



Alpha Alternatives Financial  
Services Private Limited  
(Formerly Known as Provincial Finance  
and Leasing Co Private Limited)

Policy on Succession Planning

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## Succession Planning Policy

**Applicable to: Alpha Alternatives Financial Services Private Limited (“AAFSPL”) (Formerly Known as Provincial Finance and Leasing Co Private Limited (“PFLCPL”)**

### **Background:**

The Securities and Exchange Board of India (SEBI) has mandated the need for a succession policy pursuant to Regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”). This is one of the most significant attempts to ensure that investors do not suffer due to sudden or unplanned gaps in leadership. It is a mandate for boards of all listed companies to develop an action plan for successful transition of key executives. Pursuant to the Listing Regulations, Central Depository Services (India) Limited (“**Company**”) is required to put in place a plan for orderly succession for appointment to the board of directors and senior management.

Whereas under Section 178 of the Companies Act, 2013 (“**Companies Act**”), 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.

Accordingly, this succession plan (“**Succession Plan**”) for the appointment of the Directors on the Board and Key Managerial Personnel has been prepared to give effect to the provisions of the Listing Regulations.

### **Objective:**

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

- To identify and nominate suitable candidates for the Board’s (including Nomination and Remuneration/Compensation Committee) approval to fill the vacancies which arises in the Board for Public Interest Directors or Shareholders Directors from time to time which will be subject to the approval/prior approval of SEBI respectively in terms of the Listing Regulations and SEBI (Depository & Participants) Regulations, 1996.
- To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives.
- 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) as per the service rules of the Company.
- 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 occurrences.

### **Applicability:**

The Policy shall be applicable for succession planning of the following personnel:

1. Managing Director and CEO and other Board of Directors;
2. Key Management Personnel and Senior Managerial Position:- i) AVP & above ii) Chief Financial Officer iii) Company Secretary
3. Any other positions within the Company at the discretion of the Managing Director & CEO in consultation with the Board.

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### Succession Plan:

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

### Succession Plan for the Board and the senior management:

There are three types of Directors being appointed on the Board of the Company.

As per the provisions of Section 203 of the Companies Act, the Company shall have the following Key Managerial Personnel:

- i. Managing Director or Chief Executive Officer or Manager and in their absence the Whole-time Director
- ii. Company Secretary
- iii. Chief Financial Officer

In terms of Regulation 9A of the SEBI (Depositories and Participants) Regulations, 1996, the governing body of the depository shall include:

- i. Shareholder directors;
- ii. Public interest directors; and,
- iii. Managing director.

The following are some important provisions of SEBI (Depositories and Participants) Regulations, 1996 in terms of the governing body:

#### Regulation 9A:

- Subject to prior approval of the Board, the chairperson shall be elected by the governing board from amongst the public interest directors.
- The number of public interest directors shall not be less than the number of shareholder directors in a depository.
- The managing director shall be an ex-officio director on the governing board and shall not be included in either the category of public interest directors or shareholder directors.
- Any employee of a depository may be appointed on the governing board in addition to the managing director, and such director shall be deemed to be a shareholder director

#### Regulation 9B:

- The appointment and re-appointment of all shareholder directors on the governing board of every depository shall be with the prior approval of the SEBI
- The public interest directors on the governing board of a depository shall be nominated by the SEBI
- Public interest directors shall be nominated for a term of three years, or for such extended period, as may be approved by the Board:
- Provided that such term shall be subject to retirement and reappointment.
- If any issue arises as to whether an assignment or position of a public interest director is in conflict with his role, the Board's decision shall be final.
- Upon completion of a term of three years as per sub-regulation (3), a public interest director may be renominated after a cooling-off period of one year or such period as the Board may deem fit in the interest of the securities market.

