

POLICY ON APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT EMPLOYEES AND SUCCESSION PLANNING

I. INTRODUCTION

Regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**SEBI Listing Regulations**”), *inter alia*, reads, the Board of Directors of the listed entity shall satisfy itself that plans are in place for orderly succession for appointment to the Board of Directors and senior management.

Section 178 of the Companies Act, 2013, the Company is required to constitute a Nomination and Remuneration Committee and development of a succession plan for the Board and senior management is an object of the Nomination and Remuneration Committee.

The Company has therefore put in place a Policy on Succession Planning for the Board and Senior Management (the “**Policy**”).

II. DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

- a) “**Board**” means Board of Directors of Digidrive Distributors Limited
- b) “**Company**” means Digidrive Distributors Limited
- c) “**Committee(s)**” means Committees of the Board for the time being in force.
- d) “**Employee**” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.
- e) “**HR**” means the Human Resource Department of respective divisions/plants the Company, as the context may require.
- f) “**Key Managerial Personnel**” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:
 - i. the Chief Executive Officer or the managing director or the manager;
 - ii. the company secretary;
 - iii. the whole-time director;
 - iv. the Chief Financial Officer;
 - v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - vi. such other officer as may be prescribed

- g) **“Nomination and Remuneration Committee” (NRC)** means the Committee of the Board constituted/re-constituted, from time to time, under the provisions of Regulation 19 of the LODR Regulations, 2015 read with Section 178 of the Companies Act, 2013, as in force.
- h) **“Senior Management Employee”** includes personnel of the Company who are members of its core management team excluding board of directors comprising all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively.

III. OBJECTIVES

The objective of the succession planning program shall, inter-alia, include the following:

- a) To identify and nominate suitable candidates for the Board’s approval (including Nomination and Remuneration Committee) to fill the vacancies which arises in the Board of the Company from time to time.
- b) To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives.
- c) To identify the key job incumbents in Senior Managerial 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 candidate(s).
- d) To ensure the systematic and long-term development of individuals in the senior management level to replace when the need arises due to deaths, disabilities, retirements, and other unexpected occurrence.

IV. REVIEW AND APPROVAL OF THE POLICY

- a) The policy will be reviewed by Nomination and Remuneration Committee and approved by the Board of Directors at least annually or as and when required. In case of non-adherence to the policy, the same shall be reported to the Nomination and Remuneration Committee and necessary action may be taken in this regard.
- b) In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly.

V. POLICY REQUIREMENTS

The Nomination & Remuneration Committee of the Company shall review the leadership needs of the Company from time to time.

VI. SUCCESSION PLAN FOR THE BOARD

The Nomination & Remuneration Committee of the Board, shall apply a due diligence process to determine the suitability of every person who is being considered for being appointed or re-appointed as a Director of the Company based on their educational qualification, experience & track record, and every such person shall meet the '*fit and proper*' criteria, and accordingly any appointment or re-appointment of a Director shall be subject to prior approval / recommendation by Nomination & Remuneration Committee of the Company.

VII. SUCCESSION PLAN FOR THE SENIOR MANAGEMENT PERSONNEL

The Nomination & Remuneration Committee shall periodically review and consider the list of senior managerial personnel due for retirement/attrition within the year. The Committee shall also consider the new vacancies that may arise because of business needs/up-gradation of Department(s)/Regional Office(s). Considering the above, the Committee shall assess the availability of suitable candidates for the Company's future growth and development.

Further, based on the recommendation of the Managing Director & CEO, the Nomination & Remuneration Committee: -

1. Shall evaluate the incumbent after considering all relevant criteria like experience, age, health, leadership quality etc. And recommend to the board whether the concerned individual (i) be granted an extension in term/service or (ii) be replaced with an identified internal or external candidate.
2. Shall identify the competency requirements of board/key positions, assess potential candidates, and develop required competency through planned development and learning initiatives. The committee may utilize the services of professional search firms to assist in identifying and evaluating potential candidates.
3. May recommend to the board to appoint other suitable external candidate(s) as special recruitment in senior managerial level based on job roles and competency in order to provide a continuous flow of talented people to meet the organizational needs.
 - a) The prevailing promotion/transfer policy of Company shall be designed in such a way that the existing/proposed senior managerial personnel shall get all-round exposure in various domains to facilitate career progression, prepare them for administrative responsibilities and to discharge their functions effectively in senior positions.

- b) Where it is decided to appoint an external candidate, timely and planned steps shall be taken for selection of a suitable candidate so that the appointment is made well before the retirement/relieving of the concerned officer to ensure the smooth transition.
- c) The recommendation of the Nomination & Remuneration Committee shall be placed to the Board for approval. While making its recommendation, the Nomination & Remuneration Committee shall consult with the Chairman, the Managing Director & CEO, as may be relevant and all factors including the available talent within the organization and the need to ensure continuous working and growth of the Company shall be carefully considered.
- d) The Managing Director & CEO shall from time to time identify high-potential employees who merit faster career progression to position of higher responsibility and formulate, administer, monitor & review the process of skill development, and identify the training requirements.
- e) Every member of the senior management team shall always endeavor to add capability in-house and mentor officials with potential working under him to handle his responsibility in his absence by exposing him to all aspects of work being handled by him.
- f) In the event of any unexpected occurrence in respect of any member in the core management team, the next person as per the organization chart (as far as practicable) shall take interim charge of the position, pending a regular appointment in terms of the succession plan.
- g) In addition to the above, the appointment of Key Managerial Personnel (KMP) to be made in compliance with all applicable provisions of the Companies Act, 2013 (including the rules made thereunder) and the SEBI Listing Regulations.

VIII. REPORTING

Respective department is responsible for reporting as per applicable regulations. The reporting should be as per the format/ template prescribed in applicable regulation, if available, else as per the format/ template approved by the Committee (as applicable).

IX. RECORD KEEPING

All documents shall be preserved for a period as specified in the applicable regulations and as per Board approved Record Maintenance and Document Retention Policy.