive Director of the Company and there is no age limit for his / her appointment.
- d. The Company shall not appoint or continue the employment of any person as Managing Director, Whole Time Director or Manager who has attained the age of seventy years. However, in case of Managing Director, Whole Time Director or Manager, who has attained the age of seventy years, his / her appointment may be made by passing a Special Resolution.
- e. The Committee shall undertake a process of Due Diligence based on the criteria of qualification, technical expertise, track record, integrity etc. and shall ensure that proposed or existing Director meets the fit and proper criteria as prescribed by the Reserve Bank of India.
- f. Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

VI. FIT AND PROPER CRITERIA

The Nomination and Remuneration Committee shall undertake a process of Due Diligence based on the criteria of qualification, technical expertise, track record, integrity etc. as detailed in the 'Fit & Proper Criteria policy' of the Company before appointing/re-appointing any person as a director on the Board.

VII. INDEPENDENT DIRECTORS

An Independent Director shall hold office for a term up to maximum five consecutive years on the Board of the Company and will be eligible for re-appointment for another term of maximum five years on passing of a Special

Resolution by the Company. The Independent Director shall not retire by rotation. The Committee shall review and ensure that a person who is being nominated as an Independent Director fulfils the criteria as stipulated under section 149(6) of the Companies Act, 2013.

VIII. REMUNERATION TO THE DIRECTORS, KMP AND SENIOR MANAGEMENT

The Nominations & Remuneration Committee determines individual remuneration packages for Directors, KMPs and Senior Managements of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines.

The remuneration for Executive Directors shall be arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry, future contribution. The elements of the remuneration and limits will be applicable as defined in the Companies Act, 2013.

The Executive Directors, KMP and Senior Management shall be entitled to the variable component in their salary structure which comprises annual performance of the Individual employee.

The Non-Executive and Independent Directors of the Company would be paid sitting fees within the permissible limits prescribed under the Companies Act, 2013 and rules framed thereunder for attending meetings. The sitting fee shall be decided by the Board from time to time.

IX. POLICY REVIEW

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.