POLICY ON SUCCESSION PLANNING FOR THE BOARD AND SENIOR MANAGEMENT

OF

SAEL INDUSTRIES LIMITED

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DEFINITIONS AND INTERPRETATION

1. Definitions

"Applicable Laws" means the Companies Act, 2013 and Rules made thereunder, the Listing Regulations, as amended from time to time and such other act, rules or regulations as may be applicable, including any rules, regulations, notifications, guidelines, circulars or orders issued by the Reserve Bank of India.

"Board" or **"Board of Directors"** means the Board of the Directors of the Company.

"Company" means SAEL Industries Limited.

"Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

"NRC" means the Nomination and Remuneration Committee of the Board of Directors of the Company.

"Policy" shall mean this Policy on Succession Planning for the Board and Senior Management of the Company.

"SEBI" means the Securities and Exchange Board of India.

"Senior Management" means personnel of the Company as defined under the Listing Regulations read with the provisions of the Companies Act, 2013, including all members of the management one level below the Chief Executive Officer and the Managing Director, and the whole-time directors of the Company, and shall specifically include the functional heads, by whatever name called and the Company Secretary and Chief Financial officer of the Company and as may be defined under applicable laws from time to time.

2. Background and Significance

SEBI has mandated the need for a succession policy pursuant to Regulation 17(4) of the Listing Regulations, in order to ensure that the interests of investors of a listed company do not suffer on account of sudden or unplanned gaps in management of the company. Therefore, the board of directors of all listed companies are required to develop an action plan for successful transition of key executives in accordance with the Listing Regulations. Therefore, pursuant to the Listing Regulations, the Company is required to put in place a plan for orderly succession for the Board and Senior Management.

Succession planning is crucial to the survival and growth of any business and a tool for an organization to ensure its continued effective performance through leadership and management continuity.

The Company appreciates the importance of succession planning to ensure continuity in its smooth functioning. Key positions in the Company, which are important for the Company's current and future growth are assigned to qualified and competent professionals. It is imperative to fill up vacancies in such positions well in time to ensure continuity in leadership and management of the Company.

In view of the above, the Company has formulated this Policy, which shall come into force with immediate effect.

3. Objectives

The objectives of the Policy are, *inter alia*, as under:

a) To identify and nominate suitable candidates for the Board's approval to fill vacancies which may arise in the Board or senior management from time to time;

b) To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives;

c) To identify the key job incumbents in Senior Management 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); and

d) To ensure the systematic and long-term development of individuals in the Senior Management level to replace as and when the need arises due to deaths, disabilities, retirements, and other unexpected occurrence.

4. Applicability of the Policy

The Policy shall be applicable for succession planning of the Managing Director/Whole-time/ Executive Directors, Non-Executive Directors, Independent Directors and other members of the Board and Senior Management.

5. Succession Plan for the Board

The NRC shall review the leadership and management needs of the Company from time to time. The NRC shall assess the suitability of a person who is being considered for appointment as a director of the Company, based on his/ her educational qualification, experience, expertise and track record and shall recommend to the Board, the terms and conditions of his/her appointment, including remuneration. Every such person shall meet the 'fit and proper' criteria as may be stipulated by the NRC and under Applicable Laws.

The recommendations of the NRC shall be placed before the Board for approval. The appointment or re-appointment of a Director shall be subject to prior approval / recommendation by the NRC.

6. Succession Plan for the Senior Management

The human resource department of the Company (the "**HR Department**") shall periodically review and consider the list of Senior Management due for retirement/ attrition within the year.

The HR Department shall also consider the new vacancies that may arise because of business needs/ upgradation of department(s)/ regional office(s). Considering the above, the HR Department 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 Department:

a. shall evaluate the incumbent after considering all relevant criteria like qualifications, 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. The HR Department may utilise the services of professional search firms to assist in identifying and evaluating potential candidates;

c. may recommend to appoint 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;

7. Review of the Policy

The Policy shall be reviewed periodically by the Board or NRC or such individuals or committees of individuals authorised to do so by the Board, and any change in the Policy shall be approved by the Board of the Company. However, all such amendments will be subject to applicable laws, rules and regulations, from time to time.

8. Conflict in Policy

In the event of any conflict between the Companies Act or the SEBI regulations or any other Applicable Law and the provisions of this Policy, the Regulations shall prevail over this Policy.

9. Amendments

Any subsequent amendment/modification in the Companies Act, Listing Regulations and/or other Applicable Laws in this regard shall automatically apply to the Policy.