

Nomination & Remuneration Policy

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Samasta Microfinance Limited

CIN: U65191KA1995PLC057884

Regd. & Head Office: No. 110/3, Lalbagh Main Road, Bangalore – 560027 India T +91 80 4291 3500

Corporate Office: 37A, Sannathi Street, Theradi Thiruvottriyur, Chennai – 600019 (Tamil Nadu)

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I. OBJECTIVE:

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been approved by the Nomination and Remuneration Committee (NRC) and Board of Directors.

II. 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 (wherever applicable), as may be amended from time to time shall have the meaning respectively assigned to them therein.

III. Role of NRC:

- i) identify persons who are qualified to become Directors and who may be appointed in Senior Management and recommend to the Board their appointment and/or removal;
- ii) carry out evaluation of every Director’s performance;
- iii) formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- iv) to devise Policy on remuneration including any compensation and related payments of the Directors, Key Managerial Personnel and other employees and recommend the same to the Board of the Company;
- v) To carry out such other business as may be delegated by the Board from time to time or required by applicable law or considered appropriate in view of the general terms of reference and the purpose of the NRC.

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

1. Appointment Criteria and Qualifications

a) A person being appointed as Director, KMP or in Senior Management should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The director shall possess Positive attributes such as to be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity and assist the company in implementing the best corporate governance practices.

b) Independent Director:

(i) Independence of Director

An Independent director's Independence shall be as mentioned in the Sub Section 6 of Section 149 of the Companies Act, 2013.

(ii) Qualifications of Independent Director:

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of Finance, Law, Management, Sales, Marketing, Administration, Research, Corporate Governance, Operations or other disciplines related to the business of the Company.

(iii) Positive attributes of Independent Directors:

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

2. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations, NRC 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 Act, rules and regulations.

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3. Retirement

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing Policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

V. Remuneration:

A. Directors:

a. Executive Directors (Managing Director, Manager or Whole-time Director):

i. At the time of appointment or re-appointment, the Executive Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the NRC and the Board of Directors) within the overall limits prescribed under the Companies Act, 2013.

ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting and in accordance with the provisions of the Companies Act, 2013

iii. The remuneration of the CEO & Managing Director is broadly divided into fixed and incentive pay. In determining the remuneration (including the fixed increment and performance bonus) NRC shall consider the following:

a. the relationship of remuneration and performance benchmark;

b. balance between fixed and incentive pay reflecting short and long-term performance objectives, appropriate to the working of the Company and its goals;

c. responsibility required to be shouldered, the industry benchmarks and the current trends; and

d. the performance of the Company vis-à-vis the annual budget achievement and individual performance.

b. Non-Executive Director:

i. The Non-Executive Independent Director may receive fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

ii. A Non-Executive Director may be paid commission on an annual basis, of such sum as may be approved by the Board on the recommendation of NRC and in accordance with the provisions of the Act;

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iii. NRC may recommend to the Board, the payment of commission on uniform basis, to reinforce the principles of collective responsibility of the Board.

iv. In determining the quantum of commission payable to the Directors, NRC shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.

v. The total commission payable to the Directors in any financial year shall not exceed 1% of the net profit of the Company to be computed in the manner as provided under the Act;

vi. The commission shall be payable on pro-rata basis to those Directors who occupy office for part of the year.

B. KMP & Senior Managerial Personnel:

i. The remuneration / compensation / commission etc. to the KMP and Senior Management will be determined and approved by NRC. The remuneration of managerial personnel shall be subject to the approval of the shareholders of the Company and Central Government, wherever required, as specified in the Act.

ii. While approving the remuneration of the Key Managerial Personnel and Senior Management of the Company, NRC will consider maintaining a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company.

iii. NRC shall consider and determine that the compensation of remuneration is reasonable and sufficient to attract retain and motivate KMP and senior management.

VI. Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

The Committee shall also formulate and provide criteria for evaluation of Independent Directors and the Board as a whole.

VII. Other Details:

Membership

NRC shall consist of a minimum 3 Non-Executive Directors, majority of them being Independent Directors. The Chairperson of the Committee shall be an Independent Director.

Executive Director, Whole-time Director, etc. can be appointed as a member of NRC but, however, shall not chair the NRC. The term of NRC shall be continued unless terminated by the Board of Directors.

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Frequency of Meetings

The meeting of NRC shall be held at such regular intervals as may be required.

NRC may invite such Executives, as it considers appropriate, to be present at its meetings.

Secretary

The Company Secretary of the Company shall act as Secretary of NRC. In absence of Company Secretary, NRC may designate any other official(s) or any of the member of NRC who shall act as a Secretary of NRC.

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