

# Paras Healthcare Limited

## Nomination and Remuneration Policy<sup>1</sup>

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<sup>1</sup> Approved by the Board of Directors in their meeting held on July 22, 2024

## **NOMINATION AND REMUNERATION POLICY**

### **1. INTRODUCTION**

This policy is framed pursuant to the requirements of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “Listing Regulations”), Section 178 of the Companies Act, 2013 (hereinafter referred to as “Act”) read with Rules made there under, as amended and re-enacted from time to time.

This Policy has been developed and implemented by the Nomination and Remuneration Committee and applies to the Directors, Key Managerial Personnel, and/or Senior Management of the Company.

### **2. OBJECTIVE**

The key objective of this policy is:

- to set out the approach to diversity on the Board of Directors of the Company and to devise policy on Board diversity;
- to guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board;
- to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management;
- to provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- to attract, retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- to develop a succession plan for the Board and to regularly review the plan.

### **3. DEFINITIONS**

- a) **“Board of Directors” or “Board Members” or “Board”** shall mean Directors on the Board of Directors of the Company.
- b) **“Independent Directors”** shall mean an Independent Director referred to in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, each as amended.
- c) **“Key Managerial Personnel” or “KMP”** means Key Managerial Personnel as defined

under Section 203 of the Companies Act, 2013 & in relation to the Company means:

- i. Chief Executive Officer or the Managing Director or the Manager;
- ii. Whole Time Director;
- iii. Chief Financial Officer; and
- iv. Company Secretary;
- v. Such other officer as may be prescribed

**d) “Nomination and Remuneration Committee” or “NRC Committee” or “Committee”** means a committee constituted by the Board of Directors of the Company from time to time under the Section 178 of the Act (including the rules prescribed thereunder) and Regulation 19 of the Listing Obligations and Disclosure Requirements with the Stock Exchanges.

**e) “Senior Management”** shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

#### **4. CONSTITUTION**

- a) The Board shall determine the membership of the Nomination & Remuneration Committee.
- b) The Committee shall comprise of at least three non- executive directors, of which not less than one-half shall be independent directors.
- c) Chairman of the committee shall be an Independent Director.
- d) The Company Secretary shall act as Secretary to the committee.

**5. POLICY :** This policy is divided into four parts:

##### **5.1 Appointment of Directors/KMP/Senior Management Personnel, Tenure, Removal**

- a) **Criteria for identifying persons who are qualified to be appointed as a Director / KMP / Senior Management Personnel / Other Employees of the Company:**
  - The Committee shall identify and ascertain the ethical standards of integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his /her appointment.

- For every appointment of an Independent Director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
    - i) use the services of any external agencies, if required;
    - ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
    - iii) consider the time commitments of the candidates.
  - The Committee should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other applicable enactment for the time being in force.
  - The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other applicable enactment for the time being in force.
  - A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
  - The Company shall not appoint a person or continue the directorship of any person as a Managing Director, Whole-time Director or Manager who has attained the age of seventy years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.
  - The Company shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person
- b) Term/ Tenure:**
- i. **Managing Director / Whole Time Director:**  
The Company shall appoint or re-appoint any person as its Managing Director /Whole Time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

ii. **Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

iii. **Non-Executive Director other than Independent Director:**

The Term / Tenure of the Non-executive Directors other than Independent Director shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder and Listing agreement as amended from time to time.

iv. **KMPs/ Senior Management Personnel**

The Term/Tenure of the KMP's/Senior Management Personnel shall be as per the companies prevailing HR policy.

c) **Removal:**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Act, rules made thereunder and Listing Regulations.

## **5.2 Remuneration**

The level and composition of remuneration to be paid to the Managing Director, Whole-Time Director(s), Non-Executive Director(s), KMP's, Senior Management Personnel and other employees shall be reasonable and sufficient to attract, retain and motivate directors, KMP's, Senior Management and other employees of the quality required to run the company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

**a. Managing Director /Whole Time Director(s)**

The Managing Director / Whole Time Director(s) shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, performance bonus and quantum of perquisites shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders as per the Act rules made thereunder wherever applicable.

