

# **OPERATIONAL ENERGY GROUP INDIA LIMITED**

## **REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

The philosophy for remuneration of directors, Key Managerial Personnel (“KMP”) and all other employees of Operational Energy Group India Limited (“the Company”) is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“Act”) and Listing Regulations, 2015. In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the Company shall abide by the applicable law. While formulating this policy, the Nomination and Remuneration Committee (“NRC”) has considered the factors laid down under Section 178(4) of the Act, which are as under:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals”

Key principles governing this remuneration policy are as follows:

- Remuneration for independent directors and non-independent non- executive directors
  - Independent directors (“ID”) and non-independent nonexecutive directors (“NED”) may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits.
  - Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.
  - Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).
  - Overall remuneration should be reflective of size of the company, complexity of the sector/ industry/ company’s operations and the company’s capacity to pay the remuneration.
  - Overall remuneration practices should be consistent with recognised best practices.
  - Quantum of sitting fees may be subject to review on a periodic basis, as required.
  - The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
  - The NRC will recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including

attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.

- In addition to the sitting fees and commission, the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/ her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board/ Board committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organised by the Company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a director.
- Remuneration for managing director (“MD”)/ executive directors (“ED”)/ KMP/ rest of the employees<sup>1</sup>

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be-

- Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent)
- Driven by the role played by the individual
- Reflective of size of the Company, complexity of the sector/ industry/ Company’s operations and the Company’s capacity to pay
- Consistent with recognised best practices and
- Aligned to any regulatory requirements.

In terms of remuneration mix or composition,

- The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.
- Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
- In addition to the basic/ fixed salary, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimisation, where possible. The Company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalisation through reimbursements or insurance cover and accidental death and dismemberment through personal accident insurance.
- Retirement benefits to employees comprises of contributions to provident fund and provision for gratuity. Contributions to provident fund and family pension fund are made in accordance with the respective rules and charged to Profit and Loss Account. Provision for gratuity has been made for those employees having completed their five years of continuous service.
- In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the Company provides MD/ EDs such remuneration by way of commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/ EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.
- Our remuneration policy is based on the following broad out line

- The salaries that are to be paid to managers and employees at all levels of the company shall be compatible with internal balances, strategic targets and market conditions.
- A general increase in salaries is to be implemented once a year. A two-stage process is followed in the determination of the rate of yearly wage increase: first, the general corporate wage increase rate shall be determined, and then personal wage increase rates shall be specified.
- Determination of wages in duty changes and recruitments and yearly general wage increases are arranged through Remuneration Management Procedures and announced to all employees.

### **Remuneration Structure**

The Company's main policy is to offer competitive remuneration packages to its employees. Market research is conducted by international consulting companies in order to enable the practices to be parallel in quality and value with the general conditions present in the market.

The Remuneration Policy and related practices are determined with regard to common interests of partners, employees and customers.

Operational Energy Group India Ltd.'s Remuneration Policy consists of base salary as well as performance-based and structured cash bonuses.

- Remuneration payable to Director for services rendered in other capacity  
The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity unless:
  - a) The services rendered are of a professional nature; and
  - b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.
- Policy implementation  
The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.