



B.S. SPONGE LIMITED

POLICY ON SUCCESSION PLANNING FOR BOARD AND SENIOR MANAGEMENT
BACKGROUND AND SIGNIFICANCE

The Securities and Exchange Board of India (“**SEBI**”) 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/Board of Directors**”) 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 B.S. Sponge 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.

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. A good succession planning program aims to identify high growth individuals, train them and feed the pipelines with talents. The Company recognizes the importance of the process to succession planning to provide for continuity in the smooth functioning of the organization. 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 up such positions well in time to avoid any leadership gap. The Company has therefore put in place the policy on succession planning for the Board and senior management of the Company (“**Policy**”).

In view of the above, the Company has formulated the following Policy. In the event of any conflict between the Companies Act, 2013, as amended (“**Act**”) or the SEBI regulations or any other statutory enactments (“**Regulations**”) and the provisions of this Policy, the Regulations shall prevail over this Policy.

OBJECTIVES

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

- i. To identify and nominate suitable candidates for the Board’s (including nomination and remuneration/compensation committee) approval to fill vacancies which may arise in the Board from time to time.
- ii. To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives.
- iii. 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
- iv. 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.

REGISTERED OFFICE

34A, Metcalfe Street, 2nd Floor, Room No. 2C/3,
Kolkata - 700 013, West Bengal, India

CORPORATE OFFICE

202,2nd Floor, Block A, Crystal Arcade, Lodhipara
Chowk, Raipur - 492 001, Chhattisgarh, India

MANUFACTURING FACILITY

Village Taraimal, P. O. Gerwani, Tehsil Gharghoda,
District Raigarh, Chhattisgarh - 496 001



B.S. SPONGE LIMITED

(formerly known as B.S. Sponge Private Limited)

CIN U27102WB2000PLCO91975

E: info@bsstmx.com

W: www.bsstmx.com

T: +913335376881

DEFINITIONS

- i. **Director(s)** means all members of the Board of Directors of the Company.
- ii. **Senior Management Personnel** shall mean the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the chief executive officer or managing Director or whole time Director or manager (including chief executive officer and manager, in case they are not part of the Board) and shall specifically include the functional heads, by whatever name called and the company secretary and the chief financial officer.
- iii. **Key Managerial Personnel** shall mean the chief executive officer, managing director, manager, company secretary, whole-time Director, and chief financial officer. Additionally, it includes other officers who are not more than one level below the directors and are in whole-time employment, specifically designated as key managerial personnel by the Board.
- iv. **Succession Plan** means the succession plan formulated by the Company.
- v. **"Act"** shall mean the Companies Act, 2013 including the rules made thereunder, as amended from time to time.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Act.

APPLICABILITY OF THE POLICY

The Policy shall be applicable for succession planning of the managing Director/whole-time/executive Directors, non-executive Directors, independent Directors, any other positions within the Company at the discretion of the managing Director in consultation with the Board and other members of the Board and Senior Management Personnel.

SUCCESSION PLAN FOR THE BOARD AND SENIOR MANAGEMENT

The Nomination and Remuneration Committee of the Board (the "NRC") shall periodically review the leadership and management needs of the Company and determine if there is reason to believe that one or more Director's Position /Senior Management Personnel's position become vacant within the next twelve months and accordingly report its finding to the Board. The NRC shall assess the suitability of a person who is being considered for appointment as a Director of the Company, based on his / her educational qualification, experience, expertise, and track record and shall recommend to the Board, the terms, and conditions of his/her appointment, including remuneration. The Company has also framed a Nomination and Remuneration Policy and will formulate 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.

The NRC would assess the emerging business and leadership requirements of the Company and at its discretion, recommend to the Board, appointment of suitable candidate(s) in key senior management positions with a view to ensure a continuous availability of managerial talent at senior levels to meet the organizational needs. The recommendations of the NRC shall be placed before the Board for approval. The senior management team shall always strive to develop a strong leadership pipeline by enriching work exposure to in-house talent. The human resource department of the Company (the "HR") shall periodically review and consider the list of members of the senior management due for retirement / attrition within the year. HR shall also consider the new vacancies that may arise because of business needs. Considering the

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above, HR shall assess the availability, internally and / or externally as the case may be, of suitable candidates for the senior management roles.

Further, based on the recommendation of the managing Director and/or any executive directors, the HR:

- i. 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 candidates;
- ii. 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;
- iii. in addition to the above, the appointment of Key Managerial Personnel as defined under Section 2(51) of the Act shall be made in compliance with the applicable provisions of the Act, read with the Listing Regulations.

If a Director's slot /senior management's position suddenly becomes vacant by reason of death or other unanticipated occurrence, the NRC shall convene a special meeting as early as possible to implement the process described herein.

REVIEW OF THE POLICY

The Policy shall be reviewed periodically by the Board, or such individuals or committees of individuals authorised to do so by the Board and any change in the Policy shall be approved by the Board of the Company. However, all such amendments will be subject to applicable laws, rules, and regulations, from time to time. The Board may amend the Policy as and when it deems necessary either pursuant to any change in law or otherwise. The Board shall be free to devise and implement any supplementary or other policies and guidelines in respect hereof for better implementation of this Policy.

SD/-
Ashish Agarwal
Managing Director

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