

## SMRUTHI ORGANICS LIMITED

### POLICY ON BOARD DIVERSITY

#### **Purpose**

In accordance with the clause 49 of Listing Agreement as amended, Smruthi Organics Limited (“the Company”) has framed a formal Policy on Board diversity (“the Policy”) which sets out a frame work to promote diversity on Company’s Board of Directors (the ‘Board’).

#### **Policy Statement**

The Company recognizes and embraces the importance and benefits of having the diverse Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company. The Company sees increasing diversity at Board Level as an essential element in maintaining a competitive advantage. A truly diverse Board will enhance the quality of the decisions made by the Board by utilizing the different skills, qualification, professional experience, gender, knowledge etc. of the members of the Board, necessary for achieving sustainable and balanced development.

For appointments of persons to office of directors and deciding composition of the Board, the Nomination and Remuneration Committee (NRC) and the Board shall also have due regard to this policy on Board diversity. In this process the NRC/Board will take into consideration qualification and wide experience of the directors in the fields of finance, regulatory, administration, legal, chemical segment etc apart from compliance of legal and contractual requirements of the Company.

The Board of directors of the Company shall have an optimum combination of executive and non-executive directors and the composition of the Board shall be in accordance with requirements of the Companies Act, 2013, Listing Agreement and the statutory, regulatory and contractual obligations of the Company.

In the process of attaining a diverse Board the following criteria needs to be assessed:

**i. Optimum Composition of Board**

- a) The Board of Directors of the company shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the Board of Directors comprising non-executive directors.
- b) Where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise independent directors and in case the company does not have a regular non-executive Chairman, at least half of the Board should comprise independent directors.

Provided that where the regular non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of independent directors.

**ii. Functional diversity**

- a) Appointments of directors to the Board of the Company should be based on the specific needs and business of the Company. Appointments should be done based on the qualification, professional experience, knowledge etc. of the proposed appointee which is relevant to the business of the Company.
- b) Knowledge of and experience of the directors in the fields of finance, regulatory, administration, legal, chemical segment, corporate, management etc. should be duly considered while making appointments to the Board level.
- c) While appointing Independent Director care should be taken as to the independence of the proposed appointee.
- d) Directorships in other companies may also be taken into account while determining the candidature of the a person.

**iii. Stakeholder diversity**

- a) The Company may also have directors representing on its Board the interest of any financial institution or any other person in accordance with the provisions of Articles of Association and/or any agreement between the Company and the nominating agency.

- b) Subject to provisions of Section 151 of the Companies Act, 2013 read with relevant rules made thereunder and as amended from time to time, the Company may, upon notice of not less than one thousand small shareholders or one-tenth of the total number of such shareholders, whichever is lower, have one Director elected by the small shareholders (Small shareholders means a shareholder holding shares of nominal value of not more than twenty thousand rupees).

### **Role of Nomination and Remuneration Committee (NRC)**

The NRC shall review and assess Board composition on behalf of the Board and shall recommend to the Board, the appointment of new directors based on their qualifications, positive attributes and independence.

In reviewing Board composition, NRC will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.

### **Review of the Policy**

The NRC will review the policy from time to time and make recommendations on any required changes to Board for consideration and approval. The NRC is responsible for developing measurable objectives to implement this policy and for monitoring progress towards the achievement of these objectives.

### **Disclosure of the Policy**

This policy will be posted on the Company's website. The necessary disclosure about the policy will also be made as per requirements of Listing Agreement and Companies Act 2013.

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