



**POLICY ON SUCCESSION PLANNING FOR THE  
CEO, DIRECTORS, KEY MANAGERIAL  
PERSONNEL, SENIOR MANAGEMENT  
PERSONNEL AND OTHER EMPLOYEES**

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### **Preamble**

The Securities and Exchange Board of India (“**SEBI**”) has mandated the need for a succession policy (“**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, Shivalik Engineering Industries Limited (“**Company**”) is required to put in place a plan for orderly succession for appointment to the Board of Directors and Senior Management.

The primary objective of this Policy is to ensure the availability of capable individuals who are prepared to assume leadership roles in time of need. 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 senior level employees of the Company move on to new opportunities, retire or pass away.

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

### **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 KMP 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 identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives.
- d) To identify the key job incumbents in SMPs and recommend whether the concerned individual (i) be granted an extension in term/service or (ii) be replaced with an identified internal or external candidate or recruit other suitable candidate(s) as per the service rules of the Company.
- e) 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**

- a) Managing Director and/or CEO and other Directors on the Board;
- b) KMP as defined in sub-section (51) of Section 2 of the Companies Act, 2013;
- c) Senior Management Personnel; and

- d) Any other positions within the Company at the discretion of the Managing Director & CEO in consultation with the Board.

**Succession planning for appointment to the Board of Directors and Senior Management Personnel (SMP) and Key Management Personnel (KMP)**

The Nomination and Remuneration Committee (“**NRC**”) shall review the leadership needs of the Company from time to time.

*a) Board:*

The NRC shall proactively review the succession requirements for the Board and carry out the due diligence process to determine the suitability of every person who is being considered for being appointed or re-appointed as a Director of the Company based on his educational qualification, relevant experience, track record, reputation etc.

The proposed candidate shall be evaluated by the NRC to determine the eligibility and fit and proper criteria as per the Companies Act 2013, and the guidelines issued by the Reserve Bank of India, if any, and thereafter such candidature shall be recommended to the Board for its consideration and approval.

*b) Key Managerial Personnel and Senior Management Personnel:*

Based on the inputs received from the human resource department, the NRC shall periodically review any vacancy/probable vacancy in the position of SMP which may arise on account of retirement, resignation, death, removal, transfer, business expansion, incapacity whether temporary or permanent or otherwise.

For KMP, the NRC shall in consultation with the investor Director/s and the Chairman of the Board of Directors evaluate the suitability of any person based on factors viz., educational qualification, experience, age, health, leadership qualities, suitability to external market requirement / expectation etc., and recommend his/her candidature to the Board well before such vacancy arises to facilitate smooth transition.

There are three types of Directors being appointed on the Board of the Company – executive, non-executive and independent directors.

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

- i. Managing Director or Chief Executive Officer or manager and in their absence, a Whole-time Director;
- ii. Company Secretary; and
- iii. Chief Financial Officer.

In light of the above, the NRC of the Board considers the candidature of the directors and then recommends to the Board for necessary approvals from SEBI. In case of KMP and the SMP, such appointments shall be taken up wherever is needed as per its terms of references for advising the management. The NRC or the Board shall act according to the provisions laid down here in 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 should be suitably incorporated in the service rules of the Company. Key compensation elements shall be dealt under the service rules for the KMP and SMP which is reviewed by the NRC and the Board as and when necessary.

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.

- a) The NRC upon the recommendations of the HR Department shall periodically review and consider the list of SMP due for retirement/attrition within the year. The NRC 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 NRC shall assess the availability of suitable candidates for the Company's future growth and development. Further, based on the recommendation of the CEO/ Managing Director and head – human resources, the NRC shall identify the competency requirements of Board/key positions, assess potential candidates and develop required competency through planned development and learning initiatives. The NRC may utilize the services of professional search firms to assist in identifying and evaluating potential candidates.
- b) The NRC shall periodically review and consider the list of SMP / KMP due for retirement/ vacancies arising out of attrition during the year.
- c) Develop a data bank of potential candidates and the source for procuring such candidates, for example, through nationally reputed HR consultants / agency.
- d) Consider new vacancies that may arise due to the business needs/restructuring of functions/departments.
- e) In case an SMP / KMP is due for retirement, will review the possibility of an extension of such personnel on basis of the health, age, and the person's willingness to continue for an extended term. In case, if an extension is possible, such case is forwarded to the NRC of the Board for its approval.
- f) In case if such position is to be filled through internally or externally, will evaluate the suitable candidates for the said positions internally as well as externally on basis of the criteria such as job role, experience, leadership qualities, competencies, track record etc.

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, Compliance Officer to be made in compliance with all applicable provisions of the Companies Act, Listing Regulations, and such other laws as may be applicable to such appointment.

### **Procedure for Succession**

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 senior until the senior executive re-joins the office or if he is not competent in the view of the Managing Director/CEO/ Joint Managing Director or the NRC, then such other person who is competent to take the charge as may be decided by the Managing Director/ CEO/ Joint Managing Director or the NRC.

In the event the Managing Director/ CEO/Joint Managing Director of the Company is no longer able to serve in this position (i.e., leaves the position permanently), the NRC shall fill the vacancy for the time being, in following manner:

a) Within 180 business days appoint an interim CEO according to the following line of succession:

(i) Senior Executive Director/Executive Director of the Company;

(ii) any other Senior Executive of the Company.

*(Note: in case there is more than one candidate eligible for the position of interim CEO, then the NRC shall select one candidate based on his experience and expertise after consulting the Chairman of the Board.)*

b) Within 180 business days, the NRC shall implement the following preliminary transition plan:

(i) communicate with key stakeholders regarding appointment of interim CEO;

(ii) establish a time frame and plan for recruitment and selection of the Managing Director/CEO/ Joint Managing Director, from the existing pool of talent within the Company or from outside, with assistance from any recruitment agency depending upon the requirement of the Company.

c) The Board may authorize the Managing Director/ CEO/Joint Managing Director 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 Board shall review this Policy periodically and if required, will make suitable changes in this Policy keeping in view any regulatory changes or changes in the business environment.

### **Disclosures in the Board's Report**

The disclosures as required under the relevant provisions of the Companies Act, 2013, the rules made there under and the Listing Regulations shall be made as per the extant provisions.

### **Policy review**

This Policy may be amended, modified or supplemented, from time to time, to ensure compliance with any amendment, modification or supplementation to the Companies Act, 2013 and rules made there under, Listing Regulations the Securities and Exchange Board of India Act, 1992 and rules/regulations/ guidelines made there under, RBI regulations/guidelines or any other law and any other regulatory provisions applicable to the Company and/or its' business relating to employee/directors' compensation, issued from time to time.

Any such amendment shall be made by the CEO of the Company, which shall be ratified at the next meeting of the NRC of the Company, held after such amendment. The NRC may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.