



## **Nomination & Remuneration Policy**

### **M POWER MICRO FINANCE PRIVATE LIMITED**



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### **1. INTRODUCTION:**

This Nomination & Remuneration Policy (Policy) of M Power Micro Finance Private Limited (“M Power”) has been formulated in accordance to Section 178 (3) and (4) of the Companies Act, 2013 for its directors, key managerial personnel and other employees keeping in view the following objectives:

- 1.1 Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.
- 1.2 Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- 1.3 Ensuring that remuneration 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.

### **2. CONSTITUTION OF THE COMMITTEE:**

The constitution of the Committee is in line with the requirements under the Companies Act, 2013.

The Committee shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors:

The chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

The Board has authority to reconstitute the Committee from time to time.

### **3. DEFINITIONS:**

1. “Act” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
2. “Board” means Board of Directors of the Company.
3. “Key Managerial Personnel” (KMP) means Managing Director, or Chief Executive Officer or Manager Whole-time Director; Chief Financial Officer; Company Secretary; and such other officer as may be prescribed.
4. “Senior Management” means the personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising 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 / Listing Agreement, if applicable, as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **4. ROLE OF THE COMMITTEE:**

- 4.1 To ensure fit and proper credentials of proposed/ existing Directors;
- 4.2 To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- 4.3 To formulate criteria for evaluation of Independent Directors and the Board;
- 4.4 To devise a policy on Board diversity;



- 4.5 To determine on behalf of the Board and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment;
- 4.6 To determine the revenue matrix, salary and bonus to be paid to Whole-Time-Director(s) or Managing Director of the Company;
- 4.7 To determine the sitting fee to be paid to the members of the Board;
- 4.8 To recommend to the Board the revenue matrix, salary and bonus to be paid to the Key Management Personnel of the Company;
- 4.9 To identify, appoint and review the performance of Key Management Personnel of the Company;
- 4.10 To determine the criteria for the grant of options or shares under the Stock Option or Stock Purchase Scheme;
- 4.11. To consider any other matter as may be required under the Stock Option or Stock Purchase Scheme of your Company;
- 4.12 To authorize to implement any matter in relation to the above functions/ powers;
- 4.13 To delegate any of the powers mentioned above to the executives of the Company.
- 4.14 To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws;
- 4.15 To 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.

## **5. TERM/TENURE:**

### **5.1 Managing Director/Whole-time Director:**

The Company may appoint or re-appoint a person as its Executive Chairman, Managing Director or Executive Director 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.

### **5.2 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 re-appointment for another term up to five consecutive years. No Independent Director shall hold office for more than two consecutive terms. The terms and conditions of appointment will be as prescribed from time to time under the Companies Act, 2013.

### **5.3 Removal:**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder or for such other compelling reasons, the Committee may recommend to the Board with reasons recorded in writing, removal of an Independent Director, KMP or Senior Management Personnel subject to the provisions and compliance to the Act, Rules and Regulations and applicable policies of the Company.

### **5.4 Retirement:**

The Independent Directors shall not be liable to retire by rotation. The other Directors, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and prevailing policies of the Company. The Board will have the discretion to retain the Whole-time Directors, KMP or other



Senior Management Personnel in the same position/remuneration or otherwise, for the benefit of the Company.

## **6. POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND OTHER EMPLOYEES:**

6.1 The remuneration should be reasonable and sufficient in order to justify the position and responsibility and to retain the Directors;

6.2 Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

6.3 Remuneration to Whole-Time Directors, KMP and Senior Management Personnel and other employees involves a clear balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

## **7. REMUNERATION TO WHOLE-TIME DIRECTORS, KMP, SENIOR MANAGEMENT AND OTHER EMPLOYEES:**

7.1 Remuneration to the Directors will be determined by the Committee and recommended to the Board. The same shall be subject to the approval of the shareholders.

7.2 Increments to the existing remuneration of the Directors shall be approved by the Committee within the overall limits as approved by the shareholders and placed before the Board.

7.3 Increments to the existing remuneration of KMP and Senior Management will be approved by the committee and recommended to the Board.

7.4 While determining the remuneration/ compensation/ benefits, etc. to the Whole-Time Directors, KMP and Senior Management Personnel and other employees, the Committee shall keep in mind the following criteria:

7.4.1 That the remuneration is aligned with market when compared to relevant peer companies;

7.4.2 Understandable and valuable to the talent the Company wishes to attract, motivate, engage and retain.

## **8. REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTORS:**

8.1 Sitting Fees: Non-Executive/Independent Directors shall be paid sitting fees and conveyance for attending the meetings of the Board. The Board may at its discretion revise the sitting fees payable to the Non-Executive/Independent Directors from time to time provided that the amount of such fees shall not exceed the limits prescribed under the Companies Act, 2013 or rules made thereunder.

## **9. POLICY REVIEW:**

9.1 This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder.

9.2 In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

9.3 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 to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.