



# **TTK HEALTHCARE LIMITED**

*No.6, Cathedral Road, Chennai 600 086*

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## **POLICY RELATING TO SELECTION, REMUNERATION AND EVALUATION OF DIRECTORS AND SENIOR MANAGEMENT**

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### **INTRODUCTION:**

The Companies Act, 2013 and the Listing Agreement with the Stock Exchanges provide that a listed Company should have a formal Policy on various aspects relating to identification of Independent Directors, Senior Management and remuneration to various categories of the employees of the Company.

The Act and the Listing Agreement provide that the Nomination and Remuneration Committee should lay down / recommend appropriate policies to the Board. Pursuant to this requirement, the following integrated Policy Document has been formulated covering the requirements of Section 178 and other applicable provisions of the Companies Act, 2013 and Clause 49(IV) and other applicable provisions of the Listing Agreement.

### **COMPOSITION OF BOARD, BOARD DIVERSITY AND SENIOR MANAGEMENT:**

The Board of Directors shall comprise of directors from the Promoter Group, Functional Directors and Independent Directors. The composition will include such number of Independent Directors and Woman Directors as may be stipulated under the provisions of the Companies Act, 2013 and the Listing Agreement, as may be prevailing, from time to time.

The Company shall have Senior Management which will include Key Managerial Personnel – Chief Executive Officer (CEO), Chief Finance Officer (CFO) and Company Secretary. The CEO may be the Managing Director or Whole-time Director or Manager of the Company as decided by the Board of Directors.

As regards Board Diversity, the Board will be domain - balanced and comprise of people with exposure / expertise to / in varied fields – technical, managerial, marketing, finance, legal, administration, societal interests, etc. As regards gender diversity, representation to women will be given and shall not be less than the proportion prescribed by Law.

## CRITERIA FOR SELECTION

### (i) General:

The role of Board of Directors is one of providing guidance and direction to the operating management of the Company and laying down the framework for maintenance of high standards of governance and accountability.

Since a member of the Board not being a member with whole time responsibility is not required to involve in the day-to-day operations and / or day-to-day strategies of running the business no strict specific domain qualification or domain expertise can be prescribed. What is required is the ability to grasp the general aspects of business of the Company, principles of governance and ability to articulate on matters brought to the Board, etc.

Apart from a formal educational qualification, exposure to one or more fields of relevance to the Company viz., manufacturing operations, services, marketing, finance, legal, people management, general administration, tax laws, consumer behavior, social responsibility, etc., is required to qualify to become a member of the Board.

### (ii) Independent Director:

(A) While every Director is expected to perform his role as a Trustee of the stakeholders, the profile of Directors who are Independent need certain formal requirements of not being closely involved with the Promoters or the operating management which is likely to lead to issues of conflict of interest and may interfere with independent judgment.

Section 149 of the Companies Act, 2013 prescribes the criteria for Independent Director which is reproduced below and which should be fulfilled by the person to be appointed as Independent Director:

**“An independent director in relation to a Company, means a director other than a managing director or a whole-time director or a nominee director-**

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;**
- (b) (i) who is or was not a promoter of the Company or its holding, subsidiary or associate Company;**
  - (ii) who is not related to promoters or directors in the Company, its holding, subsidiary or associate Company;**
- (c) who has or had no pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;**

- (d) none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
  - (e) who, neither himself nor any of his relatives-
    - (i) holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
    - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of-
      - (A) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company; or
      - (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to ten per cent or more of the gross turnover of such firm;
    - (iii) holds together with his relatives two per cent or more of the total voting power of the Company; or
    - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent. or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company; or
  - (f) who possesses such other qualifications as may be prescribed.”
- (B) **Positive Attributes:** The following positive attributes are required to be present in an Independent Director:
- (a) Ability to express his opinion on matters brought to the Board freely and frankly.
  - (b) Seeking such information as are necessary to enable him to form an opinion on the matters that are being brought to the Board.
  - (c) Ability to listen carefully and place his opinion and views crisply without indulging in competitive arguments.
  - (d) Maintaining the decorum during the course of meetings.

