

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

### **1. Background and Significance**

The Securities and Exchange Board of India has mandated the need for a succession policy pursuant to Regulation 17(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“**Listing Regulations**”), in order to ensure that interests of investors of a listed company does not suffer on account of sudden or unplanned gaps in management of the company. Therefore, the board of directors (“**Board**”) of all listed companies are required to develop an action plan for successful transition of key executives in accordance with the Listing Regulations. Pursuant to the Listing Regulations, of Quality Power Electrical Equipments Limited (the “**Company**”) is required to put in place a plan for orderly succession for the Board and senior management. For this purpose, senior management shall mean officers / personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise of all members of management one level below the chief executive officer / managing director / whole time director / manager (including chief executive officer / manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer. 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 the following Policy on Succession Planning for the Board and Senior Management of the Company (“**Policy**”). The Policy shall become effective from 15-02-2024.

### **2. The Company recognizes the below benefits of having in place a succession plan:**

1. It signals to their employees that the Company is focused on their long-term future by protecting the organization from the havoc that unwelcome departures can create.
2. It assures clients and customers and helps preserve their confidence in the organization because they know that it will continue to provide products and/or services without interruption.
3. It helps focus people's attention on the competencies they need to do an excellent job.
4. It puts more focus on developing talent from within the organization. People will know that with targeted education, training, and coaching, they could move into key positions. This boosts overall motivation, morale, and satisfaction in the organization.

**3. The objective of this Policy is:**

1. To ensure that the Company is prepared with a plan to support operation and service continuity when members of the Board, Key Managerial Personnel and Senior Management or key business leaders leave their positions;
2. To prepare a supply of suitably qualified and motivated employees for higher roles and responsibilities.
3. To identify and nominate suitable candidates for the Board's approval to fill the vacancies which arises in the Board of the Company from time to time.
4. To develop career paths for employees which will facilitate the Company's ability to recruit and retain top-performing or high talent employees.
5. To deliver a message to the Company's employees that they are valuable.
6. 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 occurrence.

**4. Applicability**

This Policy for succession planning is applicable to following:

- a. The Board
- b. Key Managerial Personnel
- c. Senior Management
- d. Any other positions within the Company at the discretion of the Managing Director and Whole-time Directors in consultation with the Board.

**5. Succession Plan for the Board**

The Nomination and Remuneration Committee shall apply a due diligence process to determine the suitability of every person who is being considered for appointment or re-appointment as a director of the Company based on his educational qualification, experience and track record and accordingly any appointment or re-appointment of a director shall be subject to prior approval by Nomination and Remuneration Committee of the Company.

The Company has also framed a Remuneration Policy for the Directors, Key Managerial Personnel (KMP), Members of Senior Management and other Employees (“**Nomination and Remuneration Policy**”) to guide the Board in relation to appointment/reappointment/removal of directors and to devise criteria for performance evaluation of independent directors and the Board and 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 the directors including the executive directors of the Company shall be governed by the provisions of the Nomination and Remuneration Policy of the Company.

## **6. Succession Plan for the Senior Managerial Personnel**

The Nomination and Remuneration Committee (the “**Committee**”) shall periodically review and consider the list of senior managerial personnel due for retirement/attrition within the year. The Nomination and Remuneration Committee shall also consider the new vacancies that may arise because of business needs/growth of departments. Considering the above, the Committee shall assess the availability of suitable candidates for the Company's future growth and development. Further, based on the recommendation of the executive directors, KMP's, heads of concerned departments, Head – Human Resources and other concerned, the Nomination and Remuneration Committee:

- i. Shall evaluate the incumbent after considering all relevant criteria like experience, age, leadership quality etc. and recommend to the Board whether the concerned individual be granted an extension in term/service or be replaced with identified internal or external candidates.
- ii. Shall identify the competency requirements of Board/key positions, assess potential candidates and develop required competency through planned development and learning initiatives. The Committee may utilize the services of professional search firms to assist in identifying and evaluating potential candidates.
- iii. May recommend to the Board of Directors to appoint other suitable external candidates as special recruitment in senior managerial level based on job roles and competency to provide a continuous flow of talented people to meet the organizational needs.

The recommendation of the Nomination and Remuneration Committee shall be placed to the Board for approval. While making its recommendation, the Nomination and Remuneration Committee shall consult with the concerned personnel and consider all factors including the available talent within the organization and the need to ensure continuous working and growth of the Company.

The Human Resources manager 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.

Every member of the senior management team shall always endeavour to add capability in-house and mentor officials with potential working under him to handle his responsibility in his absence by exposing them to all aspects of work being handled by him. Appointment of Key Managerial Personnel such as Company Secretary, Chief Financial Officer and other compliance professionals shall be made in compliance with applicable provisions of relevant laws.

**7. Review of the Policy**

In case of any amendments, clarifications, etc. issued by the relevant authorities, not consistent with the provisions laid down under this Policy, then such amendments, clarifications, etc. shall prevail and this Policy shall stand amended to that extent. The Board has the power to review, amend or replace this Policy in its entirety.