While recommending the remuneration payable to Managing Director/Whole Time Director(s), the Committee shall, inter alia, have regard to the following matters:

- Financial and operating performance of the Company
- Relationship between remuneration and performance
- Industry/ sector trends for the remuneration paid to executive directorate.

Annual Increments to the Managing Director/ Whole Time Director(s) shall be within the slabs approved by the Shareholders. Increments shall be recommended by the Committee to the Board of Directors at times it desires to do so but preferably on an annual basis.

**b. Non-Executive / Independent Directors**

- i) **Sitting Fee:** The Non-Executive / Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- ii) **Commission:** Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.
- iii) **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

**c. Senior Management Personnel / KMPs**

The Remuneration to be paid to Senior Management Personnel / KMP's shall be based on the experience, qualification, expertise of the related personnel as well as the prevailing market conditions and shall be decided by the Board on the recommendation of the Committee.

**5.3 Evaluation of Independent Directors and the Board of Directors**

Performance evaluation is important to provide a system of checks and balances on the performance of the directors so as to ensure that they exercise their powers in a rational manner.

- i. **Frequency of Evaluation:** Pursuant to Section 134 (3) (p) of the Act, it can be inferred that there has to be a formal annual evaluation of Board of its own performance and that of its committees and individual directors. The company may undertake annual evaluation either in accordance with calendar year or financial year.
- ii. **Action Plan:** Once responses from all the Directors have been received, a summary of results of the Board evaluation will be placed before Committee. Based on the feedback from each member, an average rating for each question will be obtained. All questions with average rating as decided by the Committee have been identified as areas for reflection and action planning. These are not necessarily the problem area but definitely the areas where processes/ practices can be improved to meet the best governance standards and the Board may devise a plan to address such identified areas (“Action Plan”). While identifying the areas for reflections, proposed actions should be suggested for consideration of the evaluation panel. In some areas, suggestion from the evaluation plan are required to be provided.

The action plan should carry in detail the following:

- a. The nature of actions, including training and skill building, required to be undertaken to address the identified areas.
  - b. Timeline within which the action detailed in the Action Plan shall be completed.
  - c. Persons responsible for the implementation of the Action plan.
  - d. Resources required to achieve the objectives set out in the Action Plan.
  - e. The Board must review the actions set out in the Action Plan within a specific time period.
- iii. **Evaluation Criteria:** The Nomination and Remuneration Committee shall evaluate the performance of each director of the Company under the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of Section 178 of the Act.

Independent Directors are duty bound to evaluate the performance of non-independent directors, chairperson of the Board. The Act empowers the Independent Directors to hold separate meeting without the presence of other directors to assess the performance of the board.

Evaluation of Independent Directors shall be carried on by the entire board which shall include – (a) performance of the directors, and (b) fulfilment of the independence criteria as specified in the Listing Regulations and their independence from the management. The directors who are subject to evaluation shall not be allowed to participate.

The Board of Directors shall take into consideration the following parameters for the purpose of evaluation the performance of a particular director.

In respect of each of the evaluation parameters, various description has been

provided to assist with the evaluation process in respect of performance of Board itself; and of its committees and individual directors, as such evaluations factors may vary in accordance with their respective functions and duties.

The evaluation scale is a five-point scale- Appraisal of each Director of the company by the other shall be based on the criteria as mentioned herein below:

**Rating scale**

Scale	Performance
5	Always
4	Almost Always
3	Sometimes
2	Almost Never
1	Never

**5.4 Board performance Evaluation Process**

**(a) Independent Directors**

Some additional specific issues and questions that should be considered in the performance evaluation of an Independent Director are set out below:

S. No	Assessment Criteria
1	Director is Independent from the entity and other Directors.
2	Director exercises own judgement and voices opinion freely.
3	Objective evaluation of Board's performance, rendering independent, unbiased opinion.
4	Director ensure that Company has an adequate and functional vigil mechanism
5	Director maintains high level of confidentiality.
6	Director acts within his authority and assists in protecting the legitimate interest of the Company, shareholder and employees.

