

# **ELECON ENGINEERING COMPANY LIMITED**

## **BOARD DIVERSITY POLICY**

Details of Adoption / Amendments to the Policy

<b>Policy Adoption / Change effective Date</b>	<b>Clause No.</b>	<b>Board Approval Date</b>	<b>Version of Policy</b>
7 <sup>th</sup> May, 2019	-	7 <sup>th</sup> May, 2019	Final

## **1. PURPOSE**

1.1. As per the requirements under the Regulations 19(4) read with Schedule II, Part D of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “**SEBI Listing Regulations**”) and such other regulatory provisions, as applicable the Nomination and Remuneration Committee of the Company (the “**NRC**”) is required to devise a policy for having diversity on the Board of Directors of Elecon Engineering Company Limited (the “**Board**”). The Board Diversity Policy (the “**Policy**”) sets out a framework to achieve adequate diversity on the Board of Elecon Engineering Company Limited (“**EECL**” or “**Company**”).

## **2. INTRODUCTION**

2.1. Board diversity is vital to handle various factors such as globalisation of business, rapid deployment of technology, greater social responsibility, ever rising emphasis on corporate governance, enhanced need for risk management, etc. so as to facilitate effective management of the business of the Company and to keep pace with changing dynamics of the business environment.

2.2. Board diversity is the breadth of prospective, not the mere inclusion of various diverse traits that will benefit the organisation. The Company believes that a diverse Board will enhance the quality of decision made by the Board by utilising the different skills, qualification, experience, knowledge, etc. of the Board necessary for achieving sustainable and balance development.

## **3. SCOPE OF APPLICATION**

3.1. The Policy applies only to the members of the Board and not employees of the Company.

## **4. EFFECTIVE DATE**

4.1. This Policy shall be effective from the date of approval by the Board, unless specified otherwise.

## **5. POLICY STATEMENT**

5.1. The Companies Act, 2013, as amended and the rules made thereunder (the “**Companies Act**”) read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, require the Board and the NRC to formulate the criteria for determining qualifications, positive attributes and independence of directors.

5.2. As a Company with operations presently in Gujarat, but customers and other stakeholder such as the suppliers and customers located throughout India and world, it recognises and embraces the benefits of having a diverse Board and seeks increasing diversity at the Board level as an essential element in maintaining competitive advantage. It is recognised that the Board composed of appropriate qualified people with a broad range of experience relevant to the business is important to the effective corporate governance and sustained commercial success of the Company.

- 5.3. A truly diverse Board will include and make good use of differences in skills and industry experience, background and other distinctions between directors.
- 5.4. The Nomination & Remuneration Committee / Board of the Company shall on the basis of merits such as the individual candidate's skills, experience, independence and specialisation in one or more areas and candidate will be considered against the objective criteria, with due regards for the benefits of diversity on Board as well as the candidate's contribution to the operation of the Company which the Board as a whole requires in order to be effective.
- 5.5. Normally, the Committee / Board of the Company takes into account, include and make good use of diversity in the skills, qualifications, age, profession & industry, experience and expertise, irrespective of race, caste, creed, religion, disability, gender and culture. NRC shall seek to address Board vacancies by actively considering candidates that bring diversity of back ground and opinion from amongst eligible candidates with related expertise and experience and recommend their names to the Board for consideration of appointment as independent directors/Non-Executive Directors/Executive Directors.
- 5.6. In the process of attaining a diverse Board based on the aforementioned norms, the following should also be assessed.
- a. The total number of directors shall be in accordance with the requirement of the Act.
  - b. The Board should have an optimum number of executive and non- executive directors and not less than 50% of the Board should consists of the non-executive directors and shall have at least one woman director on the Board subject to the applicable laws
  - c. When the chairperson of the Board is a non-executive director, at least one third of the Board shall comprise of independent directors and when the Company does not have a regular non-executive chairperson, or when the regular non-executive chairperson is a promoter or related to any promoter or person occupying management position at the Board level or at one level below the Board, at least half of the Board shall comprise of independent directors.
  - d. While appointing the independent directors, care should be taken as to independence of the proposed appointee.
  - e. Directorships in other Companies may also be taken in account while determining the candidate of a person.
  - f. The overall composition of the Board should comply with the provisions of the Articles of Association, the Companies Act the Listing Regulations and the statutory, regulatory and contractual obligations of the Company.

## **6. STAKEHOLDER DIVERSITY**

6.1. Subject to the provisions of Section 151 of the Companies Act, the Company may, upon notice of not less than 1,000 shareholders or one-tenth of the total number of such shareholders, whichever is lower, have a small shareholders' director elected by the small shareholders.

## **7. MEASURABLE OBJECTIVES**

7.1. NRC will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

## **8. MONITORING AND REPORTING**

The Committee shall support laying down a succession plan and drive the understanding of talent across the organization and support development programme for the Board. As part of the exercise, it will also review and suggest training for directors. Amongst the key requirements is to also plan for the evolution of non-executive directors over the medium term to maintain appropriate mix of skills, age and gender diversity on the Board.

The Company shall provide sufficient information about this policy to its shareholders, and provide information regarding the composition of the Board, the areas of expertise of each director and their qualification / characteristics etc. The necessary disclosures about the policy and other details should be made as per the requirements of the Listing Agreement and Companies Act, 2013. The policy shall be made available in the website of the Company.

## **9. REVIEW OF THE POLICY**

The Committee shall review this Policy on a periodic basis and recommend revisions to the Board for consideration and approval.

## **10. INTERPRETATION**

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Articles of Association of the Company and /or the Companies Act, 2013 or Rules made thereunder.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Committee and the decision of the Committee in such a case shall be final.