



the Spirit of Innovation

DIVGI TORQTRANSFER SYSTEMS LIMITED

POLICY FOR ORDERLY SUCCESSION OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Document Control

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Document Record Sheet

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1. Introduction:

1.1.Regulation 17 (4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “**SEBI Listing Regulations**”) stipulates that the board of directors of the Company shall satisfy itself that plans are in place for orderly succession for appointment of Board of Directors and senior management.

1.2.In compliance with SEBI Listing Regulations, **Divgi TorqTransfer Systems Limited** (“**Company**”) has formulated and adopted a Policy for Orderly Succession of Board of Directors and Senior Management (hereinafter called the “**Policy**”). The Policy has been approved by the board of directors of the Company pursuant to the meeting of the board of directors (“**Board**”) dated June 10, 2022 The Policy shall be effective from the date of approval of the Board.

2. Purpose:

2.1.Succession Planning is an important component often addressed as part of strategic planning. It is critical to the success of the organization and should provide for a process that recognizes, develops and retains top leadership talent. The Board often creates a succession plan outlining the process for retaining, developing, and/or appointing Directors and Senior Management of the Company.

2.2.Succession planning can also mean creating an objective in a strategic plan around succession plans for all senior staff positions. If the organization is interested in developing an internal process to ensure that it develops and retains the best people, it may outline a development plan for each key position in the organization.

3. OBJECTIVE OF SUCCESSION PLANNING PROGRAMME:

The objectives of the succession planning programme shall, inter alia, include the following:

- a) To identify and nominate candidates for the Board’s approval (including Nomination and Remuneration Committee) and identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives
- b) To identify the key job requirements in Senior Management positions and recommend whether the concerned individual (i) be granted an extension in term/service or (b) be replaced with an identified internal or external candidate or recruit other suitable candidates as per Human Resource policy of the Company
- c) To ensure the systematic and long-term development of individuals in the senior management level to replace when the need arises due to death, disabilities, retirements and other unforeseen occurrences and unexpected events

4. Applicability of The Policy:

The Policy shall be applicable for succession planning of the appointment to the board of directors and Senior Management.

5. Definition:

5.1. **“Board of directors”** or **“Board”** means the Board of **Divgi TorqTransfer Systems Limited** as constituted or reconstituted from time to time.

5.2. **“Company”** means **Divgi TorqTransfer Systems Limited**.

5.3. **“Nomination and Remuneration Committee”** means the committee of the Board constituted under the SEBI Listing Regulations read with Section 178 of the Companies Act, 2013 (**“Act”**).

5.4. **“Policy”** means Orderly Succession of Board of Directors and Senior Management Policy.

5.5. **“Senior Management”** shall mean officers/personnel of the Company who are members of its core management team excluding Board of directors and normally this shall comprise all members of management one level below the executive directors, including all functional heads.

6. Key considerations in the Succession Planning Process:

- (i) Identify the long-term vision and direction of the organization, i.e. Strategic Plan.
- (ii) Review the mission and values of the organization.
- (iii) Determine who the key leadership people are that you want to develop and nurture for the future.
- (iv) Determine which positions need a succession plan.
- (v) Identify core competencies and skills needed to lead the organization.
 - (a) Determine talents needed for the long term.
 - (b) Review current job description and revise and update.
 - (c) Review salary history, budget, and market rates for position.
 - (d) Seek key stakeholder input.
- (vi) Determine interim management and leadership plan for unplanned leaves.
 - (a) Appointing an acting director from inside organization or contracting with another person for specified time period or until another person is hired.

- (b) Develop timeline and position description for interim position.
- (vii) Hiring a Permanent CEO/Executive Director for planned exit.
- (viii) Determine recruitment strategies:
 - (a) Hiring search firm vs. board managed process.
 - (b) Develop selection criteria for key candidates to recommend to the board.
 - (c) Develop communication strategy- key stakeholders.
 - (d) Develop transition plan – mentoring and coaching, orientation, etc. may create an individual development plan with key expectations and performance review process for first year.
 - (e) Conduct search process.

7. Succession Plan for the Board and Senior Management:

The Nomination and Remuneration Committee shall review the leadership needs and succession plan of the Company from time to time.

a. Succession Plan for the Board

The appointment of the person at the Board level shall be in accordance with the applicable provisions of the Companies Act, 2013 read with the SEBI Listing Regulations as may be amended from time to time.

The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board of directors their appointment and removal.

The Nomination and Remuneration Committee shall devise a policy on diversity of Board of directors and formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend for appointment/re-appointment of Independent Director in the Company.

b. Succession Plan for the Senior Management

The vacancy at Senior Management level shall be filled by the Managing Director in line with the internal policy, if any adopted by the management keeping in view the future growth and development. Appointment of the Chief Executive Officer/Chief Financial Officer/Company Secretary/Manager shall be as per the provisions of the Companies Act, 2013.

8. Review and Monitoring

The Board has the power to replace this Policy entirely with a new policy on recommendation by the Nomination and Remuneration Committee to ensure its effectiveness of the Policy.

9. Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 (and the rules framed thereunder) or the SEBI Listing Regulations or any other statutory enactments, rules, the provisions of Companies Act, 2013 or SEBI Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI Listing Regulations, Companies Act, 2013 (and the rules framed thereunder) and/or applicable laws in this regard shall automatically apply to this Policy.

The Policy shall be uploaded under a separate section on the website of the Company at www.divgi-tts.com.

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment/modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.