This process of evaluation shall be done by the all directors excluding the director who is being evaluated, and the Nomination and Remuneration Committee.

Based on the above criteria each of the Independent Directors has to be assessed by giving a rating as per the Rating Scale mentioned above. The total of the ratings so awarded will be averaged over the number of persons who have awarded the rating.

Assistance in conducting the process of evaluation shall be provided by a person as authorized by the Board and for this purpose, such person shall report to the Board.

**(b) Non-Independent Directors / Managing Director / Other Directors**

Some of the specific issues and questions that should be considered in a performance evaluation of Non- Independent Director / Other Directors are set out below:



S. No.	Assessment Criteria
1.	<p><b>Participation at Board/ Committee Meetings</b></p> <p>(i) Director comes well prepared and attends the meetings regularly and timely inputs on the minutes of the meetings.</p> <p>(ii) Director demonstrates a willingness to understand the Company and its business.</p> <p>(iii) Director has ability to remain focused at a governance level in meetings.</p> <p>(iv) Director's proactively contributes in to development of strategy and to risk management of the Company.</p> <p>(v) Director makes the disclosure in form MBP-1.</p>
2.	<p><b>Managing Relationship</b></p> <p>(i) Director's performance and behavior promotes mutual trust and respect</p> <p>(ii) Director is effective and successful in managing relationships with fellow Board members and senior management.</p>
3.	<p><b>Knowledge and Skill</b></p> <p>(i) Director understands governance, regulatory, financial, fiduciary and ethical requirements.</p> <p>(ii) Director updates his/ her knowledge and skills with the latest developments and guides Management accordingly.</p> <p>(iii) Director is able to present his/ her views convincingly.</p> <p>(iv) Director listens and takes on Board the views of other members of Board.</p>
4.	<p><b>Personal Attributes</b></p> <p>(i) Director is professionally qualified and has experience relevant to the entity.</p> <p>(ii) Director promotes Team work attributes and supervising/ training of staff members.</p> <p>(iii) Director has maintained /upholds high standard of ethics, integrity and code of conduct of Company.</p> <p>(iv) Director helps in bringing independent judgment during board deliberations</p>

Some of the specific issues and questions that should be considered in a performance evaluation of Chairman of the Board and/or Managing Director ("C/MD") are set out below as may be relevant:

Sr. No.	Assessment Criteria
1.	<p><b>Leadership / Strategic Formulation</b></p> <p>(i) The C/MD has shown clear vision in correctly anticipating business trends, opportunities, and priorities affecting the Company's prosperity and operations.</p> <p>(ii) The C/MD has accurately communicated his concept, vision, mission, strategies, goals, and directions for the Company to stakeholders.</p> <p>(iii) The C/MD has clearly translated his vision and strategy into feasible business or operational plans to achieve strategic success for the</p>

