

Policy on Succession Planning for the Board and Senior Management

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, Hy-tech Engineers 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 (*defined below*) and development of a succession plan for the Board (*defined below*) and senior management is an object of the Nomination and Remuneration Committee.

Succession planning is an essential component to the efficient operation and growth of any business. Succession planning is a tool for an organization to ensure its continued effective performance through leadership continuity. A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with talents. Accordingly, this succession plan (“**Succession Plan Policy**” or “**Policy**”) for the appointment of the Directors on the Board, Key Managerial Personnel (*defined below*) and Senior Management (*defined below*) 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 from time to time.
- 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 (ii) 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/or CEO and other members of the Board of Directors.
2. Senior Management.
3. Any other positions within the Company at the discretion of the Managing Director & CEO in consultation with the Board including but not limited to any other person designated as Key Managerial Personnel.

Explanation: The term “Senior Management” shall mean the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

Definitions

- i. **“Nomination and Remuneration Committee”** or **“Committee”** means the Committee of the Board constituted/re-constituted, from time to time, under the provisions of Regulation 19 of the LODR Regulations, and Section 178 of the Companies Act, 2013, as amended.
- ii. **“Board of Directors”** or **“Board”** means the board of directors of the Company as constituted/re-constituted, from time to time.
- iii. **“Company”** means Hy-tech Engineers Limited.
- iv. **“Companies Act”** means the Companies Act, 2013 and the rules framed there under, each as amended.
- v. **“Policy”** means this Policy on Succession Planning for the Board and Senior Management.
- vi. **“Key Managerial Personnel”** or **“KMP”** shall have the meaning ascribed to it in the Companies Act and the rules made thereunder.
- vii. **“LODR Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

viii. **“Senior Management”** for the purpose of this Policy shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

ix. **“Stock Exchange(s)”** means BSE and NSE Limited.

Procedure For Succession

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

a. Succession plan for the Board:

The Committee shall determine the suitability of every person who is being considered for appointment or re-appointment as a director based on his/ her educational qualification, experience, track record and contribution to the Board, as applicable, and every such person shall meet the ‘fit and proper’ criteria as may be stipulated by the Committee, from time to time, and accordingly any appointment or re-appointment of a director shall be subject to prior approval / recommendation by the Committee.

The Company has also framed a Nomination and Remuneration Policy for Directors and other Senior Management and a Policy on Diversity of the Board to guide the Board in relation to the appointment/ re-appointment/ removal of the directors to ensure adequate diversity in the board to make good use of the varied skills, regional and industry experience, background, gender, and other qualities of the directors. Accordingly, the appointment/ re-appointment/ removal and tenure of Directors shall be governed by the provisions of the Nomination and Remuneration Policy for Directors and Senior Management.

b. Succession plan for the Senior Management:

The human resource department of the Company (the “HR”) shall periodically review and consider the list of Senior Management due for retirement/ attrition within the year. HR shall also consider the new vacancies that may arise because of business needs/ up-gradation of department(s)/ regional office(s). Considering the above, HR shall assess the availability, internally and / or externally as the case may be, of suitable candidates for the Company’s future growth and development.

Further, based on the recommendation of the managing director and/or the chief executive officer, the HR:

- a. shall evaluate the incumbent after considering all relevant criteria like experience, age, health, leadership quality etc., 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;
- b. shall identify the competency requirements of the key positions, assess potential candidates, and develop required competency through planned development and learning initiatives. HR may utilise the services of professional search firms to assist in identifying and evaluating potential candidates;
- c. may recommend appointing other suitable external candidate(s) as special recruitment in Senior Management based on the profiles and competency in order to provide a continuous flow of talented people to meet the organisational needs;
- d. the prevailing promotion/ transfer policy or related policy of the Company shall be designed in such a way that the existing/ proposed Senior Management shall get all round exposure in various domains to facilitate career progression, prepare them for administrative responsibilities and to discharge their functions effectively in senior positions;
- e. every member of the Senior Management shall always endeavour to add capability in-house and mentor officials with potential working under him/ her to handle his responsibility in his/ her absence by exposing him/ her to all aspects of work being handled by him/ her; and
- f. In addition to the above, the appointment of key managerial personnel as defined under Section 2(51) of the Companies Act shall be made in compliance with the applicable provisions of the Companies Act, read with the SEBI Listing Regulations.

Emergency Succession or Temporary Change

If a director's slot/Senior Management's position suddenly becomes vacant by reason of death or other unanticipated occurrence, the Committee/ Executive Directors shall convene a special meeting as early as possible to implement the process described herein, subject to the necessity involved.

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/her senior until the senior executive re-joins the office or if he/she is not competent in the view of the Chairperson and Managing Director or the Committee, then such other person who is competent to take the charge as may be decided by the Managing Director or the Committee will take charge until the senior executive re-joins the office.

Conflict in Policy

In the event of any conflict between the Companies Act or the SEBI regulations or any other statutory enactments (“**Applicable Laws**”) and the provisions of this Policy, the Applicable Laws shall prevail over this Policy.

Amendments

The Board shall have the power to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this Policy. The Board reserves the right to amend this Policy from time to time based on changing requirements as prescribed by the SEBI/Stock Exchange(s) or any other appropriate statutory authority. In any event, any subsequent amendment/modification in the Companies Act, SEBI Listing Regulations and/or other applicable laws in this regard shall automatically apply to the Policy.

Review of Policy

The Board has the power to review this Policy, from time to time, on the recommendation of the Committee.