

# **APPOINTMENT AND REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT AND THEIR REMUNERATION POLICY**

## **1. Regulatory Framework:**

- **Under Companies Act, 2013, Section 178** read with Companies (Meeting of Board and its Power) Rules, 2014 mandates:
  - i. Every Listed Companies
  - ii. All Public Companies having paid up capital of Rs. 10.00 Crores or More
  - iii. All Public Companies having turnover of Rs.100.00 Crores or More
  - iv. All Public Companies having in aggregate outstanding loans or borrowings or debentures or deposits exceeding Rs. 50.00 Crores or More.
  
- **Under Clause 49 of the Listing Agreement** mandates every listed company

To formulate Nomination and remuneration Committee and such committee shall formulate criteria determining qualifications, positive attributes and independence of directors and form a policy relating to remuneration for the directors, key managerial personnel and other employees of the company and recommend the said policy to board of directors of the Company.

## **2. DEFINITIONS:**

- a) **"Company"** means Tirupati Sarjan Limited.
- b) **"Act"** mean Companies Act, 2013.
- c) **"Board"** means Board of directors of the Company.
- d) **"Nomination and Remuneration Committee"** means a committee formulate under section 178 of the Companies Act, 2013 and rules made thereunder and clause 49 of the listing agreement, hereinafter referred as "NRC".
- e) **"Human Resources Officer or HRO"** means the person designated by the Company as such.
- f) **"Director"** means directors of the Company.
- g) **"Key managerial Personnel"** means persons as referred in section 2 (51) of the Act.

- h) **"Independent Director"** means a director referred to in Section 149(6) of the Act and Clause 49 of the listing agreement.
- i) **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- j) **"Senior Management Personnel"** mean personnel of the Company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
- k) **"Policy or this Policy"** means the Policy on Nomination, Removal, Remuneration, Evaluation, Board Diversity and criteria for determining qualification positive attributes and Independence of Directors.

### **3. OBJECTIVE:**

The objective of this Policy is to guide the Board of Directors of the Company on:

- a) Appointment and removal of Directors, Key Managerial Personnel and employees in Senior Management;
- b) Remuneration payable to the Directors, Key Managerial Personnel and employees in Senior Management;
- c) Evaluation of individual Directors, Chairman of the Board, the Board as a whole and the Committees of the Board.
- d) Criteria for determining qualification, positive attributes and independence of Directors.

### **4. POLICY:**

#### **a) Appointment and removal of Director, KMP and Senior Management:**

- ✓ The NRC will have the responsibility and authority to decide the essential and desirable skills/ competencies/ expertise/ experience/ criteria of independence required from the individuals for the office of Directors, KMP & Senior Management Personnel.
- ✓ The expertise required from the Directors, KMP and Senior Management Personnel would be defined based on the Company's strategy and needs.
- ✓ The NRC shall review the criteria for the role and define the role Specifications for the appointment.

- ✓ In case of Directors and KMP, in addition to the above specifications the NRC shall ensure that the candidate possesses the requisite qualifications and attributes as per the Applicable Laws.
- ✓ A director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity. Director shall act objectively and constructively and exercise his/her responsibilities in a bona-fide manner in the interest of the company. A director must devote sufficient time and attention to his/her professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices for the growth of the Company and its stakeholders. A director should be able to assist the Board, have a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company. The person should be forward looking, ethical and law abiding.
- ✓ The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate.

**b) Identifying candidates who are qualified to become Directors, KMP & Senior Management Personnel:**

- ✓ The NRC may assign the responsibility of identifying the candidate for the final interview by the NRC to the following:
  - To Managing Director/Whole Time Director/Chairman of NRC, in case of selection of Directors; and
  - To the Managing Director /Whole Time Director /HRO (Human Resource Officer), in case of selection of KMP & Senior Management Personnel.
- ✓ The NRC shall identify member(s) of the Board who will interview the candidate recommended to the NRC as above.
- ✓ Upon selection of the candidate, the NRC shall make a recommendation to the Board for appointment of Director/ KMP / Senior Management Personnel. For discharging this duty the NRC may seek inputs from the persons responsible for identifying the candidates stated in as above.
- ✓ The appointment of Directors and KMP shall be subject to the compliance of the Act, Clause 49 of the listing agreement and Article of Association.

**c) Term of Appointment:**

- ✓ The term of appointment of Directors shall be governed by the provisions of the Act and Clause 49 of the Listing agreement.
- ✓ The term of the KMP (other than the MD) and Senior Management Personnel shall be governed by the prevailing policies of the Company and Companies Act, 2013 and rules made thereunder.

**d) Appointment of Independent Directors:**

- ✓ The appointment of Independent Directors shall be formalized through a letter of appointment to be issued by the Company in accordance with the Applicable Laws.
- ✓ The candidate shall be evaluated based on the criteria provided under the applicable laws including Companies Act, 2013 read with Rules thereon and the Listing Agreement with the Stock Exchanges. In addition to applying these guidelines, the Board will consider all relevant facts and circumstances in making its determination relative to a Director's independence. Each director has an affirmative obligation to inform the Board of any change in circumstances that may put his/her independence at issue. The director's independence for the independent director will be determined by the Board on an annual basis upon the declarations made by such director as per the provisions of the Companies Act, 2013 read with Rules thereon and the Listing Agreement.
- ✓ The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate.