### Regulation 9C:

- The appointment, renewal of appointment and termination of service of the managing director of a depository shall be subject to prior approval of the Board.
- Every depository shall, subject to the guidelines issued by the Board from time to time, determine the qualification, manner of appointment, terms and conditions of appointment and other procedural formalities relating to the selection/ appointment of the managing director.
- The appointment of the managing director shall be for a tenure not less than three years and not exceeding five years.
- The managing director of a depository shall not—
  - a) be a shareholder or an associate of a shareholder of a depository or shareholder of an associate of a depository;
  - b) be a depository participant, or his associate and agent, or shareholder of a depository participant or shareholder of an associate and agent of a depository participant; or
  - c) hold any position concurrently in the subsidiary of a depository or in any other entity associated with a depository:
    - Provided that the managing director of a depository may be appointed on the governing board, but not as managing director, of the subsidiary or associate of a depository.
    - The managing director shall be liable for removal or termination of services by the governing board of the depository with the prior approval of the Board for failure to give effect to the directions, guidelines and other orders issued by the Board, or the rules, instructions, the articles of association and bye-laws of the depository.
    - The Board may suo motu remove or terminate the appointment of the managing director if deemed fit in the interest of securities market:  
Provided that no managing director shall be removed unless he has been given a reasonable opportunity of being heard.

The following are some important definitions as given under SEBI (Depositories and Participants) Regulations, 1996 for the aforesaid purposes:

Section 2(1)(ee) of SEBI (Depositories and Participants) Regulations, 1996:

"public interest director" means an independent director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the Board, is in conflict with his role;

Section 2(1)(ea) of SEBI (Depositories and Participants) Regulations, 1996:

"key management personnel" means a person serving as head of any department or in such senior executive position that stands higher in hierarchy to the head(s) of department(s) in the depository or in any other position as declared so by such depository

Section 2(1)(fa) of SEBI (Depositories and Participants) Regulations, 1996:

"shareholder director" means a director who represents the interest of shareholders, and elected or nominated by such shareholders;

In the light of the above, the Nomination and Remuneration/Compensation Committee of the Board considers the candidature of the Directors and then recommends to the Board for necessary approvals of the SEBI. In case of Key Managerial Personnel and the Senior Management Staff such appointments shall be taken up wherever is needed as per its terms of references for advising the management. The Committee or the Board shall act according to the provisions laid down here in

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above subject to necessary approvals before such appointments or re-appointments.

In this context, the new requirements as per the business plans and other positions which may arise as per business requirements be suitable incorporated in the service rules of the Company to dealt with. Compensation and other key compensation elements shall be dealt under the service rules for the Key managerial personnel and other senior management staff which is again be reviewed by the Committee and the Board as and when necessary. The compensation or the remuneration of Executive and Non- Executive Board members shall be subject to the regulations provided in SEBI (Depositories and Participants) Regulations, 1996 read with the provisions of the Companies Act, 2013.

The Nomination Committee upon the recommendations of the HR Department 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 and Head – Human Resources, the Nomination Committee;

- A) shall evaluate the incumbent after considering all relevant criteria like experience, age, health, leadership quality etc. and recommend to the Board, if necessary as per service rules of the company whether the concerned individual (i) be granted an extension in term/service or (ii) be replaced with an identified internal or external candidates.
- B) 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.
- C) may recommend to the Board, if necessary 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.

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.

The Managing Director / chief executive officer and the head of the human resources department of the Company shall, from time to time identify high-potential employees who merit faster career progression to position of higher responsibility and formulate, administer, monitor and review the process of skill development and identify the training requirements.

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.

In addition to the above, the appointment of senior personnel such as chief financial officer, company secretary and other compliance professional like the chief risk officer, chief compliance officer, chief of internal vigilance, head - internal audit and nodal officer to be made in compliance with all applicable provisions of the Companies Act, Listing Regulations, SEBI (Depositories and Participants) Regulations, 1996 and such other laws as maybe applicable to such appointment.

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### Review of Policy:

This Policy shall be subject to review, if necessary. Any change/amendments in Applicable Laws with regard to maintenance and preservation of documents and records shall be deemed to be covered in this Policy without any review. Any change/amendments to this Policy shall be approved by the Managing Director and Chief Executive Officer of the Company as delegated by the Board of Directors of the Company.

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