- (e) Adhering to the Code of Conduct of the Company as applicable to Directors and Independent Directors.
- (f) Ensure attendance in as many meetings as possible either in person or through video conferencing and not to absent except for circumstances beyond control.
- (g) Proactively contribute ideas in between Board Meetings.

#### **REMUNERATION POLICY RELATING TO DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES:**

As a general rule, the overall remuneration policy of the Company should be dynamic and flexible enough to adapt to changing circumstances.

The Remuneration Policy should be such as to attract and retain talent and at the same time cost effective in relation to the size of the Company, its growth plans and general practice of the comparable industries. The Company may carry out compensation surveys once in two or three years to remain adequately contemporary in its remuneration and other HR practices.

Managing / Whole-time director, Key Managerial Personnel and other Senior Management shall have remuneration comprising of both fixed and variable component. The variable component shall relate to the individual performance of the employees as well as Company's performance. The Company shall follow scientific performance management systems with periodical reviews to determine the periodical increments, performance bonus, incentives, etc., for each of the employee in this category.

The remuneration of Managing Director / Whole-time Director / Manager shall be fixed within the ceiling as prescribed under the Companies Act, 2013 and where the situation demands excess remuneration, the same shall be extended subject to applicable approvals, as may be necessary.

The remuneration of Directors who are not Whole-time Directors shall comprise of sitting fees (as fixed by the Board within the ceiling prescribed under the Companies Act, 2013) for attending any meetings of the Board or Committee including attendance through video / tele-conferencing and also a commission on profits as determined by the Board but within the ceiling and in the manner as prescribed under the Companies Act, 2013 and fixed by the shareholders.

As regards employees, who are not in the Management / Executive cadre, they will be paid fair remuneration, in accordance with the applicable law, comparable industry practices or negotiated settlements with unions where applicable.

#### **CRITERIA FOR EVALUATION OF INDEPENDENT DIRECTORS AND THE BOARD:**

Every Director and the Board collectively will be evaluated on the basis of a few parameters comprising of attendance at meetings either in person or through video / tele-conferencing, participation in discussions on various items on the agenda, dealing with respect to conflict of interest

situation and any specific ideas and contribution to the long term business strategy of the Company. The Nomination Committee shall carry out annual evaluation of every director on the above criteria. A Director in the Nomination Committee shall not participate in his own evaluation process.

**IDENTIFICATION OF DIRECTORS, APPOINTMENT OF SENIOR MANAGEMENT AND THEIR REMOVAL:**

The process for selection of Directors will largely comprise of referrals from any of the member of the Board of Directors or reference from persons of repute or through tapping from Independent Director Registry maintained by authorized institutions. Proposed nominations will be considered against the criteria mentioned in the policy document of the Company.

As regards Senior Management personnel, by and large, promotion from within the Company is encouraged and to enable the same, the Company will consistently pursue robust HR practices whereby people will be identified for their leadership qualities and groomed for higher responsibility. If for any reason talent cannot be identified from the Company's pool of employees, the appointment will be considered from outside the Company through referral and / or through placement firms specialized in identification of people for Senior Management positions.

The Company will have a robust performance management system through which every Senior Management executive will be appraised. The criteria for removal will be based on terms of contract, material breach of code of conduct of the Company, gross negligence, continuously seriously falling short of performance objectives, any disqualification criteria as prescribed under law, etc.

**DISCLOSURE / AMENDMENT:**

This Policy has been framed by the Nominations and Remuneration Committee and recommended to the Board of Directors who has accepted the same. This Policy can be revised, amended, scrapped or substituted at the discretion of the Committee and Board. Such portions of this policy or any summary thereof as considered necessary by the Board or by law shall be disclosed in the Directors' Report or displayed on the website of the Company.

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