



Policy on Remuneration for Key Managerial Personnels and Employees

Applicability

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component for eligible employees, which is based on performance and paid annually.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances based on laid down limits as per Company policy. The flexible component can be varied only once annually.
- The variable component of the remuneration for eligible employees, will vary from 15% to 25% of the Cost-to-Company (CTC) and will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and Performance rating of the individual.
- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive and is around 60th percentile. Based on the findings of the survey and the business performance, the CEO along with the CHRO & CFO decides:
 - o The increment that needs to be paid for different performance ratings as well as grades.
 - o The increment for promotions and the total maximum increment.
 - o The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in few relevant cases to keep it in tune with the market.
- Mid-term compensation correction, if any, are made on a case-to-case basis.
- Remuneration to the Managing Director/CEO, Wholetime Directors & KMP's are subject to the approval of the Remuneration Committee/Board.
