

TAMILNADU PETROPRODUCTS LIMITED

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REMUNERATION POLICY

Preamble

The remuneration policy of Tamilnadu Petroproducts Limited (TPL) aims to attract and retain talents for the mutual benefit of all concerned. TPL acknowledges that it is important to provide a mix of reasonable remuneration and also congenial working atmosphere to the employees commensurate with their role and responsibilities.

The remuneration policy applies to the Board of Directors, Senior Management and all the other employees. In this policy reference to one gender shall include all the genders.

Criteria for appointment of Independent Directors

The proposed appointee shall comply with the criteria specified in the relevant provisions of the Companies Act, 2013 and the Listing Agreement with stock exchanges. He shall not, directly or indirectly, represent the interest of any specific vendor or customer or stakeholder and maintain solid business reputation and strong ethical standards and possess necessary leadership skills and business experience including board procedures. He shall also declare his independent status prior to his appointment to the Board and maintain the same during his tenure as an Independent Director. The proposal for appointment shall be considered and recommended by the Nomination and Remuneration Committee (NRC).

Criteria for appointment of Executive Directors

The Executive Director could be a Managing Director (MD), Manager with substantial powers of management as defined under the Companies Act, 2013 or Whole-time Director (WTD). The Company can have more than one MD or WTD, but cannot employ a MD and a Manager at the same time.

The appointee(s) shall have good educational background, preferably with specialization in the field. He shall have adequate skills and leadership qualities to lead the Company or as the case may be the function assigned to him. Depending on the role and responsibility, he shall have had hands on experience in the relevant field. The suitability of the candidate shall be determined on a case to case basis and reviewed and recommended by the NRC to the Board. Being a Director of the Company, he shall adhere to the code of conduct stipulated for the Director and also the applicable code for Senior Management Employees and confirm the same in writing on being appointed and also annually.

The WTD, being a fulltime employee of the Company shall not hold any other position in any other entity. However, he may be non-executive director of not more than 2 other companies, subject to the prior approval of the Board.

Criteria for appointment of Key Managerial Persons (KMP)

The Company is required to appoint a MD/Manager/CEO and in their absence a WTD as one of the KMPs. The Company is also required to appoint a Company Secretary and a Chief Financial Officer. The Company may also appoint a Chief Executive Officer who may or may not be a Director. The appointment of KMP shall be recommended by the NRC.

The qualification, experience and stature of the CEO could be in line with that of the executive directors. Where the CEO is the KMP, he shall act subject to the superintendence and control of the Board and have the substantial powers of management.

The CS shall have the prescribed qualification under the Companies Act, 2013 and requisite experience to discharge the duties specified in law and as may be assigned by the Board/MD from time to time.

The CFO shall hold degree/diploma in Finance from reputed institutions such as the ICAI, ICMA, IIMs, etc. and reasonable work experience. He shall be well versed with finance function including but not limited to funding, taxation, forex and other core matters. As required under the Listing Agreement, the appointment of CFO shall be subject to the approval of the Audit Committee.

Criteria for appointment of other employees

Employees shall be categorized as staff and officers, depending on the job requirement. Manpower resource requirement for various functions shall be determined well in advance and approved by the Managing Director. The functional heads shall be involved in the process of selection of candidates and their recommendations duly complied with by the HR department.

The Company may also go for recruitment of Trainees through campus and the remuneration shall be determined based on the prevailing scales being offered by similar companies. The Trainees may be absorbed in an appropriate cadre subject to requirement and their successful completion of the training.

Manner of appointment

The Functional Head shall fix the minimum and maximum requirements of qualification and experience of the candidates based on the job content. Candidates may be called for through references, HR consultants, leading portals, advertisements, etc., depending on the exigencies. Screening shall be done by the HR Department and those meeting minimum and maximum criteria shall be shortlisted and informed to the concerned functional head. The shortlisted candidates may be interviewed by the Functional Head or some other senior departmental person as may be nominated by him along with the HR representative. The recommendations shall be forwarded to the Functional Head, if he had not been part of the selection team and his views recorded in writing.

Upon deciding the remuneration, joining time etc. offer letter shall be issued to the selected candidate. On due acceptance by the candidate and on his joining the Company, a final appointment letter shall be issued.

Selected candidates shall be invariably on probation for a minimum period of six months and the services confirmed after due appraisal by the immediate superior and the Functional Head. On special cases, MD may waive the probation period or decide on early confirmation, if so warranted.