	<p>Company.</p> <p>(iv) The C/MD is open to constructive suggestions, and exercised effective leadership for the organization.</p> <p>(v) The C/MD has developed clear mission statements, policies, and strategic plans that harmoniously balance the needs of shareholders, clients, employees, and other stakeholders.</p> <p>(vi) The C/MD has accurately determined and assessed key success factors for formulating the Company's strategy</p> <p>(vii) The C/MD has assured that company's resources and budgets are aligned to the implementation of the organization's strategic plan.</p> <p>(viii) The C/MD has established an effective organization structure, ensuring that there is management focus on key functions necessary for the organization to align with its mission.</p>
2	<p><b>Operational Performance</b></p> <p>(i) The C/MD has demonstrated thorough knowledge and understanding of the company's management and operations.</p> <p>(ii) The C/MD has ensured that the company's operations complied with requirements from all pertinent laws and regulations.</p> <p>(iii) The C/MD has regularly demonstrated creativity and initiative in creating new products and services.</p> <p>(iv) The C/MD has timely and effectively monitored Quality and Facility plan of the organization.</p> <p>(v) The C/MD has consistently made sound decisions and made timely adjustments in operational strategies, if required.</p> <p>(vi) The C/MD has accurately supervised performance monitoring and performance control to ensure accountability at all levels of the organization.</p>
3.	<p><b>Financial planning / performance</b></p> <p>(i) The C/MD has a good understanding of the company's business model and allocation of its resources, as well as business and industry environment.</p> <p>(ii) The C/MD has exercised good judgement in managing the financial affairs and budgets of the organization.</p>
4.	<p><b>Human Resource Management /Relations</b></p> <p>(i) The C/MD has motivated and encouraged high employee morale and loyalty to the organization, and facilitated team-building and cohesiveness among the Company's employees to achieve the Company's vision.</p> <p>(ii) The C/MD effectively monitors policies, procedures and practices pertaining to human resources, including appraisal process and rewarding systems for management and employees.</p> <p>(iii) The C/MD has effectively reviewed the Company's succession plan, and, if appropriate, made necessary changes by taking into account conditions that are external or internal to the Company.</p>
5	<p><b>Governance Practices</b></p>

	<ul style="list-style-type: none"> <li>(i) The C/MD has established processes for monitoring and controlling works, ensuring that the effectiveness of organizational performance, including risk management.</li> <li>(ii) The C/MD has demonstrated a sound knowledge of Board governance procedures and has consistently followed them.</li> <li>(iii) The C/MD has ensured to present information to the board on items requiring Board opinions and decisions in a professional manner, with recommendations based on thorough study and sound principles.</li> <li>(iv) The C/MD has served as an effective Company's representative in communicating with all stakeholders.</li> </ul>
6	<p><b>Values</b></p> <ul style="list-style-type: none"> <li>(i) The C/MD has maintained a high standard of ethics and integrity, as well as a healthy balance of time management and priorities in both work-related and personal matters.</li> <li>(ii) The C/MD has created and maintained an organizational culture and values which attracts, keeps and motivates staff to carry out the Company's mission, strategic directions and organizational goals.</li> </ul>
7	<p><b>External Relations</b></p> <p>The C/MD has encouraged corporate social responsibility activities and ensured that the Company maintains positive relationships in the community and cultivates good working relationships with community groups, industry associations and organizations.</p>

Based on the above criteria each of the Non-Independent Directors / MD / Other Directors has to be assessed by giving a rating as mentioned above. The total number of ratings awarded will be averaged over the number of persons who have awarded the rating.

This process of evaluation shall be done by the entire Board excluding the director who is being evaluated, and the Nomination and Remuneration Committee.

Assistance in handling the process will be provided by a person so authorized by the Board, and for this purpose, the person will report to the Board.

**(c) Board of Directors**

Some of the specific issues and questions that should be considered in a performance evaluation of the entire Board are set out below:

S. No.	Assessment Criteria
1	<p><b>Mission, Vision and Values</b></p> <ul style="list-style-type: none"> <li>(i) The Board knows and understands Company's mission and reflects this understanding when addressing key issues throughout the year.</li> </ul>
2	<p><b>Strategic direction</b></p> <ul style="list-style-type: none"> <li>(i) The Board engages in long-range strategic thinking and planning.</li> <li>(ii) The Board scans the external environment affecting the business of the Company and advises management on mitigating the adverse impacts, if</li> </ul>

