



Shriram Properties Limited

**Policy on Succession Planning for the CEO, Directors, Key Managerial Personnel, Senior
Management Personnel and Other Employees**

Updated w.e.f. August 12, 2025

SHRIRAM PROPERTIES LIMITED

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Preamble

The Securities and Exchange Board of India (SEBI) has mandated the need for a succession policy pursuant to Regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"). This is one of the most significant attempts to ensure that investors do not suffer due to sudden or unplanned gaps in leadership. It is a mandate for boards of all listed companies to develop an action plan for the successful transition of key executives. Pursuant to the Listing Regulations, Shriram Properties Limited ("**Company**") is required to put in place a plan for orderly succession for appointment to the board of directors and senior management.

The primary objective of this Policy on succession planning is to ensure the availability of capable individuals who are prepared to assume leadership role and 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**") Functional Heads and other senior level employees of the Company move on to new opportunities, retire or pass away.

Accordingly, this succession plan ("**Succession Plan**") for the appointment of the Directors on the board and Key Managerial Personnel and SMP has been prepared to give effect to the provisions of the Listing Regulations.

Major Principles and Objectives of the Policy on Succession Planning are as under:

- a) To ensure that company is prepared with a plan to support operations and service continuity when KMP or Functional Heads and senior business leaders vacate their positions.
- b) To prepare a supply of suitably qualified and motivated employees for higher roles and responsibilities.
- c) To identify and nominate suitable candidates for the Board's (including Nomination and Remuneration/Compensation Committee) approval to fill the vacancies which arise in the board for Public Interest Directors or Shareholders Directors from time to time which will be subject to the approval/prior approval of SEBI respectively in terms of the Listing Regulations.
- d) To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives.
- e) To identify the key job incumbents in Senior Managerial positions 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 or recruit other suitable candidate(s) as per the service rules of the Company.
- f) To ensure systematic and long term development of individuals in the KMP and SMP level to replace when the need arises due to the death, disability, retirement, separations or any other unexpected occurrence.

Applicability

- a) Managing Director and other Board of Directors
- b) KMP as defined in sub-section (51) of Section 2 of the Companies Act, 2013.
- c) Senior Management Personnel including Functional Heads
- d) Any other positions within the Company at the discretion of the Managing Director & CEO in consultation with the Board.

Succession planning for appointment to the Board of Directors and Senior Management Personnel (SMP) and Key Management Personnel (KMP)

The Nomination and Remuneration Committee (NRC) shall review the leadership needs of the Company from time to time.

a) Board:

The Nomination and Remuneration Committee shall proactively review the succession requirements for the Board and carry out the due diligence process to determine the suitability of every person who is being considered for being appointed or re-appointed as a Director of the Company based on his educational qualification, relevant experience, track record, reputation etc.

The proposed candidate shall be evaluated by the Nomination and Remuneration Committee to determine the eligibility and fit and proper criteria as per the Companies Act 2013, and the guidelines issued by the Reserve Bank of India, if any, and thereafter such candidature shall be recommended to the Board for its consideration and approval.

b) Key Managerial Personnel and Senior Management Personnel:

Based on the inputs received from the human resource department, the Nomination and Remuneration Committee shall periodically review any vacancy / probable vacancy in the position of SMP which may arise on account of retirement, resignation, death, removal, transfer, business expansion, incapacity whether temporary or permanent or otherwise.

For KMP, the Nomination and Remuneration Committee shall in consultation with the Investor Director/s and the Chairman of the Board of Directors evaluate the suitability of any person based on factors viz., educational qualification, experience, age, health, leadership qualities, suitability to external market requirement / expectation etc., and recommend his/her candidature to the Board well before such vacancy arises to facilitate smooth transition.

As per the provisions of Section 203 of the Companies Act, the Company shall have the following Key Managerial Personnel:

- i. Managing Director or Chief Executive Officer or whole-time Director
- ii. Company Secretary
- iii. Chief Financial Officer

Considering the above, the Nomination and Remuneration/Compensation Committee of the Board considers the candidature of the Directors and then recommends to the Board for necessary approvals from SEBI. In case of KMP and the SMP such appointments shall be taken up wherever is needed as per its terms of references for advising the management. The Committee or the Board shall act according to the provisions laid down here in above subject to necessary approvals before such appointments or re-appointments.

