

## SUCCESSION POLICY FOR BOARD AND SENIOR MANAGEMENT

The Board of Directors (“**Board**”) of Capillary Technologies India Limited at its meeting held on September 02, 2022 has approved and adopted the ‘Succession policy for Board and Senior Management’ of the Company. The Policy shall become effective from the date of its adoption by the Board i.e. September 02, 2022.

### Background

Under Regulation 17(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**LODR Regulations**”), the Board of Directors of a listed entity is required to satisfy itself that plans are in place for orderly succession for appointment to the Board of Directors and Senior Management.

The Nomination & Remuneration the ‘**Committee**’ shall be responsible for implementing this Policy and its related procedures.

### Policy Objective

Succession planning is required to ensure continuity and smooth functioning of the Company and to ensure that investors / stakeholders do not suffer due to sudden or unplanned gaps in leadership. The objective of this Policy is to make a plan for orderly succession for appointment to the Board (as defined below) and Senior Management (as defined below).

### Definition

- i. “Nomination and Remuneration Committee” or “Committee” means the Committee of the Board constituted/re-constituted, from time to time, under the provisions of Regulation 19 of the LODR Regulations, and Section 178 of the Companies Act, 2013, as amended.
- ii. “Board of Directors” or “Board” means the board of directors of the Company as



constituted/re-constituted, from time to time.

iii. “Company” means Capillary Technologies India Limited.

iv. “Companies Act” means the Companies Act, 2013 and the rules framed there under, each as amended.

v. “Policy” means this succession policy.

vi. “KMP” or “Key Managerial Personnel” means:

- a) the chief executive officer or the managing director or the manager in their absence, a whole-time director;;
- b) the company secretary;
- c) the chief financial officer; and
- d) such other officer as may be prescribed under the Companies Act.

vii. “LODR Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

viii. “Senior Management”

- i) In case of listed entity means officers/personnel of the Company who are members of its core management team, excluding the directors on the Board. This shall include all members of management one level below the Chief Executive Officer/Managing Director/Manager/Whole-time Director and shall specifically include the Company Secretary and the Chief Financial Officer.
- ii) In case of unlisted entity means 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 executive directors, including the functional heads.

ix. “Stock Exchange(s)” means the stock exchanges on which the shares of the company are listed.

### **Procedure for succession**



### **i. Succession Plan for the Board and the KMPs**

The Committee shall identify suitable persons from among the existing top management personnel or from outside the Company to fill up the vacancy at the Board and KMP level.

The Committee shall apply a diligence process to determine the suitability of every person who is being considered for appointment or re-appointment as a director or KMP of the Company based on his/her educational qualifications, experience and track record.

The appointment, re-appointment or removal of the person at the Board and KMP level shall be recommended by the Committee and approved by the Board. Such appointment, re-appointment or removal shall be in accordance with the applicable provisions of the Companies Act, the Listing Regulations and other laws as applicable to the Company.

### **ii. Succession Plan for the Senior Management:**

The Committee shall periodically review and consider the list of Senior Management due for retirement or resignation within the year. The Committee shall also consider new vacancies that may arise because of business needs or up-gradation of department(s). Accordingly, the Committee shall assess the availability of suitable candidates for the Company's future growth and development.

The vacancy or fresh appointments at the Senior Management level shall be in line with the internal policy (ies) adopted by the management, keeping in view the organization's mission, vision, values, goals and objectives.

The Board may authorize the Committee to frame an internal policy for identifying and developing an internal pool of talent for future leadership role in different department(s)/division(s) in accordance with the requirement of such department(s)/division(s).

The Managing Director, the Executive Directors, shall also, from time to time, identify & recommend high-potential employees who merit faster career progression and



formulate, administer, monitor and review the process of skill development and identify training requirements in respect of such employees.

The appointment of Senior Management shall be in accordance with the applicable provisions of the Companies Act, the Listing Regulations and other laws as applicable to the Company.

### **Emergency succession or temporary change**

If a director's slot/Senior Management's position suddenly becomes vacant by reason of death or other unanticipated occurrence, the Committee/ Executive Directors shall convene a special meeting as early as possible to implement the process described herein, subject to the necessity involved.

For a temporary change in executive leadership (i.e., illness or leave of absence for long time), the immediate junior officer, reporting to such executive, shall take charge in place of his/her senior until the senior executive re-joins the office or if he/she is not competent in the view of the Managing Director or the Committee, then such other person who is competent to take the charge as may be decided by the Managing Director or the Committee will take charge until the senior executive re-joins the office.

### **Review**

This policy will be reviewed and amended by the Board, as and when required.

### **Amendment**

In the event of any conflict between the Act or the SEBI 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.

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