**e) Removal of Director, KMP or Senior Management Personnel:**

- ✓ The Removal of Director, KMP or Senior Management Personnel may be warranted due to reasons such as disqualification prescribed under the Applicable Laws and / or disciplinary reasons.
- ✓ In regard to removal of any Director, KMP or Senior Management Personnel, the NRC shall in consultation with the MD and the Chairman of Audit committee, for Directors, and with the MD for KMP and Senior Management Personnel, review the performance and/or other factors meriting a removal and subject to the provisions of the Act and the Articles of Association of the Company recommend to the Board its course of action.

**f) Retirement of Director, KMP or Senior Management Personnel:**

- ✓ The retirement age of Directors shall be as per the Applicable Laws.
- ✓ The retirement age of KMP and Senior Management Personnel shall be as per the prevailing policy of the Company subject to the Applicable Laws.

**g) Familiarization Programme for Independent Directors:**

- ✓ The Company will impart Familiarization Programmes for Independent Directors inducted on the Board of the Company. Familiarization - immediately upon appointment of Director the Familiarization Programme of the Company will provide information relating to the Company, Specialty Chemical industry, business model of the Company, business processes & policies, geographies in which Company operates, etc. The Programme intends to improve awareness of the Independent Directors on their roles, rights, responsibilities towards the Company. Further, the Familiarization Programme shall also provide information relating to the financial performance of the Company and budget and control process of the Company and all other information's which affect its rights and responsibility.
- ✓ The MD or such other officer(s) of the Company, duly authorized by the MD shall lead the Familiarization Programme. The KMPs or Senior Management Personnel may participate in the Programme for providing various inputs.

**h) Annual Familiarization processes:**

- ✓ Every year, the Independent Directors shall be provided with inputs on the business performance of the Company, deliberations at the Committee and Board Meetings.
- ✓ The Board shall discuss and note the strategic business plans and the annual financial plan through deliberations at Board Meetings or Board Retreats.

**i) Remuneration of Director, KMP and Senior Management Personnel**

**• Remuneration to Executive Director(s):**

- ✓ The remuneration payable to Executive Director(s) shall be determined by the NRC and recommended to the Board for approval. Such remuneration (including revisions thereof) shall be subject to the approval of the shareholders of the Company and/ or Central Government, wherever

required under the Act, Clause 49 and the Articles of Association of the Company.

- ✓ The remuneration shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the Act, Clause 49 and the Articles of Association of the Company.
- ✓ Additionally, the Executive Director may be entitled to Employee Stock Options granted under any Employee Stock Option Plan/ Scheme(s), Stock Appreciation Rights granted under any Stock Appreciation Rights Plan/Scheme(s) of the Company and such other long term incentive schemes of the Company.
- ✓ Annual revisions in the remuneration within the remuneration limits approved by the Board, shareholders/ Central Government, shall be based on the prevailing policy of the Company and the same shall be approved by the NRC. The Board shall note such annual increases.

- **Remuneration to Non-Executive Directors**

- ✓ The remuneration (including revisions thereof) payable to the NED shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the Act, Clause 49 and the Articles of Association of the Company.
- ✓ The NRC shall determine the remuneration to NED including the mode, quantum, recipients of the remuneration and the frequency of payment of such remuneration, and recommend the same to the Board for approval.
- ✓ The remuneration of NED may comprise following:
  - a) Remuneration/Commission; and
  - b) Sitting fees for attending each meeting of the Board and its Committees.
- ✓ The remuneration of NED (including revisions thereof) shall be based on certain financial parameters like the performance of the Company, its market capitalization, etc., industry benchmarks, role of the Director and such other relevant factors.
- ✓ NEDs shall not be entitled to any stock option or stock appreciation rights of the Company.
- ✓ The NRC shall determine the periodicity at which such remuneration shall be reviewed and revised.

- **Remuneration to KMP & Senior Management Personnel:**

- ✓ The NRC shall approve the remuneration policy of the Company applicable to KMP and Senior Management Personnel.
- ✓ For appointments to the office of KMP or Senior Management Personnel, the NRC shall approve the remuneration and recommend the same to the Board for its approval.
- ✓ The NRC shall approve the annual revision in the remuneration of KMP and Senior Management Personnel based on the remuneration policy of the Company applicable to KMP and Senior Management Personnel.
- ✓ Factors to be considered while determining the remuneration to Directors, KMP and Senior Management Personnel While determining the remuneration to Directors, KMP and Senior Management Personnel.

- **The NRC shall ensure the following:**

- ✓ The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and Senior Management Personnel to deliver the quality required to run the Company successfully;
- ✓ Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- ✓ Remuneration to Directors, KMP and Senior Management Personnel 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.

**j) Meeting of Independent Directors:**

- ✓ Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management.
- ✓ Such meeting shall review the performance of Non-independent Directors and the Board as a whole; &
- ✓ review the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-executive Directors;

### **k) Board Evaluation:**

- ✓ The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its Functioning. Towards this end, the NRC shall establish the criteria and processes for evaluation of performance of Individual Directors, Chairman of the Board, the Board as a whole and the Committees of the Board and recommend the same to the Board.
- ✓ The Board is responsible for monitoring and reviewing of the Board Evaluation framework.
- ✓ The NRC is responsible for carrying out evaluation of every director's performance.
- ✓ The performance evaluation shall take place annually. It shall be the responsibility of the Chairman of the NRC to organize the evaluation process;
- ✓ The appointment /re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

### **5. REVIEW:**

The NRC will review the policy from time to time keeping in view the statutory requirement and need of the organization and recommend the same to the Board for their approval.