

KEYNOTE FINANCIAL SERVICES LIMITED

POLICY ON SUCCESSION PLANNING FOR THE BOARD AND SENIOR MANAGEMENT

❖ **INTRODUCTION:**

The primary objective of this Policy on Succession Planning is to ensure that employees are recruited and developed to fill each key role within the Company. Effective corporate succession planning increases the availability of capable individuals who are prepared to assume such roles as they become available. The benefit of succession planning is to reduce the risk associated with loss of experienced leadership. Succession planning ensures that businesses continue to run smoothly after the business's most important people viz. Directors, Key Managerial Personnel (i.e. CEO, CFO & Company Secretary) ("KMP"), Senior Management Personnel ("SMP") and other employees of Keynote Financial Services Limited ("the Company" or "KFSL") move on to new opportunities, retire or pass away.

❖ **MAJOR PRINCIPLES AND OBJECTIVES OF THE POLICY ON SUCCESSION PLANNING ARE AS UNDER:**

- a) To ensure that company is prepared with a plan to support operations and service continuity when Key Management Personnel or senior business leaders vacate their positions.
- b) To prepare a supply of suitably qualified and motivated employees for higher roles and responsibilities.
- c) To ensure systematic and long term development of individuals in the KMP and SMP level to replace when the need arises due to the death, disability, retirement or any other unexpected occurrence.

❖ **APPLICABILITY:**

This Policy for succession planning is applicable to following personnel.

- a. Managing Director, Whole-time Directors and other Directors;
- b. Key Managerial Personnel
- c. Senior Management Personnel

❖ **SUCCESSION PLAN FOR BOARD OF DIRECTORS:**

As far as Succession Plan for the Board of Directors is concerned the Nomination Committee of the Board, shall apply due diligence process to determine competency of person(s) being considered for appointment or re-appointment as a Director of the Company. This shall be based on his educational qualification, experience and record of accomplishment and every such person shall meet 'fit and proper' criteria, as the Company may stipulate from time to time. Accordingly, any appointment or re-appointment of a Director shall be subject to prior approval by Nomination Committee of the Company.

The Company has framed a 'Nomination and Remuneration Policy' to guide the Board in relation to appointment / re-appointment / removal of Directors, to devise criteria for performance evaluation of Independent Directors and the Board has to ensure adequate diversity in the Board members to get the best of the varied skills on the industry with experience, background and other qualities of the Director.

Accordingly, the appointment / re-appointment / removal and tenure of the Directors including the Chairman / Managing Director / Whole-time Directors of the company shall be governed by the provisions of 'Nomination and Remuneration Policy' of the Company approved by the Board.

❖ **SUCCESSION PLAN FOR SENIOR MANAGERIAL PERSONNEL:**

The Nomination and Remuneration Committee of Keynote Financial Services Limited shall 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) or expansion of level of business. Considering the above, the Committee shall assess the availability of suitable candidates for the Company's future succession, growth and development. Further, based on the recommendation of Whole-time Directors, all Key Managerial Persons, Head of Departments and others concerned, the Nomination and Remuneration Committee:

1. shall evaluate the incumbent after considering all relevant criteria like experience, age, health, leadership quality etc. and recommend to the Board of Directors whether the concerned individual
 - (i) be granted an extension in term / service or
 - (ii) be replaced with an identified internal or external candidates.
2. shall Identify the competency requirements of Directors / Key position Employee, 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.

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The recommendation of the Nomination and Remuneration Committee shall be placed to the Board for final approval. While making its recommendation, the Nomination and Remuneration Committee shall consult with the Managing Director, as may be relevant and all key factors including the available talent within the organization and the need to ensure availability of continuous service with growth of the Company shall be carefully considered.

The Managing Director and Head-Human Resources 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.

Appointment of Key Managerial Personnel such as Company Secretary, Chief Financial Officer and other Compliance Professionals shall be made in compliance with and conforming applicable provisions of relevant laws.

❖ **REVIEW OF THE POLICY**

In case of any amendment(s), clarification(s), circular(s) etc issued by relevant authorities, not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail and this Policy shall stand amended to that extent.

The Board of Directors of the Company has the power to replace and or amend this Policy on recommendation by the Nomination and Remuneration Committee from time to time as and when needed.
