



BELSTAR MICROFINANCE LIMITED

Nomination and Remuneration Policy

@Reviewed by The Board of Directors On January 31, 2022

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1. PURPOSE

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of every Company shall constitute the Nomination and Remuneration Committee, to guide the Board on various issues on appointment, performance evaluation and remuneration of Directors, Key Managerial Personnel and Senior Management.

2. APPLICABILITY

This policy is applicable to all Directors, Key Managerial Personnel (KMP), and Senior Management team of Belstar Microfinance Limited (“the Company”).

3. OBJECTIVES

This policy is framed with the following objectives:

- I. To guide the Board in the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- II. To evaluate the performance of members of the Board and provide necessary report to the Board for further evaluation.
- III. To attract, retain and motivate the Senior Management including its Key Managerial Personnel, evaluation of their performance and provide necessary report to the Board for further evaluation.
- IV. Ensure that the relationship of remuneration with performance is clear and meets appropriate performance benchmarks, based on the Company’s size and financial position and practices in the industry.
- V. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- VI. To promote and develop a high performance workforce in line with the Company’s strategy.
- VII. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Director (Executive & Non- Executive/ Independent/Nominee) and persons who may be appointed in Senior Management, Key Managerial Personnel and to determine their remuneration.

4. DEFINITIONS

- I. **“Act”** means Companies Act, 2013 and rules framed thereunder as amended from time to time.
- II. **“Board of Directors”** or **Board**, in relation to the Company, means the collective body of the Directors of the Company.

- III. **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- IV. **“Company”** means **“Belstar Microfinance Limited”**.
- V. **“Policy”** or **“This policy”** means Nomination and Remuneration Policy.
- VI. **“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.
- VII. **“Independent Director”** means a Director referred to in Section 149 (6) of the Companies Act, 2013.
- VIII. **“Key Managerial Personnel” (KMP)** means
 - a. The Chief Executive Officer or the Managing Director or the Manager;
 - b. The Whole-Time Director
 - c. The Chief Financial Officer and
 - d. The Company Secretary

IX. “Senior Management” mean personnel of the company who are members of its core management team excluding Board of Directors and comprising of all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and the Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.

5. POLICY

5.0 CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee will consist of minimum three or more non-executive directors, out of which at least 2/3rd shall be independent director(s), Chairperson of the Committee Independent Director, provided that Chairperson of the Board of the Company may be appointed as a member of this Committee but shall not chair such Committee.

The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirements including the Listing Agreement.

The meeting of the Committee shall be held at such regular intervals as may be required to carry out the objectives set out in the Policy.

The Committee members may attend the meeting physically or through Video conference or through permitted audio –visual mode, subject to the provisions of the applicable laws. The Committee shall have the authority to call for the meeting such employee (s), senior official(s) and / or external personnel, as it deems fit. The Company Secretary shall act as Secretary to the Committee.

5.1 FREQUENCY & QUORUM

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.

Quorum to be higher of 1/3rd members or 2, with at least 1 Independent Director.

5.2 ROLE AND POWERS OF THE COMMITTEE:

The Role and Powers of the Committee shall be as under:

- a) To formulate the Nomination and Remuneration policy of the Company and propose any amendments.
- b) To formulate a criterion for determining qualifications, positive attributes and independence of a Director.
- c) To formulate criteria for evaluation of Independent Directors and the Board.
- d) To identify persons who qualify to become Directors and who may be appointed in Senior Management
- e) To carry out evaluation of every Director's performance.
- f) To recommend to the Board the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- g) To recommend to the Board, the policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- h) To ensure that the level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- i) To carry out any other function as is mandated by the Board from time to time and /or enforced by the statutory notification, amendment or modification, as may be applicable.
- j) To devise a policy on Board Diversity.
- k) To assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board, Key Managerial Personnel and to Senior management.

- l) To recommend whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors

The Chairperson of the Nomination and Remuneration Committee or, in his absence, any other member of the Committee authorised by him, shall be present at the General meetings of the Company, to answer the shareholders queries, if any.

The Nomination and Remuneration Committee shall set up a mechanism to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and /or Officers of the Company, as deemed necessary for proper and expeditious execution.

6. APPOINTMENT OF MANAGERIAL PERSONNEL, DIRECTOR, KMP AND SENIOR

6.1 MANAGEMENT:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Personnel, Director or Key Managerial Personnel or Senior Management 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) Appointment of Independent Directors is also subject to compliance of provisions of section 149 of the Companies Act, 2013, read with Schedule IV and rules thereunder and the Listing Regulations.

6.2 TERM / TENURE

a. **Managerial Personnel:**

The Company shall appoint or re-appoint any person as its Managerial Personnel for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b. **Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and Disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

The maximum tenure of Independent Directors shall also be in accordance with the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

6.3 RETIREMENT:

Any Director other than the Independent Director, Key Managerial Personnel and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, Key Managerial Personnel, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

6.4 REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT:

- a. The Remuneration / Compensation / Profit linked Incentive etc. to Managerial Personnel, Key Managerial Personnel and Senior Management will be determined by the Committee and recommended to the Board for approval. The Remuneration / Compensation / Profit Linked Incentive etc. to be paid for Managerial Personnel shall be subject to the prior/post approval of the shareholders of the Company, wherever required.
- b. The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the Rules made thereunder for the time being in force.
- c. Directors, Key Managerial Personnel and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013 and the Rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to Provident Fund, Pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders, wherever required.
- d. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013.
- e. If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the approval / ratification of the shareholders,

where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

- f. Increments if declared to the existing remuneration / compensation structure shall be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel.
- g. Increments if declared will be effective from 1st April of each financial year in respect of Directors, Key Managerial Personnel, Senior Management subject to other necessary approvals from statutory authorities as may be required.
- h. Where any insurance is taken by the Company on behalf of its Directors, Key Managerial Personnel and Senior Management for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

6.5 REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTORS:

a. Remuneration / Profit Linked Commission:

The remuneration / profit linked commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the Rules made thereunder for the time being in force.

b. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c. Limit of Remuneration /Profit Linked Commission:

Remuneration /profit linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1%/3% of the net profits of the Company respectively.

d. Stock Options:

Pursuant to the provisions of the Companies Act 2013, Directors, Key Managerial Personnel and Senior Management shall be entitled to any Employee Stock Options Policy of the Company.

6.6 FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:

- a) The Company shall familiarize the Independent Directors with the company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the company, etc., through various programmes.

- b) The details of such familiarization programs shall be disclosed on the Company's website and a web link thereto shall also be given in the Annual Report.

7. MONITORING, EVALUATION AND REMOVAL:

I. Evaluation:

The Committee shall carry out evaluation of performance of every Managerial Personnel, Director, KMP and Senior Management on yearly basis.

II. Removal:

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Director, KMP or Senior Management subject to the provisions of Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

III. Minutes of Committee Meeting:

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 at the next Board Meeting for their information.

IV. 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.

8. AMENDMENT TO THE POLICY:

The Board of Directors on its own and / or as per the recommendations of the Committee can amend this Policy, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification, circular(s) etc.

9. DISCLOSURE:

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein or alternatively the same may be put up on the Company's website and reference drawn thereto in the Annual Report.
