

Policy on succession planning for the Board of Directors and Senior Management

Version	Date of Board Approval	Effective Date
1.0	November 14, 2025	November 14, 2025

BACKGROUND AND SIGNIFICANCE

Succession planning is an essential component to the efficient operation and growth of any business. Succession planning is a tool for an organization to ensure its continued effective performance through leadership continuity. A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with talents.

Key positions in the Company, which are important for the Company's current and future growth, are assigned to qualified and competent professionals. Succession planning is crucial to the growth and sustainability of any business and a tool for an organization to ensure its continued effective performance through leadership and management continuity through timely fulfillment of key vacancies.

RACL Geartech Limited (the "Company") recognises the importance of the process to succession planning to provide for continuity in the smooth functioning of the Company. There are certain positions in the Company that are key to its current and future growth. It is, therefore, important that these positions are assigned to duly skilled and best possible incumbents. It is critical to fill any vacancy(ies) in such position(s) well in time to avoid any leadership gap.

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 November 14, 2025.

OBJECTIVES:

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

- To identify and nominate suitable candidates for the Board's approval to fill vacancies which may arise in the Board from time to time.
- To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives.
- 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
- 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, separations and other occurrences.

APPLICABILITY OF THE POLICY

In accordance with 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"), the Securities and Exchange Board of India has mandated that all listed entities implement a formal succession policy. This requirement aims to safeguard investor interests and ensure business continuity by addressing any sudden or unplanned vacancies in key leadership positions.

Accordingly, the Board of Directors ("Board") of every listed company is required to establish a structured action plan to facilitate the smooth transition of key executives in line with the provisions of the Listing Regulations. In compliance with this mandate, RACL Geartech Limited ("the Company") is required to formulate and maintain an effective succession plan for the orderly replacement of members of its Board and senior management.

Explanation: For the purposes of this Policy, *senior management* refers to the officers and personnel who form part of the Company's core management team, excluding the Board of Directors. Typically, this includes all individuals one level below the Chief Executive Officer, Managing Director, Whole-time Director, or Manager. This definition specifically includes the Chief Financial Officer, Company Secretary, Chief Operations Officer, Chief Technical Officer, and Chief Executive Officer or Manager (in cases where they are not members of the Board).

This Policy shall apply to the succession planning of the Managing Director, Whole-time Directors, Executive Directors, Non-Executive Directors, Independent Directors, and all designated members of the senior management team.

SUCCESSION PLAN FOR THE BOARD AND SENIOR MANAGEMENT

The Nomination and Remuneration Committee of the Board (the "**Committee**") shall review the leadership needs of the Company, from time to time.

A. SUCCESSION PLAN FOR THE BOARD:

The Committee shall determine the suitability of every person who is being considered for appointment or re-appointment as a director based on his/ her educational qualification, experience, track record and contribution to the Board, as applicable, and every such person shall meet the 'fit and proper' criteria as may be stipulated by the Committee, from time to time, and accordingly any appointment or re-appointment of a director shall be subject to prior approval / recommendation by the Committee.

The Company has also framed a Nomination and Remuneration Policy for Directors and other Senior Management and a Policy on Diversity of the Board to guide the Board in relation to the appointment/ re-appointment/ removal of the directors 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 Directors shall be governed by the provisions of the Nomination and Remuneration Policy for Directors and Senior Management.

B. SUCCESSION PLAN FOR THE SENIOR MANAGEMENT:

The Human Resource department of the Company (the "HR") shall periodically review and consider the list of Senior Management due for retirement/ attrition within the year. HR shall also consider the new vacancies that may arise because of business needs/ up-gradation of department(s)/ regional office(s).

Considering the above, HR 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 Chairman and Managing Director and/or the Chief Operations Officer, the HR:

- a. shall evaluate the incumbent after considering all relevant criteria like 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. HR 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;
- d. the prevailing promotion/ transfer policy or related policy of the Company shall be designed in such a way that the existing/ proposed Senior Management shall get all-round exposure in various domains to facilitate career progression, prepare them for administrative responsibilities and to discharge their functions effectively in senior positions;
- e. every member of the Senior Management shall always endeavour to add capability in- house and mentor officials with potential working under him/ her to handle his responsibility in his/ her absence by exposing him/ her to all aspects of work being handled by him/ her; and
- f. in addition to the above, the appointment of key managerial personnel as defined under Section 2(51) of the Companies Act shall be made in compliance with the applicable provisions of the Companies Act, read with the SEBI Listing Regulations.

EMERGENCY SUCCESSION PLAN FOR KEY LEADERSHIP POSITIONS

In the event of an unforeseen or sudden vacancy in any key leadership position, the Company shall implement an Emergency Succession Plan to ensure continuity of operations, decision-making, and governance.

1. Contingency in the Position of Chairman and Managing Director (CMD):

In the event of the incapacity, absence, or sudden vacancy due to unforeseen circumstances, in the position of CMD, the responsibilities and functions of the CMD shall be temporarily assumed by one of the Promoter Professional Directors as member of the Board of Directors of the Company. Such Promoter Professional Director shall continue to discharge these responsibilities until the appointment of a new Chairman & Managing Director, as per the period prescribed under applicable laws or resumption of position by the existing Chairman & Managing Director.

2. Vacancy in the Position of Key Managerial Personnel (KMP), other than CMD:

In case of a sudden vacancy or absence due to unforeseen circumstances, in any KMP role (other than CMD), the CMD in consultation with the COO shall designate a suitable person from within

the organization or externally, wherever required, to discharge the functions of the vacant position. This arrangement shall remain in place until the vacancy is formally filled as per the period prescribed under applicable laws.

3. Vacancy in the Position of Senior Management Personnel:

In case of a sudden vacancy or absence due to unforeseen circumstances, in any senior management role, the CMD shall designate a suitable person from within the organization or externally, wherever required, to discharge the functions of the vacant position. This arrangement shall remain in place until the vacancy is formally filled as per the defined provisions of the Nomination & Remuneration Policy by the Committee.

The objective of this plan is to ensure a seamless transition and uphold the Company's operational stability and governance standards in times of unexpected leadership changes.

CONFLICT IN POLICY

In the event of any conflict between the Companies Act or the SEBI regulations or any other statutory enactments ("Regulations") and the provisions of this Policy, the Regulations shall prevail over this Policy.

AMENDMENTS

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

REVIEW OF POLICY

The Board has the power to review this Policy, from time to time, on the recommendation of the Committee.