

## **POLICY ON SUCCESSION PLANNING FOR THE BOARD AND SENIOR MANAGEMENT**

### **1. INTRODUCTION:**

The Securities and Exchange Board of India (SEBI) has mandated that the Board of Directors of every listed company shall satisfy itself that plans are in place for orderly succession for appointments to the Board of Directors and Senior Management, as per the Regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Pursuant to the aforesaid Listing Regulation, the Board of Directors of DCX Systems Limited ('Company') is required to develop an action plan for successful transition of key executives and to put in place a plan/policy for orderly succession for appointment to the board of directors and senior management.

The Company has therefore put in place a Policy on Succession Planning for the Board and Senior Management (hereinafter called the "Policy").

### **2. DEFINITIONS:**

**"Company"** means DCX Systems Limited.

**"Board of Directors"** or **"Board"** means the Board of Directors of the Company in terms of Regulation 2(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") as constituted from time to time.

**"Nomination and Remuneration Committee"** or **"Committee"** or **"NRC"** means the Committee of the Board constituted/re-constituted, from time to time, under the provisions of Regulation 19 of the SEBI LODR Regulations, and Section 178 of the Companies Act, 2013, as amended.

**"Policy"** means this Policy on Succession Planning for the Board and Senior Management including amendments, if any made from time to time.

**"Key Managerial Personnel"** or **"KMP"** shall mean Key Managerial Personnel (KMP) as defined in sub- section (51) of Section 2 of the Companies Act, 2013.

**"Senior Management Personnel"** or **"SMP"** 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



Managing Director or Whole Time Director or Manager or Chief Executive Officer (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called.

“**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

### **3. OBJECTIVES:**

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

- a) To identify and nominate suitable candidates to the Committee and the Board for their approval to fill the vacancies which arises in the Board of Directors and Senior Management position from time to time.
- b) To identify the competency requirements of critical and key positions in the Company, assess potential candidates and develop required competency through planned development and learning initiatives.
- c) To identify the key job incumbents in Senior Managerial positions and recommend whether the concerned individual be granted an extension in term/service or be replaced with an identified internal or external candidate or recruit other suitable candidate(s).
- d) To ensure that the company is prepared with a plan to ensure uninterrupted and continuous flow of operational activities during vacancy occurrence in the position of Director, KMP or Senior Management level.

### **4. APPLICABILITY:**

The policy shall be applicable to the following personnel:

1. Managing Director, Whole Time Director and other Board Members
2. Key Managerial Personnel and Senior Managerial Personnel positions
3. Any other position within the Company at the discretion of the Managing Director in consultation with the Board

**5. SUCCESSION PLAN FOR THE BOARD AND SENIOR MANAGEMENT:**

The Nomination and Remuneration Committee of the Company shall oversee, and review succession plan and the leadership needs of the Company from time to time and recommend the same to the Board.

**Succession Plan for the Board:**

The Nomination and Remuneration Committee shall identify and 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 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 provisions of the Companies Act 2013, and the Listing Regulations, if any, and thereafter such candidature shall be recommended to the Board for its consideration and approval. There are three types of Directors being appointed on the Board of the Company i.e. Executive, Non-Executive and Independent Directors.

The Nomination and Remuneration Committee shall identify the competency requirements of Board positions, assess potential candidates and develop required competency through planned development and learning initiatives. The Nomination and Remuneration Committee may utilize the services of external professional firms to assist in identifying and evaluating potential candidates, in association with HR.

**Succession Plan for Senior Management Personnel and Key Managerial Personnel:**

Based on the inputs received from the Human Resource Department (HR), the NRC shall periodically review any vacancy/probable vacancy in the position of KMP/SMP which may arise on account of retirement, resignation, death, removal, transfer, business expansion, incapacity whether temporary or permanent or otherwise.

Further, for KMP position, the NRC shall in consultation with the Managing Director evaluate the suitability of any person based on the factors viz., educational qualification, experience, age, leadership qualities, etc., and recommend his/ her candidature to the Board to fill the vacancy to facilitate smooth transition.

The Nomination and Remuneration Committee shall identify the competency requirements of KMP/SMP positions, assess potential candidates and develop required competency through planned development and learning initiatives. The Nomination and Remuneration Committee may utilize the services of external professional firms to assist in identifying and evaluating potential candidates, in association with HR.

The fresh appointments or filling the vacancy at the KMP/SMP shall be in line with the internal policy(ies) adopted by the Company, keeping in view the organization's mission, vision, values, goals and objectives.

#### **6. INTERIM SUCCESSION OR TEMPORARY CHANGE:**

In the event of any unexpected vacancy occurrence in respect of the position of Managing Director, the Executive Director of the Board or VP-Operations/Operations Head in consultation with NRC shall take interim charge of the position, pending a regular appointment in terms of the succession plan.

In the event of any unexpected occurrence in respect of the position of Executive Board Members, the Managing Director of the Board shall take interim charge of the position, pending a regular appointment in terms of the succession plan.

In the event of any unexpected occurrence in respect of any KMP/SMP, the immediate next officer as per the organization chart and hierarchy shall take interim charge of the position or in case, immediate officer is not competent in the view of the HR or NRC, then such other officer of who is competent to take the charge as interim officer as may be decided by the NRC in consultation with Managing Director, shall take interim charge of the position, pending a regular appointment in terms of the succession plan.

#### **7. REVIEW OF THE POLICY:**

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant statutory authorities, not being consistent with the provisions laid down under this Policy, then such amendments(s), clarification(s), circular(s) etc. shall prevail upon the provisions of this Policy and the Policy shall stand amended accordingly.

Any change in the Policy shall be approved by the Board of Directors of the Company upon the recommendation by the Nomination & Remuneration Committee. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the



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entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

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