

NOMINATION AND REMUNERATION
POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

PRINCIPLE AND RATIONALE

Section 178 of the Companies Act, 2013 read with relevant rules thereof, require the company to constitute a Nomination and Remuneration Committee to

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director
- Recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- 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
- carry out evaluation of every director's performance
- Formulate the criteria for evaluation of Independent Directors and the Board.

Accordingly, in adherence to the above the Nomination and Remuneration Committee of the Board of Directors of Bonanza Portfolio Ltd. herein below recommended to the Board of Directors the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other employees of the company which was approved by the Board in its meeting held on 27.03.2015:

GUIDING PRINCIPLES AND OBJECTIVES

In the formulation of this policy, the Nomination and Remuneration Committee has endeavored to ensure the guiding principles as envisaged u/s 178(4) of the Companies Act, 2013. The Key Objectives of the policy are:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- Formulate the criteria for determining the qualifications , positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Director and the Board.
- To recommend to the Board on Remuneration payable to the Directors, and devise a policy for remuneration of Key Managerial Personnel, Senior Management and other employees.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity
- To develop a succession plan for the Board and to regularly review the plan;

APPLICABILITY

- a) Directors (Executive and Non – Executive)
- b) Key Managerial Personnel
- c) Senior Management Personnel
- d) Other Employees

DEFINITIONS

- a) **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- b) **Board** means Board of Directors of the Company.
- c) **Directors** mean Directors of the Company.
- d) **Key Managerial Personnel** means
 - Chief Executive Officer or the Managing Director or the Manager;
 - Whole-time director;
 - Chief Financial Officer;
 - Company Secretary; and
 - such other officer as may be prescribed.
- e) **Senior Management** means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

NOMINATION POLICY OF DIRECTORS

APPOINTMENT CRITERIA AND QUALIFICATIONS

Before recommending a nominee's candidature to the Board for being appointed as a Director, the Committee shall

- a) Identify and ascertain the integrity , qualification, expertise and experience of the person for appointment as Director keeping the view the provisions of the Companies Act,2013 if any in this regard and then make recommendations to the Board for respective appointments.
- b) Ensure commitment of the nominee to understanding the company and its industry, embracing the organization's values to help shape its vision, mission and strategic direction.

REMUNERATION OF THE DIRECTORS

The company strives to provide fair compensation to Directors, taking into consideration , industry benchmarks , company's performance vis-à-vis the industry, responsibilities shouldered , performance/track record, macroeconomic review on remuneration packages of heads of other organizations.

The remuneration payable to the Directors of the company shall be at all times be determined, in accordance with the provisions of the Act.

REMUNERATION OF MANAGING DIRECTOR (MD), MANAGER AND WHOLE TIME DIRECTOR (WTD)

The terms and conditions of appointment and remuneration payable to a Managing Director, Manager and Whole Time Director(s) shall be recommended by the Nomination and Remuneration Committee to the Board for its approval which shall be subject to approval of shareholders at the next general meeting of the company and the Central Govt. in case such appointment is at variance to the conditions specified in Schedule V of the Companies Act, 2013.

In terms of the provisions of the Companies Act, 2013, the company may appoint a person as its MD, Manager or WTD for a term not exceeding 5 years at a time.

The MD, Manager or WTD may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other.

The Break-up of the pay scale, performance bonus and quantum of perquisites including employer's contribution to PF, pension scheme , medical expenses, club fees etc 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 Govt , wherever required.

While recommending the remuneration payable, the Nomination and Remuneration Committee shall, inter alia, have regard to the following matters :

- Financial and operating performance of the Company
- Relationship between remuneration and performance
- Industry/sector trends for the remuneration paid to executive directorate.

Increments to the Manager, MD and WTD shall be within the slabs approved by the shareholders. Increments shall be recommended by the Nomination and Remuneration Committee to the Board at times it desires to do so but preferably on an annual basis.

INSURANCE PREMIUM AS A PART OF REMUNERATION

Where any insurance is taken by a company on behalf of its MD/WTD , Manager, CFO , CEO or CS for indemnifying them against any liability in respect of any negligence, default , misfeasance , breach of duty or breach of trust for which they may be guilty in relation to the company , the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

However, if such person is proved to be guilty , the premium paid on such insurance shall be treated as a part of the remuneration.

