
Nomination and Remuneration Policy

**For Directors, Key Managerial Personnel and Senior
Management**

Of

Bandhan AMC Limited

Document Control

Date	Author	Reviewed by	Version	Change Reference
April 1, 2023	Rasika Salgarkar	Swati Singh, Nirav Sanghavi	1/2023	Initial Setup. Effective May 10, 2023

Introduction

As per the provisions of Section 178 of the Companies Act, 2013 and the SEBI circular on Risk Management Framework (RMF) for Mutual Funds (SEBI/HO/IMD/IMD-1 DOF2/P/CIR/2021/630) dated September 27, 2021, as amended from time to time, this Policy has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors vide its resolution dated May 10, 2023.

This Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel and Senior Management.

Objective

The policy is framed with the objective(s):

- To lay down criteria and terms and conditions with regard to identifying and appointing persons who are qualified to become Directors (Executive and Non-executive), to determine their performance evaluation criteria and their remuneration.
- To lay down criteria and terms and conditions with regard to identifying and appointing persons who may be appointed as Key Managerial Personnel (KMP) or Senior Management, and to determine their remuneration.

The Composition & Functions of the Nomination and Remuneration Committee are provided as **Annexure A**.

Definitions

In this Policy unless the context otherwise requires:

1. 'Act' means Companies Act, 2013 and rules thereunder. 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the directors of the Company.
2. 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
3. 'Company' means Bandhan AMC Limited (erstwhile IDFC Asset Management Company Limited).
4. "Chief Executive Officer" means an officer of a company, who has been designated as such by it.
5. "Chief Financial Officer" means a person appointed as the Chief Financial Officer of a company.
6. 'Company secretary' or 'Secretary' means a company secretary as defined in clause(c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) who is appointed by a company to perform the functions of a company secretary under the Act.
7. 'Directors' means Directors of the Company.
8. 'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013.
9. 'Key Managerial Personnel' (KMP) means:
 - a. the Chief Executive Officer or the Managing Director or the Manager
 - b. the Company Secretary
 - c. the Whole-Time Director

- d. the Chief Financial Officer; and
 - e. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board.
10. “Manager” means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not
 11. “Managing Director” means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.
 12. ‘Ministry’ means the Ministry of Corporate Affairs.
 13. ‘Regulations’ refers to and comprise of the Companies Act, 2013, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 and such other rules, provisions and amendments as applicable to the matters dealt in by this Policy.
 14. ‘Senior Management Personnel’ for this purpose shall mean employees of the company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional heads.
 15. “Whole-time Director” includes a director in the whole-time employment of the company.
 16. “Nomination and Remuneration Committee” or “NRC” means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

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.

A. DIRECTOR/ MANAGING DIRECTOR/ WHOLE TIME DIRECTOR/ NON EXECUTIVE DIRECTOR/ INDEPENDENT DIRECTOR

a. Appointment

On review and assessment of the Board composition, the NRC recommends the appointment of new Directors. For evaluating the suitability of an individual Board Member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of Director:

1. All Board appointments will be merit based, in the context of the skills, experience, independence and knowledge required for the Board as a whole to be effective.
2. Ability of the candidate to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
3. Adherence to the prescribed criteria of Independence, if applicable, Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. Upon receipt of the consent from NRC, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Act and Rules/Regulations.

Appointment of Independent Directors is subject to compliance provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder.

Removal of Directors

If a Director is attracted with any disqualification as mentioned in any of the applicable Acts, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

b. Evaluation

The Board/ Committee shall carry out an evaluation of the performance of every Director, Independent Director, and Chairperson of the Board at regular intervals. The same may however be delegated by the Board to an external agency.

Role of Board in evaluation:

The Board shall carry out the annual evaluation process of its own performance as envisaged in the Act and the individual Directors (excluding the Director being evaluated). The criteria to evaluate encompasses three broad factors namely – contribution, counselling and controlling.

