

POLICY ON SUCCESSION PLANNING FOR THE DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

- **Preamble**

The primary objective of this Policy on Succession Planning is to ensure that employees are recruited and developed to fill each key role within the Company. Effective corporate succession planning increases the availability of capable individuals who are prepared to assume such roles as they become available. The benefit of succession planning is to reduce the risk associated with loss of experienced leadership. Succession planning ensures that businesses continue to run smoothly after the business's most important people viz. Directors, Key Managerial Personnel (i.e. CEO, CFO & Company Secretary) ("**KMP**"), Senior Management Personnel ("**SMP**") and other employees of IDFC Limited ("**the Company**" or "**VARROC ENGINEERING LTD**") move on to new opportunities, retire or pass away.

- **Applicability**

The policy focuses mainly on the Succession Planning at the Board and Senior Management Level.

a. '**Executive Board**' shall mean and include the Chairman and Managing Director, Managing Director and other Whole Time Director of the Company appointed by the Board / Shareholders, by whatever name called.

b. '**Senior Management**' shall mean and include the following:-

- Employees in the grade of Associate Vice President, Senior Vice President and above; and
- KMPs

- **Objectives**

a. To identify and create a talent pool of high potential personnel, who can be considered for appointment at the Board and Senior Management positions and to groom them to assume such roles in the Company, whenever the need arises.

b. To ensure timely and high-quality replacements for those personnel who are currently holding positions at Board and Senior Management levels.

c. To ensure that the business of the Company is not affected on account of interruptions caused due to superannuation or voluntary retirement or resignation or death or permanent incapacitation or sudden exit of any member of the Board or Senior Management or any other employee covered under this Policy.

- **Succession Plan for the Board and Senior Management:-**

The Nomination and Remuneration Committee ("the Committee") shall periodically review and determine if there is reason to believe that position of one or more Director / Senior Management Personnel is going to be vacant within the next twelve months and accordingly report its finding to the Board.

a) Assessment of Candidates:

The Committee shall make an initial assessment of potential candidates for the vacancy. It shall select candidates for an initial interview by one or more members of the Committee. When the Committee identifies individuals that it believes meet the criteria mentioned in the Nomination and Remuneration Policy of the Company, it shall recommend them to the Board for selection.

b) Procedure:

i) If the Committee anticipates that a Director/ Senior Management position shall become vacant within the next twelve months (whether by reason of an announced intent to retire or otherwise), or if such position suddenly becomes vacant (whether by death or otherwise), the Committee shall as soon as it is reasonably and practicably possible recommend to the Board, sufficient number of candidates for selection.

ii. While identifying candidates for nomination as Director or Senior Management, the Committee may consult whatever sources it deems appropriate, including, but not limited to, referrals from existing Directors or Senior Management, recommendations from third-party search firms etc.

iii. The Committee shall have the authority to engage whatever advisors (including attorneys and search firms) it believe appropriate in its efforts to identity and evaluation potential candidates.

iv. The Committee shall also periodically review the list of high-performance employees within the Company that may be potential candidates for elevation to the position of senior management position.

- **Emergency Succession:**

The Committee/ the Board of Directors shall review and monitor from time to time the implementation of this Policy to ensure its effectiveness and may also recommend changes, if any, to the Board for ensuring effective succession planning.

- **Confidentiality**

All persons responsible for execution of the Succession Planning Policy shall ensure confidentiality of the discussions and decisions with regard to the prospective candidate, except that the information may be shared, if required, with the concerned candidate in order to prepare him for such elevation.

- **Review and Monitoring**

The Committee shall monitor implementation of this Policy to ensure its effectiveness and may also recommend changes, if any, to the Board for ensuring effective succession planning. This Policy shall be reviewed from time to time and the Board of Directors shall have the power to modify, amend or replace this policy in part or full, as may be thought fit from time to time in their absolute discretion.

- **Dissemination of the Policy**

The Policy shall be uploaded under a separate section on the website of the Company at <https://varroc.com/investors/corporate-governance/>