

**Remuneration Policy for Directors, Key Managerial
Personnel, Senior & Top Management**

Version 1.02

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1.0 OBJECTIVE

The remuneration policy aims at achieving the following specific objectives:

- 1.1.1 To attract highly competent talent to sustain and grow the Company's business;
- 1.1.2 To build a high performance culture by aligning individual performance with business objectives and infusing performance differentiation;
- 1.1.3 To motivate and retain high performers and critical talent at all levels

2.0 SCOPE AND COVERAGE

- 2.1.1 Remuneration policy covers Directors, Key Managerial Personnel and employees of BSES Yamuna Power Ltd. who are categorized into Top Management Cadre and Senior Management Personnel.
- 2.1.2 Team BSES A Category Gross Per Annum (GPA) remuneration is governed by Fundamental Rules and Service Rules (FRSR) structure in terms of tripartite agreement.

3.0 POLICY

3.1 Non Executive Directors:

The Non executive Directors may be paid sitting fees for attending the meetings of the Board and its committees of which they may be members, and commission within the regulatory limits as approved by the shareholders. The Commission, if any for respective financial year be recommended by the Nomination and Remuneration Committee and approved by the Board.

3.2 Top Executive Directors, Manager, CEO, Top Management Cadre and Senior Management Personnel including Key Managerial Personnel.

The break-up of the pay scale and quantum of perquisites etc. for the Executive Director, Manager, CEO, Top Management Cadre and Senior Management Personnel including Key Managerial Personnel (KMPs) shall be as per the Company's HR policies such as:-

- 3.2.1 Remuneration i.e. Cost-to-Company consists of two broad components; Fixed and Variable.
- 3.2.2 Fixed portion comprises Base pay and Choice pay components.
- 3.2.3 Base Pay includes Basic Pay & Contribution towards Retiral Benefits.
- 3.2.4 Choice Pay includes basket of allowances, which executive has the flexibility to choose from based on his individual needs and tax planning.

- 3.2.5 Variable pay termed as Performance Linked Incentive comprises a pre-determined amount, the payout of which is based on the composite score achieved by Individual and Business during the relevant performance year.
- 3.2.6 Annual Increment is linked to individual performance ratings and is also guided by business performance, Macro-economic indicators, Industry/business outlook, etc.
- 3.2.7 Individual and Business performance is assessed through a robust annual performance appraisal process, the key features of which are as follows:
- 3.2.8 Formulation of well articulated Business-wise Annual Operating Plan 'AOP'
- 3.2.9 Setting of Individual KRAs & KPIs in alignment with Business AOP
- 3.2.10 Online process for goal setting, self evaluation and assessment by managers
- 3.2.11 Normalisation of individual ratings as per prescribed norms
- 3.2.12 Business Performance evaluation with higher emphasis on achievement against key financial and project completion parameters
- 3.2.13 In addition to above, specific Board approval is required, in case of increment in remuneration of Executive Director/Manager/CEO.

4.0 RETENTION FEATURES AS PART OF COMPENSATION PACKAGE

- 4.1 Based on the organizational need for retaining high performing / critical executives, certain **retention** features may be rolled out from time to time as part of the overall compensation package. These may take form of Retention Bonuses; Special Monetary Programs, Long-term Incentives etc.
- 4.2 While attracting talent in critical positions also such retention features could be incorporated as part of the compensation package.

5.0 MODIFICATION / AMENDMENT:

This policy shall be reviewed periodically based on benchmarking / business requirement / industry relevance.