- The Board performance evaluation shall: review the role of the Board and the individual Directors; assess the Board effectiveness – both the Board as a whole and Individual Director's contribution to general discussions, business proposals and governance practices; evaluate the quality of the discussions at Board meetings, the level of interpersonal cohesion amongst the Board members;
- Evaluate its effectiveness in use of time, opportunity to adequately assess the management performance, keeping abreast of developments in the business and regulatory environment, frequency and duration of the meetings. factor the suggestions received from Directors for change/improvisation.
- Assess that the duties are discharged in accordance with provisions of the Act.

Committees of the Board

This Policy is to ensure that the Committees, to whom the Board has delegated responsibilities, are performing efficiently and effectively in accordance with the terms of reference set out in their Charter. This encompasses the necessity of establishing any Committee and reviewing the Charter of the Committee from time to time.

Chairperson (if applicable)

The performance of the Chairperson be evaluated, amongst other things, on the basis of leadership qualities, strategic thinking, decision making, business acumen, contribution to resolution of divergent views, time commitment, interaction with management, relationships and communications with the Stakeholders.

Director/ Managing Director/ Whole Time Director (if applicable)

The performance of Director/ Managing Director/ Whole Time Director shall be first reviewed by the Chairperson and recommendations be made to the Nomination and Remuneration Committee. Some of the parameters for evaluation that can be considered are:

- To assess the overall contribution to the performance of the Company in terms of the tasks handled
- Leadership qualities
- Conduct of Meetings, in the absence of the Chairperson, if the need arises
- Contribution to strategic Plans
- Decision making abilities, relationship with stakeholders.

Non-Executive Directors

The performance of Non-Executive Directors is evaluated, amongst other things, on the basis of strategic thinking, business acumen, teamwork, contribution to resolution of divergent views, proactive participation, and time commitment. The performance of the Individual Director's will also be assessed on handling the conflict of Interest/situation, if any.

Independent Directors

The performance evaluation of Non-Executive Independent Director's ("NEID") shall be done by the entire Board of Directors, excluding the Director being evaluated.

Independent Directors have key roles to perform namely in the areas of governance, guiding in strategy formulation, ensuring statutory compliances and such other key matters which could be of importance to the Company. Some of the performance indicators on which the Independent Directors may be evaluated are:

- Contributing and monitoring of Corporate Governance practices.
- Attendance at Board, Committee Meetings of the Company, etc.
- Making aware of international best practices for improvement.
- Active participation in strategic planning.
- Commitment to the fulfilment of duties and fiduciary responsibilities as enshrined in various statutes and charter of Committees.
- Not allowing any extraneous considerations that will vitiate his/ her exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.
- Refraining from any action that would lead to loss of his/ her independence.
- Maintain confidentiality of information provided, unless such disclosure is expressly required by law.

c. Remuneration

Director/ Managing Director/ Whole Time Director (if applicable)

Remuneration:

The Whole-time Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the fixed pay, performance bonus and quantum of perquisites including, employer's contribution to PF, pension scheme, medical expenses or any other perks or benefits shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company may pay remuneration to its Whole-time / Executive / Managing Director, within limits specified under Schedule V of the Companies Act, 2013.

Provisions for excess remuneration:

If any Whole-time Director 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 prior sanction of the Central Government, where required, he / she shall refund such sums to the Company within two years or such lesser period as may be allowed by the company, and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless approved by the Company by special resolution within two years from the date the sum becomes refundable.

Stock Options:

Pursuant to the provisions of the Act, Director may be eligible to the stock option of the Company in consultation with the NRC and the board as appropriate.

Non-Executive / Independent Director

Sitting Fees:

The Non-executive Directors of the Company shall be paid sitting fees as per the applicable Regulations. The quantum of sitting fees will be determined as recommended of Nomination and Remuneration Committee and approved by the Board of Directors of the Company. Further, boarding and lodging expenses and travel expenses shall be reimbursed to the Directors.

Stock Options:

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.

Disclosures in the Board's Report

The disclosures as required under the relevant provisions of the Companies Act, 2013, the rules made thereunder shall be made with regard to the remuneration details of the Directors.

d. Term / Tenure

Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time 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 the term.

