

# **NOMINATION AND REMUNERATION CHARTER**



## **MICRO UNITS DEVELOPMENT & REFINANCE AGENCY LIMITED**

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## NOMINATION AND REMUNERATION CHARTER

### INTRODUCTION

In terms of Section 178 of the Companies Act, 2013 (*hereinafter referred to as "Act"*), a charter of Nomination and Remuneration of Directors of Micro Units Development & Refinance Agency Ltd. (*hereinafter referred to as "MUDRA / Company"*) is proposed to be approved by the Board of Directors (*hereinafter referred to as "Board"*) of the Company on the recommendation of Nomination and Remuneration Committee (*hereinafter referred to as "NRC / Committee"*).

### CONSTITUTION OF NRC

The Board of MUDRA has the power to constitute / reconstitute NRC from time to time, in order to make it consistent with applicable statutory requirements. The Board of MUDRA can also delegate its power of constitution or re-constitution of NRC to Chairman of Board or any other officer of the Company, if it decides so.

### DEFINITIONS:

**"Act"** shall mean the Companies Act, 2013 and the Rules made there under, including the modifications, amendments, clarifications, circulars or re-enactment thereof.

**"Board"** means Board of Directors of the Company.

**"Charter"** means Nomination and Remuneration Committee Charter.

**"Committee"** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board / Chairman of the Board, if so authorized by the Board.

**"Company"** means Micro Units Development & Refinance Agency Ltd. (MUDRA).

**"Directors"** mean Directors of the Company.

**"Independent Director"** means a Director referred to in Section 149 (6) of the Act.

**"Key Managerial Personnel"** in relation to Company mean the persons as defined in Section 2 (51) of the Act.

**"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.

**“Senior Management”** means 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 as may be amended from time to time shall have the meaning respectively assigned to them therein.*

**OBJECTIVE OF NRC:**

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and senior management
- Ascertain the ‘fit and proper’ criteria of existing and proposed Directors
- Recommend to the Board, appointment and removal of Directors
- Facilitate the evaluation of the Directors and Board
- Recommend remuneration of Board of director / KMPs of the Company
- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, KMPs of the quality required to run the company successfully

**ROLES AND RESPONSIBILITIES OF THE COMMITTEE: -**

The Committee shall function in compliance with Section 178 of the Act, read along with the applicable rules thereto. The Key roles and responsibilities of the Committee would be:

- i. Assess the requirements of appointing / re-appointing / removal of the Board of Directors / KMP of the Company, in terms of its AoA and decisions of the Board.
- ii. Identify suitable personnel for being appointed in the Board and who may be appointed in senior management in accordance with the criteria laid down.
- iii. Assess fulfillment of ‘fit and proper’ criteria of proposed / existing Directors based upon qualification, expertise, track record, integrity by scrutinizing the declarations and undertakings received from directors and recommend them for the appointment by Board.

- iv. Make recommendations to the Board on remuneration payable to the Directors/ KMPs based on Company's financial position, trends and practices on remuneration prevailing in the industry;
- v. Coordinate and oversee annual evaluation of the performance of the Board and directors.
- vi. Assist the Board in assessing Director's performance, based on the evaluation policy finalized by the Board, recommend to the Board, appointment – reappointment / removal based on his / her performance and provide necessary report to the Chairman / Board for its decision making.
- vii. Review the Board evaluation process / policy of the Company and recommend necessary modifications to the Board, in the process / policy, as and when required necessary.
- viii. Carrying out Due-Diligence of proposed Directors. As and when required a consultant may be engaged in this regard with the approval of MD &CEO.

#### **MEMBERSHIP:-**

- The Committee shall consist three or more non-executive directors out of which not less than one-half shall be Independent Directors.
- In addition to the Committee members, the Committee may co-opt non-directors or other directors to provide specific skills or expertise, as required.
- The membership of NRC shall be disclosed in the Annual Report of the Company.

#### **QUORUM**

- **One third of its total strength** or two directors, **whichever is higher**, one shall be Independent Director, present in person or by using any technology, shall constitute a quorum. The quorum must be present at all times during the meeting.

#### **CHAIRMAN:-**

- In absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman;
- Chairman of the NRC meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

### **FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required but atleast once in a financial year to review and evaluate the performance of directors of the Company. The Committee may meet in person or through other methods like video conferencing, audio conferencing etc. as may be permitted under the Act from time to time.

### **ATTENDANCE AT MEETINGS**

- (a) KMP or their delegates may attend meetings of the Committee, other than those meetings or parts of Committee meetings which are deemed to be closed to management.
- (b) The Chair, may invite any of the following to attend a meeting of the Committee:
  - (i) any other employee or officer of the Company; and
  - (ii) a party external to the Company.

Each invitee must undertake to keep the relevant communications of the proceedings of the Committee meeting confidential.

### **CIRCULAR RESOLUTION**

The decisions can be taken by the Committee members by way of a circular resolution wherever it is not possible to have a meeting of the Committee members. The Circular resolution if approved by majority of the members shall be deemed to have been passed from the date of circulation. Provided no other effective date is specified in such Resolution and such decisions taken by the Committee members by way of a circular resolution shall be confirmed and noted in its subsequent meeting.

### **COMMITTEE MEMBERS' INTERESTS**

A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

### **SECRETARY**

The Company Secretary / or any other official of MUDRA authorized by the MD & CEO, shall act as Secretary of the Committee. Secretary shall provide all the assistance as required in organizing the Committee meeting and recording of minutes of the meeting.

**VOTING**

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- In the case of equality of votes, the Chairman of the meeting will have a second casting vote.

**MINUTES OF COMMITTEE MEETING**

- The Secretary will maintain minutes of its meetings, which will be circulated to the Committee for confirmation by the members and submitted in the subsequent Committee meeting for signing and /or noting as the case may be.
- Proceedings of all meetings shall be minuted and signed by the Chairman of the Committee on or before the subsequent meeting.
- The duly confirmed and signed minutes shall be placed before the Board for noting at its subsequent meeting.
- The minutes may be altered with the explicit approval by passing of a resolution by the Committee.

**ACT TO PREVAIL OVER THIS CHARTER**

- In case of any deviation in this Charter from the provisions of the Companies Act, the provisions of the Companies Act, 2013 shall prevail on this Charter and apply to the Committee

**AMENDMENTS TO THE CHARTER**

- The Board of Directors on its own or by a person authorized by the Board and / or as per the recommendations of NRC can amend this charter, as and when deemed fit.

**AMENDMENTS IN THE LAW**

- Any subsequent amendment / modification in the Act and /or other applicable laws in this regard shall automatically apply to this Charter.

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