	any, on the Company.
3	<p><b>Monitoring progress</b></p> <p>(i) The Board has achieved what it set out to accomplish during the past year.</p> <p>(ii) The Board conducts a comprehensive evaluation of Company's performance at every Board Meeting, discusses areas of concerns &amp; advises course correction in consultation with the management.</p> <p>(iii) The Board periodically monitors performance against major investments.</p> <p>(iv) The Board effectively monitors relationship with various stakeholders.</p> <p>(v) The board has effectively developed the corporate governance practices and monitors compliances with corporate governance regulations and guidelines.</p> <p>(vi) The board periodically monitors organization's service to staff and society.</p> <p>(vii) The board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate the independent auditor's qualifications and performance (through its audit committee.)</p>
4	<p><b>Competence and Development</b></p> <p>(i) The Board is well-educated on major financial and investment issues.</p> <p>(ii) The Board has members who have the right mix of capabilities, experience and skills to the interests of all stakeholders.</p> <p>(iii) The Board stays abreast of any major issues affecting the management plan, using this information to assess and guide the organization over the long term.</p>
5	<p><b>Board meetings</b></p> <p>(i) The Board ensures that new Board members receive a prompt, thorough introduction and orientation.</p> <p>(ii) Board meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.</p> <p>(iii) The Board meetings agenda are detailed and well-balanced, allowing appropriate time for the most critical issues and circulated well in advance of the Board meeting.</p> <p>(iv) The Board meetings is the reasonable length.</p>
6	<p><b>Communication and Dynamics</b></p> <p>(i) The Board comprehends and respects the difference between its oversight role of the Chairperson and MD's executive management role.</p> <p>(ii) Board goals, expectations, and concerns are promptly, candidly, and effectively communicated to the Board Chair and Managing Director.</p> <p>(iii) The Board members respect the majority votes on issues placed for discussion.</p> <p>(iv) The Board brings discussions to a conclusion with clear direction to Company Secretary for recording the decisions in Minutes.</p>

Based on the above criteria the Board has to be assessed by giving a rating as mentioned above. The total number of the ratings awarded will be averaged over the number of persons who have awarded the ratings. Assistance in the process will be provided by a person so authorized by Board and for this purpose the person will report to the Board.

**(d) Committees of the Board**

While calculating the performance of the Committee of Board the following general criteria shall be considered the Board.

S. No.	Assessment Criteria
1	<p><b>Function and Duties</b></p> <ul style="list-style-type: none"> <li>(i) Constitution and 'Terms of Reference' of the Committee as per applicable legal provisions.</li> <li>(ii) The terms of reference for the Committee are appropriate with clear defined roles and responsibilities.</li> <li>(iii) The Committee regularly reviews its mandate and performance.</li> <li>(iv) Committee takes effective and proactive measures to perform its functions as assigned by the Board.</li> </ul>
2	<p><b>Management Relations</b></p> <ul style="list-style-type: none"> <li>(i) Adequate independence of the Committee is ensured from the Board.</li> <li>(ii) Active participation of all the members of the Committee in the deliberations/ decision making</li> <li>(iii) Committee's recommendations contribute effectively to the decisions of the Board.</li> </ul>
3	<p><b>Committee Meetings and Procedures</b></p> <ul style="list-style-type: none"> <li>(i) Frequency of the meetings of the Committees.</li> <li>(ii) Meetings of the Committees are organized properly and appropriate procedures are followed.</li> <li>(iii) The Committee Members receive Agenda, Notes to Agenda of the Committee Meetings in advance.</li> <li>(iv) Minutes are prepared and signed on time and the same are placed before the Board.</li> </ul>

**6. Board Diversity**

Company recognizes and embraces the importance of a diverse Board in its success. Company believes that a truly diverse Board will leverage differences in thought, perspective, regional and industry experience, cultural and geographical background, age, ethnicity, race, gender, knowledge & skills including – expertise in financial, global business, leadership, technology, mergers & acquisition, Board service, strategy sales and marketing, environment social & governance (“ESG”), risk and cyber security and other domains, which will ensure that Company retains its competitive advantage.

Company believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives, including to:

- a. drive business results;
- b. make corporate governance more effective;
- c. enhance quality and responsible decision-making capability;
- d. ensure sustainable development; and
- e. enhance the reputation of Company

The Committee is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions in accordance with the relevant laws.

The Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation, or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.

Accordingly, the Committee shall:

- assess the appropriate mix of diversity, skills, experience and expertise required on the Board and assess the extent to which the required skills are represented on the Board,
- make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience and expertise on the Board, and
- periodically review and report to the Board requirements, if any, in relation to diversity on the Board.