Independent Director

The maximum tenure of Independent Directors shall be in accordance with the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs and as provided under the SEBI (Mutual Funds) Regulations, 1996, in this regard, from time to time.

B. KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

a. Appointment

Key Managerial Personnel:

The Committee shall identify and ascertain the integrity, qualification, expertise, and experience of the candidate internally or externally for appointment as KMP. NRS shall recommend to the Board for its consideration and appointment in accordance with the applicable provisions of the Act and Rules.

Removal of Key Managerial Personnel:

If a KMP is attracted with any disqualification as mentioned in any of the applicable Acts, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of KMP subject to the compliance of the applicable statutory provisions.

Senior Management:

The HR shall identify the most suitable candidate(s) based on the evaluations done during the selection /search process and would cover such parameters like: qualifications, positive attributes, experiences, etc as per the recruitment policy prevailing at the time of selection. The decision may also be based on conditions as best suitable for the business in accordance with statutory conditions as may be applicable from time to time.

The appointment /removal of Senior Management will be done in line with necessary approval by the Board.

b. Evaluation

The KMP and Senior Management are evaluated as per the performance management process of the company. The performance management process broadly consists of below three phases:

- Phase 1: Goals or Objective Setting and Development Planning
- Phase 2: Mid-Year Review
- Phase 3: Annual Review

In case of CEO, the performance management process will be done in consultation with NRC and the board as appropriate.

c. Remuneration

The KMP and Senior Management Personnel of the Company shall be paid monthly remuneration as per the Compensation policy of the Company and / or as may approved by the Committee. The break-up of the fixed pay, performance bonus and quantum of perquisites including, employer's contribution to PF, pension scheme, medical expenses and any other perks and benefits shall be as per the Compensation Policy of the Company.

The Head-HR and /or the Chief Financial Officer of the Company, will make org-wide annual presentation(s) before the Committee which would have requisite details setting out the proposed performance bonus payouts for the current financial year as well as the proposed increments for the next financial year. The Committee shall peruse and approve the same unless required under relevant regulations, to refer the same to the Board of Directors and / or Shareholders of the Company. In case any of the relevant regulations require that remuneration of KMPs or Senior Management is to be specifically approved by the Committee and / or the Board of Directors then such approval will be accordingly procured.

This Policy shall apply to all future / continuing employment / engagement(s) with the Company. In other respects, the Policy shall be of guidance for the Board. Any departure from the Policy shall be recorded and reasoned in the Committee and Board meeting minutes.

d. Employee Stock Options

KMP and Senior Management Personnel of the Company and its subsidiaries may be granted Employee Stock Options (ESOPs) from time to time as approved by the Nomination and Remuneration Committee, in accordance with the terms of ESOP Plan(s) of the Company.

Amendments to the Policy

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration 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(s), circular(s) etc.

Policy Owner – Head - HR

Annexure - A

Composition of Nomination and Remuneration Committee

The Nomination and Remuneration Committee will consist of three or more non-executive directors, out of which at least one-half shall be independent director(s), provided that chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee.

The Committee will meet at such intervals as deems fit to carry out the objectives set out in the Policy. A quorum of two members is required to be present for the proceedings to take place. The Committee members may attend the meeting physically or via permitted audio-visual mode, subject to the provisions of the applicable Regulations. The Committee shall have the authority to call such employee(s), senior official(s) and / or externals, as it deems fit. The Company Secretary shall act as Secretary to the Committee.

Functions of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall, inter-alia, perform the following functions:

1. 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 removal and shall carry out evaluation of every director's performance.
2. 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 and key managerial personnel.
3. Ensure that the Board comprises of a balanced combination of Executive Directors and Non-executive Directors and also the Independent Directors.
4. Oversee the formulation and implementation of ESOP Schemes, its administration, supervision, and formulating detailed terms and conditions in accordance with the applicable Guidelines.
5. Formulate the criteria for evaluation of Independent Directors and the Board.

The Chairperson of the Nomination and Remuneration Committee or any other member of such committee who is authorised by the Chairperson of the Committee, shall be present at the Annual General Meeting.

Provided that Nomination and Remuneration Committee shall set up 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.