



Escorts Limited

Policy on Succession Planning

1. Background

- Succession Planning is a process of ascertaining the need for filling the vacant positions, employee identification for the said roles, assessment of their potential and developing next generation of leaders as potential successors for key leadership roles in an organization. The process of development primarily concentrates on coaching, mentoring and training the identified employees to assume higher responsibilities when the need arises. Escorts Limited ("Escorts" or the "Company") has always endeavored to nurture, train and increase the skill sets of employees at all levels, with the key objective of ensuring smooth succession without impeding the performance in current roles and responsibilities.
- The Company recognises that Succession Planning is a continuous process rather than a onetime event and hence, intends to put in place this Policy that aligns talent management with the said objective and endeavours to mitigate the critical risks such as vacancy, readiness and transition risk.
- In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company is required to oversee the Succession Planning and shall satisfy themselves that plans are in place for orderly succession for appointments to the Board and to the Senior Management. In view of the same, Escorts has formulated and adopted this Succession Planning Policy, which was approved by the Board of Directors of the Company at its meeting held on January 16, 2015.

2. Applicability

The Policy focuses mainly on the Succession Planning at the Board and Senior Management level.

- '**Executive Board**' shall mean and include the Chairman and Managing Director, Managing Director and any other Whole-time Director of Escorts appointed by the Board/ Shareholders, by whatever name called.
- '**Senior Management**' shall mean and include the following:
 - Employees in the grade of Associate Vice President and above; and
 - KMPs (other than Whole-time Directors).

3. Objectives

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

- To ensure that the business of Escorts 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.

4. Implementation Process

a. Positions at the Directors level

- i. The responsibility of ensuring timely replacement for positions of any Director, lies with the Nomination and Remuneration Committee of Directors of the Company ('NRC').
- ii. For vacancies in the Executive Board, the NRC in consultation with other Members of the Executive Board shall recommend the name(s) of the candidate(s) (whether internal or external) who have the requisite qualifications and attributes for being considered for such position(s).
- iii. For other vacancies in the Board, the NRC in consultation with the Executive Board, recommend name(s) of the candidate(s) who has the requisite qualifications and attributes for being considered for such position(s). The Chairman of the Company shall also be consulted before recommending any candidate as aforesaid, to the NRC.
- iv. The NRC shall identify and recommend to the Board, the name of the candidate for appointment as a Member of the Board, taking into account the Escorts's Policy on appointment of Directors.

b. Positions at the Senior Management

- i. The periodical reporting to the Board shall be made to review the vacancies, if any, at Senior Management level and other critical positions and based on such requirements, the Board shall formulate and adopt an appropriate action plan.
- ii. Such action plan, at the first instance, shall relate to identifying and short listing an employee within the same location/ function or through a lateral transfer of an employee from another location/ function. In case of non-availability, the said plan may involve selection of an external candidate having requisite skills, experience and expertise deemed necessary for the said position.
- iii. The NRC shall ensure that the external candidate fits into the Company's culture and has the ability to lead by example, work with the team, motivate them, work congenially with the Members of the Senior Management and other staff members and demonstrate the ability to significantly contribute towards achievement of the strategic and business objectives of the Company.
- iv. It is also extremely important to have a contingent plan in place to deal with sudden exits at the said Senior Management level. The NRC shall, with assistance from the Board, formulate and adopt an action plan to identify, train and motivate select talent pool of employees who can be groomed to occupy senior level positions in case of any such eventuality.

- v. The Board will periodically also study the emerging environment and assess at actual and emerging skill gaps in senior management and suggest approaches to fill in the gaps – from both internal sources as well as, where needed, through lateral external induction.

c. Positions at other levels

- i. Apart from the key positions mentioned above, it is equally important to have succession plans, in place, at the functional, branch and regional level, such as Regional Business Heads, Business Heads at the branches, Functional Heads-National and other key Functional Heads in the branches which have large business volume, loan book outstanding and depositor base.
- ii. The Executive Board during regional meets shall meet the concerned Members of Executive Management, Functional Heads and Regional Business Heads to inter alia review the following:
1. Identify key positions and incumbents targeted for succession planning. This will include an analysis of planned retirements and predictable turnover in their branch/ department.
 2. Identify individuals who possess the potential needed for progression into the targeted positions of leadership within their branch/ department.
 3. Outline the actions taken to be taken in the next six months to groom identified individuals to assume a role of elevated responsibility in the future.
- iii. Based on such review, the Executive Board shall give its consent to implement the succession plan for the concerned Region/ Branch/ Function, within a definite time frame.

5. 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.

6. Policy review

- This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Companies Act, 2013, rules made thereunder, the Listing Agreements, the Securities and Exchange Board of India Act, 1992 and rules/ regulations/ guidelines made thereunder, the Memorandum and Articles of Association of the Company or as may be otherwise prescribed by the Board from time to time.
- The NRC may issue/ implement such guidelines, procedures, formats and/ or reporting mechanisms to enforce this Policy as it may deem fit.

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