



POLICY ON SUCCESSION PLANNING FOR THE BOARD AND SENIOR MANAGEMENT

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ALLIED ENGINEERING WORKS LIMITED

Policy on Succession Planning for the Board and Senior Management

Background and Introduction

The Securities and Exchange Board of India has mandated the need for a succession policy and planning as a key function of the board of directors (the “**Board**”).

Regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires Allied Engineering Works Limited (“**Company**”) to put in place a policy on succession planning for the Board and senior management.

The Company recognizes the importance of the process of succession planning to provide for continuity in the smooth functioning of the organization. It is an essential function of the Board for the survival and growth of the organization and to ensure its continued effective performance through leadership continuity. There are certain positions in the Company that are key to Company's current and future growth. It is, therefore, important that these positions are manned by skilled and best possible incumbents and those positions whenever fall vacant are filled well in time to avoid any leadership gaps. The Company has therefore put in place a Policy on Succession Planning for the Board and Senior Management (“**Policy**”).

The Policy shall be applicable to the Company with effect from the listing of the equity shares of the Company on one or more recognized stock exchanges.

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.

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.

Applicability

This Policy for succession planning is applicable to following:

1. The Board
2. Key Managerial Personnel
3. Senior Management

4. Any other positions within the Company at the discretion of the Managing Director in consultation with the Board.

Succession Plan for the Board

The nomination and remuneration committee of the Board (the “**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 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.

Succession Plan for the Senior Managerial Personnel

The Committee shall periodically review and consider the list of senior managerial personnel due for retirement/attrition within the year. The 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 Committee:

1. 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.
2. 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.
3. 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 Committee shall be placed to the Board for approval. While making its recommendation, the 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 Head – Human Resources 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.

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.