No compensation shall be payable to persons whose services are not satisfactory and hence are not confirmed. However, MD may at his sole discretion extend the probation for further six months or such other period as may be deemed fit by him. Conditions relating to notice period shall apply to the appointee during the probation period also.

Remuneration Policy for Directors

The following is the managerial remuneration policy of the Company.

(a) For Executive Directors

The remuneration of the Whole Time/ Executive Directors shall comprise of a fixed component comprising of Salary, Allowances & Perquisites and a performance linked pay, as may be fixed by the NRC and subsequently approved by the Members. Remuneration trend in the industry and in the region, academic background, qualifications, experience and contribution of the individual are to be considered in fixing the remuneration. These Directors are not eligible to receive sitting fees for attending the meetings of the Board and Committees.

(b) For Non-Executive Directors

The Non-Executive Directors will be paid sitting fees for attending the Board and Committee Meetings as per the stipulations in the Act, and the Articles of Association of the Company and as recommended by the NRC. Different scales of sitting fee may be fixed for each category of the directors and type of meeting. However, the fees payable to the Independent Directors and Woman Directors shall not be lower than the fee payable to other categories of directors.

In addition to this, the travel and other expenses incurred for attending the meetings are to be met by the Company. Subject to the provisions of the Act and the Articles of Association, the Company in General Meeting may by special resolution sanction and pay to the Directors remuneration not exceeding 1% of the net profits of the Company computed in accordance with the relevant provisions of the Act. The Company shall have no pecuniary relationship or transactions with any Non-Executive Directors.

Guiding principles for fixing remuneration to employees who are not directors

The remuneration and the other terms of employment are aimed to invite, inspire and preserve competent personnel for performing the requisite role.

The remuneration package and other terms, amenities, perquisites, etc. for an employee in Senior Management, Key Managerial Persons and Officer cadre may be determined on case to case basis depending on the position, role, responsibility and deliverables of the appointee. Due weightage is also given to his qualification and previous experience.

The remuneration will comprise of a fixed component and a variable pay. Generally, the fixed component will be basic salary, allowances such as House Rent Allowance, Conveyance Allowance, Special Allowance, etc. The variable pay shall be a minimum of 10% of the total pay and may go upto 25%.

The variable pay shall be payable annually or at such frequency as may be determined by the Management from time to time, subject to the positive performance of the Company and the individual . The performance will be related to the achievement of various improvement targets or the attainment of certain financial objectives, wherever plausible. Where the performance cannot be measured in quantum, the yardstick shall be fixed on case to case basis.

The eligibility to receive performance pay shall be decided based on appraisal of the individual concerned by his immediate superior and approved by the Functional Head with reference to the targets fixed and achieved. Where the immediate superior is the Functional Head, the rating shall be reviewed by the Managing Director or such other senior officer as may be nominated by him. MD shall have the authority to take a final call on the ratings in line with the overall organizational goals.

Remuneration to staff cadre employees shall be in terms of the wage settlements entered into between the Management and the representatives of the Staff from time to time.

In fixing the remuneration structure to the employees, due regard shall be given to ensure reasonable benefits to the employees within the framework of law.

Remuneration may be revised periodically based on the Key Result Areas fixed and achieved through the performance appraisal process specified for performance linked payments.

Payment of bonus, contribution to Provident and other Funds, ESI etc. shall be in accordance with the extant regulations.

Other benefits

Other benefits to unionized employees shall be in terms of the agreement entered into between the Management and the recognized Union, if any.

Members of the Executive Management may be provided with a number of work-related benefits, including company car, reimbursement of communication expenses, etc. The extent of individual benefits is negotiated with each individual member of the Executive Management.

Employees will also be covered under Group Accident insurance, Health insurance and Directors and Officers Liability Insurance as may be applicable to the respective cadre.

Notice period and termination

The notice period for termination of the contract of employment shall be as agreed to between the appointee and the Company. Generally for senior executives including Board level appointees, it shall not be less than 3 months and for others not less than 2 months' Notice period shall apply even during the period of probation. MD shall be at liberty to waive the notice period on case to case basis other than for Board level appointees.

Deviations and Changes to the Policy

The NRC may review the above policy from time to time and suggest suitable changes taking into account the extant economic and business scenario and manpower requirements. The suggestions of the NRC may be considered and approved by the Board.