REMUNERATION OF NON EXECUTIVE DIRECTORS

The Non- Executive Director(s) may receive remuneration by way of fees for attending meetings of Board or Committee thereof provided that the amount of such fees shall not exceed the maximum amount permissible under the Act.

Commission may be paid within the monetary limit approved by shareholders, subject to the maximum permissible limit under the Act.

REMUNERATION OF INDEPENDENT DIRECTORS

Independent Directors may receive remuneration by way of:

- Sitting fees for participation in the Board and other meetings as decided by the Board provided that the amount of such fees shall not exceed the maximum amount permissible under the Companies Act, 2013
- Re-imbursement of expenses for participation in the Board and other meetings.

Independent Directors shall not be entitled to any stock options.

REMUNERATION TO DIRECTORS IN OTHER CAPACITY

The remuneration payable to the Directors including MD and WTD or manager shall be inclusive of the remuneration payable for the services rendered by him in other capacity except the following:

- a) The services rendered are of professional nature ; and
- b) In the opinion of the Nomination and Remuneration Committee, the Director possesses the requisite qualification for the practice of the profession.

EVALUATION OF THE DIRECTORS

Section 178(2) of the Companies Act, 2013 also mandates the Nomination and Remuneration Committee to carry out evaluation of every director's performance.

Accordingly the committee shall carry out performance evaluations of every Director's performance on annual basis.

REMOVAL OF DIRECTORS

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under , the Committee may recommend , to the Board with reasons recorded in writing , removal of a Director subject to the provisions and compliance of the said Act, rules and regulations.

RETIREMENT OF DIRECTORS

The Director 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 Directors in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

NOMINATION POLICY OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

Before recommending a nominee's candidature to the Board for being appointed as a Key managerial Personnel or at Senior Management level , the Committee shall identify and ascertain the integrity , qualification, expertise and experience of the person for such appointment keeping the view the provisions of the Companies Act,2013 ,if any, in this regard and then make recommendations to the Board for respective appointments.

REMUNERATION OF THE KEY MANAGERIAL PERSONNEL (OTHER THAN MANAGING /WHOLE TIME DIRECTORS), AND SENIOR MANAGEMENT

Among the KMP's, the remuneration of the MD , and WTD shall be governed by the Section on REMUNERATION OF DIRECTORS of this policy dealing with "Remuneration of Managing Director and Whole time Director"

Apart from the Directors, the remuneration of

-All the other KMP's such as CEO, CFO , Company Secretary or any other officer that may be prescribed under the statute from time to time ; and

-Senior Management-personnel who are members of its core management team excluding the Board of Directors i.e. senior executives one level below the Board.

Shall be determined by the Human Resources Department of the company in consultation with the Managing Director and /or Whole Time Director .

The remuneration determined for all the above said senior personnel shall be in line with the company's philosophy to provide fair compensation to key – executive officers based on their performance and contribution to the company and to provide incentives that attract and retain key executives, instill a long term commitment to the company , and develop a pride and sense of company ownership , all in a manner consistent with shareholder interest.

The break-up of the pay scale and quantum of perquisites including , employer's contribution to P.F , pension scheme , medical expenses ,etc shall be decided the company's HR department.

Decisions on Increments of the KMP's/Senior Personnel shall be decided by the Human Resources department in consultation with the Managing Director and/ or the Whole Time Director of the company.

REMOVAL OF DIRECTORS

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

RETIREMENT OF DIRECTORS

The KMP's/ Senior Personnel 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 them in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

REMUNERATION OF OTHER EMPLOYEES

Apart from the Directors , KMP'S and Senior Management, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience , responsibility , job complexity and local market conditions.

The company considers it essential to incentivize the workforce to ensure adequate and reasonable compensation to the staff. The human Resources Deptt. shall ensure that the level of remuneration motivates and rewards high performers who perform according to set expectations for the individual in question.

The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.

The increments to the remuneration paid to the employees shall be determined based on the annual appraisal carried out by the HOD's of various departments depending on the appraisal policy of the company.

GENERAL

This policy shall apply to all future employment of Company's Senior Management including Key managerial personnel and Board of Directors.

Any or all the provisions of this policy would be subject to the revision /amendment in the Companies Act, 2013 and relevant rules thereof. Any such amendment shall automatically have the effect of amending this policy without the need of any approval by Nomination and Remuneration Committee and/or Board of Directors.