The Board shall have an optimum combination of executive, non-executive and independent directors in accordance with requirements of the Articles of Association of Company, the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regulations, and other statutory, regulatory and contractual obligations of Company.

The effective implementation of this Policy requires that shareholders are able to judge for themselves whether the Board is adequately diverse. To this end, Company shall continue to provide sufficient information to shareholders about the size, qualifications and expertise of each Board member, in accordance with the relevant laws.

**7. Succession Plan of Board of Directors and Senior Management Personnel**

The Company recognizes the importance of the process of succession planning to provide for continuing in the smooth functioning of the Board of Directors and Senior Management Personnel. It is an essential function of the Board for the survival and growth of the organization and to ensure its continued effective performance through leadership continuity. There are certain positions in the Company that are key to Company's current and future growth. It is therefore important that these positions are manned by skilled and best possible incumbents and those positions whenever fall vacant are filled well in time to avoid any leadership gaps.

The Company is focussed on their long- term future by protecting the organization from the havoc that unwelcome departure can create. The Company is prepared with a plan to support operation and service continuity when the member of the Board leaves his/her position.

The NRC shall proactively review the succession requirements for the Board and Senior Management Personnel and carry out due diligence process to determine the suitability of every person who is being considered for appointment or re-appointment as director and senior management personnel of the Company based on his/her educational qualification, experience, track record. The proposed candidate shall be evaluated by the NRC to determine the eligibility and fit and proper criteria as per the Act and Listing Regulations, thereafter such candidate shall be recommended to the Board for its consideration and approval.

**8. Familiarisation Programme for Independent Directors**

Familiarization Programme for Directors [Pursuant to Regulations 25 and 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015].

The listed entity shall familiarize the independent directors through various programmers about the listed entity, including the following:

- (a) nature of the industry in which the listed entity operates;
- (b) business model of the listed entity;
- (c) roles, rights, responsibilities of independent directors; and
- (d) any other relevant information

Company believes that a Board which is well informed / familiarized with the Company and its affairs, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations. In pursuit of this, the Directors of the Company are updated on material changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislation & economic environment and on matters significantly affecting the Company, to enable them to take well informed and timely decisions. The Independent Directors are apprised through appointment letters, on their roles, duties &

responsibilities, time commitment required, remuneration, insurance coverage, and also the process for evaluation of the performance of the Board, Board Committees & individual Directors. Further, the Directors, on appointment, are provided with induction kits which, inter alia, include the Company's Memorandum and Articles of Association, Corporate Governance Policy, Company's code of conduct, Company's code of Conduct for Prevention of Insider Trading, Terms of Reference of Board Committees and Annual Report & Accounts and Sustainability Report for the last 2 years. These Directors are also provided with an overview of the Company's businesses and sustainability initiatives.

To enable the Directors to familiarize themselves and experience the manufacturing & other facilities of the Company, Board Meetings are held from time to time in locations where the Company has operations, besides the registered office. Visits to Company facilities are also separately organized for the Directors for this purpose. The industry scenario, competitive environment, regulatory framework and such other topics of interest are periodically shared with the Directors at the Board Meetings, along with review of the various businesses of the Company. Amongst others, risk assessment & minimization procedures, CSR & sustainability interventions, changes in organizational structure, succession plans, management development processes, and performance of subsidiary companies are also presented to the Board and / or Board Committees, as appropriate.

#### **9. DISCLOSURE OF POLICY**

This policy shall be disclosed on the Company's website and such web link shall also be provided in the Annual Report.

#### **10. REVIEW, LIMITATION AND AMENDMENT**

The Committee or Board of Directors shall review this Policy as may be deemed necessary and in accordance with any regulatory amendments.

In the event of any conflict between the Act and Listing Regulations or any other statutory enactments ("Regulations") and the provisions of this policy, the Regulations shall prevail over this policy.

Any subsequent amendment/modification in the Regulations, in this regard shall automatically apply to this policy.