

BELSTAR MICROFINANCE LIMITED

NOMINATION & REMUNERATION COMMITTEE'S CHARTER

@Reviewed by The Board of Directors on April 29, 2021



OBJECTIVE

To develop a compensation philosophy across the organization which is fair, transparent and equitable. The philosophy should enable the Company to attract, develop and retain best talents (both, employees and Directors) and also to reward them based on the quality of the people, their performance and capability to run the company to achieve its purpose and organizational goals.

SCOPE

The scope of the Nomination & Remuneration Committee ("the Committee") would inter alia include:

- To 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/or removal.
(Source : Sec 178 (2) - Companies Act, 2013)
- To carry out the evaluation of every Director's performance.
(Source : Sec 178 (2) - Companies Act, 2013.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director.
(Source : Sec 178 (3) - Companies Act, 2013)
- To recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees. Such Remuneration policy shall be disclosed in the Annual Report of the Company.
(Source : Sec 178 (3) - Companies Act, 2013)
- To review and recommend, subject to the Shareholders' approval, the remuneration of the Managing Director and other Whole-time / Executive Directors.
(Source : Sec 178 (3) - Companies Act, 2013 & Schedule II Part 2 of the Companies Act, 2013)
- The Committee while formulating the remuneration policy should ensure that
 1. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate human resources of the quality required to run the company successfully;
 2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 3. Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
(Source : Sec 178 (4) - Companies Act, 2013)

Such other matters as the board may from time to time request the Committee to examine and recommend / approve.

COMPOSITION

1. Members:

The Committee will consist of at least three Members who shall be appointed by the Board. The Members of the Committee shall be Non-Executive Directors and of which not less than one-half shall be Independent Directors.

(Source : SEBI's Clause 49 (IV) (A) & Section 178 (1))

2. Chairman:

The Chairman of the said Committee shall be an Independent Director. If the Chairman of the Committee is not present at a Meeting of the Committee, the Members present may elect another Independent Director to act as Chairman for that Meeting. The Chairman shall not have a casting vote on any matter in the event of any equality of votes. In such a case the matter will be presented to the board for approval.

(Source : SEBI's Clause 49 (IV) (A)).

3. Secretary

The Company Secretary shall act as Secretary to the Committee. (Source : Audit Committee's Charter & Secretarial Standards) Quorum: The Quorum of Meetings of the Committee shall be a minimum of two independent members.

(Source : Audit Committee's Charter & Secretarial Standards)

4. Agenda :

The papers for the NRC Meeting shall be circulated to the members of the Committee by the Secretary at least 3 days in advance before the meeting.

(Source : Audit Committee's Charter & Secretarial Standards)

5. Frequency:

While it is desirable to have one meeting in each quarter; a minimum of two meetings shall be held in every financial year. If necessary, additional meetings may be held. The Committee may take action in lieu of a Meeting by obtaining the consent of its Members by passing Resolutions through circulation.

(Source : Companies Act, 2013)

6. Minutes:

Minutes of each Committee Meeting are to be prepared by the Company Secretary and sent to all the Committee Members for approval within 15 days of the completion of the meeting. The

Minutes together with the corrections or suggestions, if any, from the members of the Committee shall be recorded, in any case, not later than 30 days from the date of the meeting. The Company Secretary shall maintain minutes of all Committee Meetings for permanent records. The Minutes of the Committee shall be signed by the Chairman at the next meeting of the Committee. The Minutes of every Committee Meeting shall be placed before the Board of Directors for them to note.

(Source : Secretarial Standards)

7. Invitees:

The Chairman of the Committee may invite the Managing Director / Executive Director, or such other Executives as it may deem fit to discuss and consider the items on the agenda effectively.

DUTIES, RIGHTS AND RESPONSIBILITIES:

1. The Committee is authorised to review the following:
 - a. elements of the remuneration package i.e. salary, perquisites, retirement benefits, pension, separation compensation, and the structure of the remuneration package viz., the proportion of fixed and variable component, annual / mid-term increments, merit rewards, special payments, etc., of the Managing / Executive Director and that of the Key Managerial Personnel.
 - b. Changes to remuneration package, terms of appointment, notice period, severance fees, recruitment, retention and termination policies and procedures;
(Source : Companies Act, 2013)
2. To recommend the shortlisted candidates who are qualified to become directors and who may be appointed in senior management and recommend to the Board their appointment and / or removal.
(Source : SEBI's Clause 49 (IV) (B) (4))
3. The Committee shall review the succession plans, if any, for both executive and non-executive Directors.
4. The Committee is authorized to seek any information it requires about any employee and the management is directed to co-operate with any request made by the Committee
5. The Committee may obtain outside legal or other independent professional advice with regard to issues pertaining to remuneration, incentives etc. Pertaining to industry practices as and when required.
6. The Chairman of the Committee could be present at the Annual General Meeting to answer shareholders' queries.
(Source : SEBI's Clause 49 (IV) (C))
