



Reliance Power Limited

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

Applicable Statute	Approved by	Date of Implementation / Review / Amendment	Version
Section 178 of the Companies Act, 2013 (the Act")	Board of Directors	25.05.2024	1.1

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.
- 1.3 This Policy is in compliance with the Companies Act, 2013 (“Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”) and other applicable laws (hereinafter referred to as “Relevant laws”) by the Nomination and Remuneration Committee of the Company.

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

This policy covers Directors, Key Managerial Personnel (KMPs) and the members of the Senior Management of the Company.

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 the personnel as defined in the Act and Listing Regulations.

5. Policy

5.1. Executive Director

The Executive Director shall be appointed by the Board of the Company upon recommendation of the Nomination and Remuneration Committee.

The remuneration of the Executive Director shall be as approved by the Board and shall be subject to the approval of the members of the Company at a General Meeting.

5.2. Non-Executive Directors:

The Non-executive directors shall be paid sitting fees for attending the meetings of the Board and of the Committees of which they may be Members, and commission, if any, within regulatory limits approved by the shareholders. The commission for respective financial year has to be recommended by the Nomination and Remuneration Committee and approved by the Board.

5.3. Independent Directors:

For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director.

The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.

For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity in terms of the Board Diversity Policy of the Company
- c. consider the time commitments of the candidates.

5.4. Key Managerial Personnel and Senior Management

The Key Managerial Personnel and Senior Management Personnel would be appointed by the Board as recommended by the Nomination and Remuneration Committee.

Their Remuneration would be subject recommendation by the Nomination and Remuneration Committee and would be determined based on the remuneration criteria as mentioned in this policy.

5.5. Remuneration Criteria for Executive Director, KMPs and Senior Management:

- 5.5.1. Remuneration, i.e. Cost-to-Company (CTC) consists of two broad components; Fixed and Variable.
- 5.5.2. Fixed portion comprises Base pay and Choice pay components.
- 5.5.3. Base Pay includes Basic Pay and Contribution towards Retiral Benefits.
- 5.5.4. Choice Pay includes basket of allowances, which executive has the flexibility to choose from, based on his individual needs and tax planning.

5.5.5. Variable pay termed as Performance Linked Incentive (PLI) comprises a pre-determined amount, the payout of which is based on the composite score achieved by the Individual and business during the relevant performance year.

5.5.6. Annual Increment is linked to individual performance ratings and is also guided by business performance, macro-economic indicators, industry /business outlook, etc.

5.5.7. Individual and Business performance is assessed through a robust annual performance appraisal process as per the Performance Management System Policy (PMS Policy) of the Company. The key features of which are as follows:

- Formulation of well articulated Businesswise AOP
- Setting of Individual KRAs and KPIs in alignment with Business AOP
- Online process for goal setting, self evaluation and assessment by managers
- Normalisation of individual ratings as per prescribed norms
- Business Performance evaluation with higher emphasis on achievement against key financial and project completion parameters.

The Company should strive for uniformity in the methodology of review of performance of Senior Management vis-à-vis- other employees. Any deviation in the methodology of review of performance of Senior Management vis-à-vis- other employees shall be approved by the Nomination and Remuneration Committee.

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

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. Retention Features as part of Compensation Package

7.1 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.

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

8. Modifications / Amendments / Interpretation:

The Policy shall be reviewed by the Nomination & Remuneration Committee and the Board annually and shall be amended / modified as and when deemed appropriate. In case of any subsequent changes in the provisions of the Companies Act, 2013 or the Listing Regulations or any other applicable law which makes any of the provisions in this Policy inconsistent with the Companies Act, 2013 or the Listing Regulations or such applicable law, then the provisions of the Companies Act, 2013 or the Listing Regulations or such applicable law would prevail over the Policy and the provisions in this Policy would be modified in due course to make it consistent with such change.