

Variable Pay & Cash Incentive Structure

For Associate Relationship Manager, Relationship Manager, Sr. Relationship Manager, Manager-Sales of Equity

Applicability

This Pay Structure is applicable to the following categories:

1. Equity Sales Teams (Relationship Managers-Sales)

This scheme is applicable from April 1st, 2011 and would be reviewed quarterly

Objective

Variable pay structure is being introduced in Religare with a view to give a definitive shape to the amount of performance bonus which one could make and has been linked to the performance of the employee.

Methodology

1. Variable pay in Religare would be linked to the revenue credited against Relationship Managers, the same would be payable after crossing the minimum benchmark criteria set from time to time.
2. Income Recognition for all sales personnel would be done as per the current system where all income is credited against employee code from all segment of business and broking income is shared between Dealers and Relationship Managers.
3. To become eligible for variable pay it would be necessary that each person achieves at least 50% of his eligibility multiplier from his division business.
4. Brokerage Income from the clients availing LAS facility would be recognized over and above 15% net yield on funding deployed for the clients.
5. Any outstanding debit balance would be deducted from the Relationship Manager in his sharing ratio from the bonus amount.
6. Relationship Managers would be eligible for 50% of the net brokerage from offline clients. In case an introducer is mapped to the client, he will be eligible for 25% of the RM's share as the revenue credit.

7. Relationship Manager-Sales would be eligible for an additional kicker revenue credit of 20% for revenues generated from new clients (including clients acquired by the acquisition team and mapped to RM) within 90 days of account opening.
8. Relationship Manager-Sales would be eligible for 25% of the net revenue received from BDR introduced by them; there would not be any RM codes against client introduced through BDR.
9. Shifting \ Reallocation of accounts to RM-Sales would be allowed subject to approval by Regional Heads and such RM would get 50% credit of the respective revenue. For inactive clients (zero revenue in last six months) reallocated to RM-Sales, the reallocated RM-Sales will get full RM credit.
10. Relationship Manager-Sales would be eligible for 100% revenue credit from distribution of all third party products such as, Mutual Fund, Insurance, Fixed Deposits, Bonds, IPO etc., for computing the multipliers, however, such credits would not be included in the effective revenue for calculation of the Variable Pay Amount. Please note that this clause applies only to the cases where cash incentives are being paid for the revenue generated from distribution of these third party products.
11. RM would get credit equivalent to 50% of revenue for MF sales through MFSS.
12. RM would get a credit equivalent to 50% of Realised Depository billing, net of waivers. Hence, for every Rs. 100 of depository billing and Rs. 5 as waivers, the branch would get a credit of Rs. 45/-, i.e., $\{(Billing * 50\%) - Waiver\}$, $\{(100 * 50\%) - 5\}$.
13. If Relationship Manager-Sales acquire an online(R-Ace) client, the RM will get 60% revenue credit for upfront subscription amount. The RM-Sales will also continue to get 50% credit of the revenue generated by the client post utilization/expiry of the upfront subscription
14. If Relationship Manager-Sales acquires a NRI client, the RM-Sales will be eligible for a special one-time account opening incentive of Rs. 750 per account over and above all other revenue credits due to him/her.
15. Relationship Mangers-Sales would be restricted to be mapped as the dealer against any client.
16. 10% of the payout amount would be deducted from the Relationship Manager -Sales, incase 9 new clients (as per product plans) are not introduced by the Relationship Manager in a quarter.
17. Relationship Manager-Sales CTC would be considered as their cost for VP calculation.
18. Variable pay would be payable at the end of each quarter in 45 days after the quarter e.g. for quarter ending December, payment would be made by 15th of February Salary Cycle.

Variable Pay Structure (Relationship Manager)

Variable Pay would be calculated on following basis:

Effective Revenue = Revenue - (CTC * 2)

Equity Pay Band

Revenue Band	Performance Pay
<i>Above 3.5 times to 4 times of CTC</i>	<i>6 % of Effective Revenue</i>
<i>Above 4.01 times to 6 times of CTC</i>	<i>7.5% of the Effective Revenue</i>
<i>Above 6.01 times to 8 times of CTC</i>	<i>10% of the Effective Revenue</i>
<i>Above 8.01 times</i>	<i>12.5% of the Effective Revenue</i>

Cash Incentive Schemes for 3rd party distribution

In addition to the Variable Pay, the RM-Sales would be also eligible for Cash Incentive Schemes:

- MUTUAL FUNDS

There would be a Cash Incentive policy for MF Focus Fund Sales (Lump sum Collections Only). The details of the Cash Incentive Plan are as under:

Mutual Funds/Schemes*	Cash Incentive (as a %age of Collection)
	Dealer
Religare MF -Offline and MFSS	0.35%
Other MF - MFSS	0.35%
Other MF- Offline	0.30%
Religare Tax Plan-Offline and MFSS	1%
Other MF Tax Plans-Offline and MFSS	0.75%

Terms & Conditions for Cash Incentive:

- The RM-Sales must have be at a 2 multiple to be eligible
- The pay-out for Cash Incentive would happen every month
- The list of fund/schemes to which cash incentive would be applicable shall be circulated by the MF Team every month
- Incentives are gross. Applicable tax to be deducted.
- RM-Sales would get 50% cash incentive for MF sales through MFSS.

- INSURANCE**

There would be a Quarterly Cash Incentive policy for Insurance Sales. Below mentioned is the product wise slab for Insurance Cash Incentive and revenue credit for RM-Sales- (April- Jun, 2011)

Product Type	Plan Name	Premium Paying Term	Premium Amount	Premium Frequency	RM Incentive as % of Collected and Issued Premium	Revenue Credit to RM for Multiplier Calculation
ULIP	Future Protect /	All	Less Than 50 K	Regular		
	Future Protect PlusPlan				2.00%	6.50%
ULIP	Future Protect /	All	Less Than 1 Lac and greater than 50K	Regular		
	Future Protect PlusPlan				2.50%	6.50%
ULIP	Future Protect /	All	Greater Than 1 Lac	Regular		
	Future Protect PlusPlan				3.00%	6.50%
ULIP	Rising Star Plan	All	Any	Regular	2.00%	6.50%
ULIP	Assure Plan	All	Any	Regular	1.50%	6.50%
Traditional Endowment	Money Back Plus	All	Any	Regular	12.00%	30.00%
Health	Health Insurance	All	Any	Regular	9.00%	25.00%
Term Plan-Level	Level Term Plan	All	Any	Regular	12.00%	30%
Single Premium	Assure Plus	One Time	Less than 1 Lac	Single Pay	0.45%	1.00%
Single Premium	Assure Plus	One Time	Equal and greater than 1 Lac	Single Pay	1.20%	2.00%
Traditional Endowment	Endowment	Upto 5 years	Any Amount	Regular Pay	2.70%	8.33%

		Upto 10 years			4.00%	14.00%
		Upto 15 years			10.00%	25.00%
		20 & above			10.00%	25.00%
Traditional Endowment	Pension	Upto 10 years	Any Amount	Regular Pay	1.00%	5.00%
		Above 10 years			2.00%	7.50%

Terms & Conditions for Insurance Sales Cash Incentive:

- The RM-Sales must be at a 2 multiplier to be eligible
- *The revenue, for which Cash Incentive has been paid, would be considered for arriving at the multiplier but it will not be included in the effective revenue for Variable Pay pay-outs.*

Payout Cycle - *For all insurance policies issued in the quarter (Net-off free-look and cancellations), Insurance Cash payout will be credited to your account in 60 days after the end of each quarter along with the salary.*