In this context, the new requirements as per the business plans and other positions which may arise as per business requirements be suitably incorporated in the service rules of the

Company to dealt with. Compensation and other key compensation elements shall be dealt under the service rules for the KMP and SMP which is again be reviewed by the Committee and the Board as and when necessary.

Where it is decided to appoint an external candidate, timely and planned steps shall be taken for selection of a suitable candidate so that the appointment is made well before the retirement/relieving of the concerned officer to ensure the smooth transition.

- a) The Nomination and Remuneration Committee upon the recommendations of the HR Department 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/up-gradation of Department(s)/Regional Office(s). 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 Managing Director and Head – Human Resources, the Nomination Committee, 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.
- b) shall periodically review and consider the list of SMP / KMP due for retirement / vacancies arising out of attrition during the year.
- c) Develop a data bank of potential candidates and the source for procuring such candidates, for example, through nationally reputed HR consultants / Agency.
- d) consider new vacancies that may arise due to the business needs/restructuring of functions/departments.
- e) In case an SMP / KMP is due for retirement, will review the possibility of an extension of such personnel on basis of the health, age and the person's willingness to continue for an extended term. In case, if an extension is possible, such case is forwarded to the NRC of the Board for its approval.
- f) In case if such position is to be filled through internally or externally, will evaluate the suitable candidates for the said positions internally as well as externally on basis of the criteria such as job role, experience, leadership qualities, competencies, track record etc.

Where it is decided to appoint an external candidate, timely and planned steps shall be taken for selection of a suitable candidate so that the appointment is made well before the retirement/relieving of the concerned officer to ensure the smooth transition.

The Managing Director/chief executive officer and the head of the human resources department of the Company 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.

In the event of any unexpected occurrence in respect of any member in the core management team, the next person as per the organization chart (as far as practicable) shall take interim charge of the position, pending a regular appointment in terms of the Succession Plan.

In addition to the above, the appointment of senior personnel such as chief financial officer, company secretary and other compliance professional like the chief risk officer, chief compliance officer, chief of internal vigilance, head - internal audit and nodal officer to be made in compliance with all applicable provisions of the Companies Act, Listing Regulations, and such other laws as may be applicable to such appointment.

Procedure for Succession

For a temporary change in executive leadership (i.e. illness or leave of absence for long time), the immediate junior officer, reporting to such executive, shall take charge in place of his senior until the senior executive re-joins the office or if he is not competent in the view of the managing director/joint managing director or the Nomination and Remuneration Committee, then such other person who is competent to take the charge as may be decided by the managing director/joint managing director or Committee.

In the event the managing director/joint managing director of the Company is no longer able to serve in this position (i.e., leaves the position permanently), the Nomination and Remuneration Committee shall fill the vacancy within 3 (three) months and recommend to the Board for their approval.

The Board may authorize the managing director/joint managing director to frame an internal policy for identifying and developing an internal pool of talent for future leadership role in different department(s)/division(s) in accordance with the requirement of such department(s)/division(s).

Disclosures in the Board's Report

The disclosures as required under the relevant provisions of the Companies Act, 2013, the rules made there under and the Listing Regulations shall be made as per the extant provisions.

Policy review

The Board shall review this Policy periodically and if required, will make suitable changes in this Policy keeping in view any regulatory changes or changes in the business environment.

This Policy may be amended, modified or supplemented, from time to time, to ensure compliance with any amendment, modification or supplementation to the Companies Act, 2013 and rules made there under, Listing Regulations the Securities and Exchange Board of India Act, 1992 and rules/regulations/ guidelines made there under, RBI regulations/guidelines or any other law and any other regulatory provisions applicable to the Company and/or its' business relating to employee/directors' compensation, issued from time to time.

Any such amendment shall be made by the CEO of the Company, which shall be ratified at the next meeting of the Nominations and Remuneration Committee of the Company, held after such amendment. The Nomination and Remuneration Committee may issue/implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.