

NOMINATION AND REMUNERATION
POLICY

NOMINATION AND REMUNERATION POLICY
IDBI Asset Management Limited

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Note:	This Policy is prepared keeping in mind the provisions of the Companies Act, 2013, and Rules thereunder and the prevalent industry practices. The Policy was introduced in August 2015 and was reviewed by the Nomination and Remuneration Committee in April 2019. The Policy will be reviewed and updated every financial year.

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IDBLASSET MANAGEMENT LTD.
NOMINATION & REMUNERATION POLICY

I. Background

In terms of Section 178(3) of the Companies Act 2013, the Nomination & Remuneration Committee (hereinafter referred as ‘NRC’ or ‘Committee’) will formulate and recommend to the Board a policy relating to the Appointment and Remuneration for Directors, Key Managerial Personnel and Senior Management of IDBI AMC.

In terms of Section 178 (4) of the Companies Act, 2013, while formulating the policy under Sub Section (3), the Committee shall ensure that:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to directors, key managerial personnel and senior management 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:

Provided that such policy shall be placed on the website of the Company and salient features of the policy & changes, if any, alongwith the web address of the policy, if any, shall be disclosed in the Board’s Report.

II. Introduction of the Policy

The Nomination & Remuneration Policy (“Policy”) of IDBI Asset Management Limited (“IDBI AMC” or “Company”) is formulated under the requirements of applicable laws, including the Companies Act, 2013 read along with the applicable rules thereto as amended from time to time and the applicable SEBI Regulations.

The Policy is intended to set out criteria for the appointment and payment of Remuneration to the Directors, payment of remuneration to Key Managerial Personnel (KMP), senior management and other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company.

III. Objective and purpose of the Policy:

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To recommend to the Board their appointment and removal.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Mutual Fund industry.
- To carry out evaluation of the performance of Directors.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

In the context of the aforesaid criteria, the following policy has been formulated by NRC and adopted by the Board of Directors at its meeting held on August 25, 2014.

IV. Effective Date:

This policy shall be effective from August 2015 and the modified policy will be effective from the date of the Board Meeting (scheduled on August 26, 2020).

V. Constitution of the Nomination and Remuneration Committee (NRC/Committee):

The Nomination and Remuneration Committee of the Company was constituted in the Board Meeting held on April 9, 2014 and has been reconstituted from time to time.

The Nomination and Remuneration Committee comprises of 3 Independent Directors and 1 Non-Executive Director.

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

VI. Definitions –

- 'Board' means Board of Directors of the Company
- 'Directors' mean Directors of the Company.
- 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- 'Company' means IDBI Asset Management Limited.

- ‘Independent Director’ means a director referred to in Section 149 (6) of the Companies Act, 2013.
- ‘Key Managerial Personnel’ (KMP) means-
 - i) the Managing Director or Chief Executive Officer or manager
 - ii) Whole-time Director
 - iii) the Company Secretary;
 - iv) the Chief Financial Officer; and
 - v) Any other person as defined under the Companies Act, 2013 from time to time
- ‘Senior Management’ mean personnel of the company from the rank of Vice-President to Executive Directors who are part of its core management team excluding Board of Directors.

VII. Applicability

The Policy is applicable to

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

VIII. Policy for appointment and removal, Remuneration of Directors, KMP and Senior Management

- **Appointment criteria and qualifications:**
 1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
 2. 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.
 3. The proposed Independent Director should be registered with the data bank of Indian Institute of Corporate Affairs, as per Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, as may be amended from time to time and are also not disqualified to be a Director under the relevant provisions of, Section 164 of the Companies Act, 2013 and SEBI (MF) Regulations 1996, etc. Also, a proper due diligence of the proposed appointee should be carried out through an independent agency.

4. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.
5. In terms of Article 171(b) of the Articles of Association of IDBI AMC, two Directors of IDBI AMC are appointed by IDBI Bank. The Directors so appointed, shall not be paid any remuneration or sitting fees by IDBIAMC.
6. IDBI Bank shall also nominate one of its officials to act as MD & CEO of IDBIAMC. The remuneration and compensation structure, are paid by the Company, on reimbursement basis to IDBI Bank, as per advice issued by IDBI Bank from time to time and for such period as may be specified in this regard. These Pay Scales and Remuneration structure are fixed by IDBI Bank Limited based on negotiations with respective employee associations and after obtaining Board of Directors' and Government of India's approval in this regard. However, as per Companies Act 2013, the term of appointment shall not exceed five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- **Payment of Remuneration–**

- A. **Remuneration to Directors**

1. Other than the remuneration payable to the Managing Director & CEO nominated by IDBI Bank, no Remuneration shall be payable to any Director on the Board of IDBI AMC, except Sitting Fees to Independent Directors of the Company for chairing the Board Meeting, the Board Committee Meeting and Annual General Meetings of the Company. The sitting fees are prescribed by IDBI Bank, the holding Company and approved by Board of Directors of the Company and would be accordingly revised with the revision in fees as may be notified by IDBI Bank Ltd from time to time. Apart from the sitting fees, expenses on transport of local Directors and the expenses on Travel, Transport and Stay of outstation Directors attending the Board Meetings, Board Committee Meetings and Annual General Meeting would also be borne by IDBI AMC.
2. The remuneration / compensation / commission etc. to be paid to Directors will be determined by the Committee and recommended to the Board for approval.
3. The remuneration and commission to be paid to the Managing Director/Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
4. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits

approved by the Shareholders in the case of Managing Director/ Whole-time Director.

5. An Independent Director shall not be entitled to any stock option of the Company.

B. Remuneration of Key Managerial Personnel and Senior Management:

1. As regards CFO and the Company Secretary, the positions and Remuneration structure would be as per the compensation structure of IDBI AMC and as per IDBI Bank's remuneration and compensation structure, if on deputation from IDBI Bank Limited
2. The Key Managerial Personnel, Senior Management Personnel and other employees shall be paid remuneration as per the Compensation and Benefit Policy of the Company which will be based on the Industry practice and as revised through the Annual Salary Review process from time to time.
3. The Human Resource department will inform the Committee, the requisite details on the proposed increments for every Annual Salary Review cycle / process including payouts for the variable part (Performance Incentive).
4. The composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate the Key Managerial Personnel and Senior Management of the quality required to effectively run the Company. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks.
5. Revision in remuneration of Key Managerial Personnel assuming position of a director within the meaning of the Act, shall require prior approval of the Nomination & Remuneration Committee and the Board. Such Director shall not participate in discussion and voting thereon.
6. The remuneration, including revision in remuneration, payable to Senior Management shall be recommended by the Committee to the Board of Directors.

C. Remuneration of Officers and Employees

The Pay Scales and Remuneration structure of IDBI AMC's Officers and Employees would be as per the compensation structure of IDBI AMC.

• **Tenure of Office –**

1. 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 on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
2. 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.

3. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.
4. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serve is restricted to 20 companies of which 10 public Companies as an Independent Director.

- **Evaluation:**

The Committee shall carry out evaluation of performance of every Director as per the Director's appointment and evaluation policy as under :

The Committee shall oversee the performance evaluation of Board, its Committees and Individual Directors, conducted by the Committee of Independent Directors and the Board as per their respective terms of reference. The Committee shall on completion of the evaluation process by the Board as well as the Committee of Independent Directors, analyse the feedback in its next meeting.

The Committee will consider the said evaluations of the directors at the time of expiry of the term of the Independent Directors for a decision on their renewal and suitably recommend to the Board. The minimum average score for recommendation to the Board to take a view shall be 3.

- **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement:**

The Directors shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company.

IX. Attendance of Chairperson of Nomination and Remuneration Committee at General Meetings

In compliance of the requirements of Section 178(7) of the Companies Act, 2013, the Chairperson or in his / her absence, any other member of the Nomination and Remuneration Committee (who will be deemed to be authorized by the Chairperson) shall attend IDBI AMC's General Meetings including Annual General Meetings.

X. Amendment 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.

The Nomination & Remuneration Committee and the Board of Directors shall review, modify and update the Policy from time to time as per the statutory amendments and modifications made in the applicable laws and regulations. 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.

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