

KENT R O SYSTEMS LTD

**POLICY FOR SUCCESSION PLANNING FOR APPOINTMENT OF THE BOARD OF DIRECTORS AND
THE SENIOR MANAGEMENT**

Revision History

Date	Author	Section	Change Description	Reason for Change	Version
8 th Jan 2025	PK Trivedi	Complete Policy	New policy drafted	NA	v1.0

PK Trivedi

INTRODUCTION

The Securities and Exchange Board of India (SEBI) significantly revised the Code of Corporate Governance for listed companies to align it with the Companies Act, 2013. As per Regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ("**LODR**"), the Board of Directors of a listed entity must ensure that plans are in place for orderly succession to the Board of Directors and Senior Management positions. This regulation is designed to safeguard investors from potential disruptions due to sudden or unplanned leadership gaps.

Succession planning is an essential tool to ensure the Company's continued effective performance through leadership continuity. Recognizing the importance of proactive succession planning, this Succession Planning Policy ("**Policy**") has been formulated to ensure smooth leadership transitions with minimal disruptions.

This Policy applies to all members of the Board of Directors and Senior Management of the Company.

DEFINITIONS

- "**Company**": KENT R O SYSTEMS LIMITED
- "**Companies Act, 2013**": The Companies Act, 2013 and the rules, regulations and notifications thereunder, as amended.
- "**Board of Directors**" or "**Board**": The Board of Directors of the Company as constituted from time to time and as defined in terms of Regulation 2(d) of SEBI (LODR).
- "**Key Managerial Personnel (KMP)**": As defined under Section 2(51) of the Companies Act, 2013, KMP includes:
 1. Chief Executive Officer (CEO) or Managing Director.
 2. Whole-Time Director.
 3. Chief Financial Officer (CFO).
 4. Company Secretary (CS).
 5. Such other officer not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; or as may be prescribed.
- "**Senior Management**": Members of the core management team, excluding the Board of Directors. This includes all personnel one level below the CEO/Managing Director/Whole-Time Director (including the CEO), functional heads, Company Secretary and Compliance Officer, Chief Financial Officer, Joint CFOs and any other officers as designated by the Company.
- "**Policy**": This Succession Planning Policy, including any amendments made from time to time.
- "**LODR**": The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Any term not defined in this Policy shall have the same meaning as defined under the Companies Act, 2013, LODR, or other applicable laws.



OBJECTIVE

The objectives of the Policy are:

1. To identify and nominate suitable candidates for the Board's approval to fill vacancies arising in the Board of Directors from time to time.
2. To ensure the continued effective performance of the Company through leadership continuity at the Board and Senior Management levels.
3. To assess the competency requirements for critical and key positions, evaluate potential candidates, and develop the necessary skills through planned development initiatives.
4. To ensure that appropriate training and development programs are in place to prepare identified successors for future leadership roles.
5. To address gaps in leadership due to unforeseen events, such as deaths, disabilities, retirements, resignations, or other unplanned occurrences.

APPLICABILITY

This Policy applies to the succession planning of the following personnel:

1. Board of Directors including the Managing Director & CEO and Whole-time Directors;
2. KMP and.
3. Senior Management.

FREQUENCY OF REVIEW

At least once annually, the Board shall specifically discuss strategy, budgets, risk management, Environmental, Social, and Governance (ESG) issues, and succession planning.

SUCCESSION PLAN FOR THE BOARD AND SENIOR MANAGEMENT



1. Role of the Nomination and Remuneration Committee (NRC)

The **Nomination and Remuneration Committee (NRC)** shall oversee and periodically review the succession plans for the Board and Senior Management. It will make recommendations to the Board based on its assessments.

2. Succession Plan for the Board of Directors

- The NRC shall proactively review the succession requirements for the Board.
- The Committee will carry out due diligence to determine the suitability of candidates for appointment or re-appointment as Directors, based on their [qualifications, experience, track record, and reputation.
- The NRC shall also periodically review the list of high performing employees within the Company that may be potential candidates for elevation to the position of senior management.
- The Committee shall have the authority to engage Advisors it believes appropriate in its effort to identify and evaluate potential candidates.
- Eligible candidates shall be recommended to the Board for consideration and

approval, ensuring compliance with the **Companies Act, 2013**, LODR, and other applicable laws.

3. Succession Plan for Key Managerial Personnel and Senior Management

- The NRC shall periodically review potential or actual vacancies in the positions of KMP and Senior Management, which may arise due to retirements, resignations, deaths, removals, business expansions, or other reasons.
- The **Managing Director & CEO**, along with the **Head of Human Resources (HR)**, shall:
 - a. Review the list of Senior Management/KMP due for retirement or vacancies arising out of attrition.
 - b. Consider new vacancies arising from business needs or restructuring of functions or departments.
 - c. Evaluate whether the term of existing Senior Management/KMP can be extended based on age, health, and willingness to continue, and in accordance with applicable laws including the Companies Act, 2013 and LODR, and recommend extensions to the NRC for approval.
 - d. Assess internal and external candidates for vacant positions, considering job role, leadership qualities, track record, and relevant experience.
 - e. Identify high-potential employees for faster career progression and arrange necessary training and development programs to prepare them for higher responsibilities.
- In the event of an unexpected vacancy, the next person in the organization hierarchy shall take interim charge, pending a formal appointment as per the approved succession plan.

EMERGENCY SUCCESSION

In case of any unexpected occurrence (e.g., death, disability, or sudden resignation), the NRC shall ensure that an interim successor is appointed immediately to prevent disruption to the Company's operations. Such appointments will be formalized by the Board after due process.

TRAINING AND DEVELOPMENT

The Company recognizes the importance of training and development in preparing employees for leadership roles. As part of the succession planning process:

1. Employees identified as potential successors shall be provided with adequate development opportunities.
2. Training programs, mentoring, and coaching initiatives shall be implemented to enhance their skills and competencies.

COMPLIANCE WITH LEGAL PROVISIONS

All appointments and succession plans for KMP and Senior Management shall comply with the applicable provisions of the Companies Act, 2013, SEBI (LODR), and any other relevant laws or regulations.

AMENDMENTS TO THE POLICY

The Company is committed to periodically reviewing and updating its policies and procedures. Amendments to this Policy shall:

1. Be approved by the Board of Directors through a resolution.
2. Be disclosed on the Company's website and included in the Annual Report, as required by SEBI (LODR).

DISCLOSURE

This Policy shall be disclosed in the Annual Report and on the Company's website, in accordance with the requirements of Regulation 46 of SEBI (LODR).


