



Reliance Power Limited

Policy on Appointment and  
Remuneration for Directors, Key  
Managerial Personnel, and Senior  
Management Employees

<b>Applicable Statute</b>	<b>Approved by</b>	<b>Date of Implementation</b>	<b>Date of Amendment</b>	<b>Version</b>
Section 178 of the Companies Act, 2013 (the Act")	Board of Directors	12.11.2014	-	1.0

**Following is the summary of the policy on the above as approved by the Nomination and Remuneration Committee (NRC) of the Board:-**

### **1.0 Introduction**

1.1 The Company considers human resources as an invaluable asset. The policy is intended to harmonise the aspirations of the Directors / employees with the goals and objectives of the Company.

1.2 As part of a progressive HR philosophy, it is imperative for the Company to have a comprehensive compensation policy which has been synchronised with the industry trends and is also employee friendly.

### **2.0 Objective**

2.1 Broad objective is to attract and retain high performing resources.

2.2 The remuneration policy aims at achieving the following specific objectives:

2.2.1 To attract highly competent human resources to sustain and grow the Company's business;

2.2.2 To build a performance culture by aligning performance of individuals with the business objectives of the Company;

2.2.3 To ensure that annual compensation review considers industry/business outlook & strategies adopted by industry peers, differentiates employees based on their performance and also adequately protects employees, especially those in junior cadres, against inflationary pressures;

2.2.4 To retain high performers at all levels and those who are playing critical roles in the Company.

### **3.0 Scope and Coverage**

In accordance with the provisions of the Companies Act, 2013, (the 'Act'), the NRC of the Board has been constituted, inter alia, to recommend to the Board the appointment and remuneration of Directors, KMPs and persons belonging to the Senior Management cadre.

## 4.0 Definitions

4.1 “Director” means a director appointed to the Board of the Company.

4.2 “Key Managerial Personnel” in relation to a Company means –

- a) The Chief Executive Officer or the Managing Director or the Manager
- b) The Company Secretary
- c) Whole-time Director
- d) The Chief Financial Officer
- e) Such other officer as may be prescribed under the Act.

4.3 “Senior Management” refers to personnel of the Company who are members of its core management team excluding the Board of Directors and comprises of all members of the Management, one level below the Executive Director, if any.

## 5. Policy

5.1 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as approved by the Board of Directors from time to time. The Non-Executive Directors shall also be entitled to profit related Commission, if approved by the Board, in addition to the sitting fees

5.2 Remuneration i.e. Cost-to-Company (CTC) shall comprise of two broad components; fixed and variable.

5.3 Fixed portion comprises of Base pay and Choice pay components.

5.4 Variable pay termed as Performance Linked Incentive (PLI) comprises of a pre-determined maximum that can be paid as % at the end of the performance year based on the composite score achieved during the relevant performance year.

5.5 Performance Year shall be 1st April – 31st March.

5.6 PLI is based on the following dimensions with indicated weightages for computing the Composite score based on:

- a) Individual performance rating;
- b) Function/Project Annual Operating Plan (AOP) achievement rating;
- c) Company AOP achievement rating

## 6. Payout Mechanism

6.1 Fixed pay gets paid on a monthly basis, net of retirals and taxes.

6.2 Retirals are 12% of basic for provident fund purpose and 4.81% of basic towards gratuity.

6.3 All payments are done with TDS implemented.

## 7. Annual Compensation Review

The compensation review year will be 1<sup>st</sup> July to 30<sup>th</sup> June. The annual compensation review, as part of the performance management system (PMS) cycle, shall be guided by:

7.1 Industry/business outlook;

7.2 Strategies adopted by industry peers;

7.3 Employee differentiation based on individual performance rating (achieved during the applicable performance year); and

7.4 Protection of employees, especially those in junior cadres, against inflationary pressures.

## 8. Retention Features as part of Compensation Package

8.1 Based on the organizational need for retaining high performing employees and also those who are playing critical roles, from time to time, certain retention features may be rolled out as part of the overall compensation package. These may take form of Retention Bonuses, Special Monetary Programs, Long-term Incentives, etc.

8.2 While attracting talent in critical positions also such retention features could be incorporated as part of the compensation package.

## 9. Modifications / Amendments / Interpretation:

The policy is subject to modification, amendment and alterations by the management at any time without assigning any reasons or without giving any prior intimation to the employees. In case of any ambiguity, the interpretation provided by the Corporate HR team shall be final.