

## **ANNEXURE E**

### **SOBHA LIMITED**

#### **NOMINATION AND REMUNERATION POLICY**

The Board of Directors of Sobha Limited have constituted the Nomination, Remuneration and Governance Committee in accordance with the provisions of the Companies Act, 2013 and Listing Agreement entered into with the Stock Exchanges.

##### **I. Terms of Reference of the Committee:**

1. To identify, review, assess, recommend and lead the process for appointments of Executive, Non-Executive and Independent Directors to the Board and Committees thereof and to regularly review the structure, size and composition, balance of skills, knowledge and experience of the Board and Board Committees and make recommendations to the Board or, where appropriate, the relevant committee with regard to any adjustments that are deemed necessary.
2. To formulate criteria for evaluation of Independent Directors and the Board.
3. To evaluate the performance of the Chairman and other members of the Board on an annual basis and to monitor and evaluate the performance and effectiveness of the Board and Board Committees and the contribution of each director to the Company. The Committee shall also seek the views of executive directors on the performance of non-executive directors.
4. To devise a policy on Board diversity.
5. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
6. To make recommendations to the Board on the following matters:
  - Re-appointment of any executive and non-executive director at the conclusion of their specified term of office.
  - Re-election by members of any director who are liable to retire by rotation as per the Company's Articles of Association.
  - Any matters relating to the continuation in office of any director at any time.
7. To formulate a policy relating to the remuneration of directors, key managerial personnel and other employees.

8. To define and articulate the Company's overall corporate governance structures and to develop and recommend to the Board of Directors the Board's Corporate Governance Guidelines.
9. To receive reports, investigate, discuss and make recommendations in respect of breaches or suspected breaches of the Company's Code of Conduct.
10. To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements and to develop, review and monitor the code of conduct applicable to employees and Directors.
11. To perform such functions as may be detailed in the Listing Regulations, Companies Act, 2013 and the relevant Rules made there under.

## **II. Definitions:**

### **1. Key Managerial Personnel:**

Key Managerial Personnel has the same meaning as ascribed to it under the Companies Act, 2013 as may be amended from time to time.

### **2. Senior Management:**

Senior Management has the same meaning as ascribed to it under the Code of Conduct of the Company as may be amended from time to time.

## **III. Policy on Appointment and Removal of Directors, Key Managerial Personnel and Senior Management:**

### **A. Eligibility or Criteria for Appointment:**

**Educational Qualification:** No person shall be eligible for appointment as a Director, Key Managerial Personnel and / or Senior Management Personnel unless he / she possesses at least a bachelors' degree in a recognized and relevant field. Educational qualification over and above the bachelors' degree, though not mandatory, shall be preferable. However, the requirement of minimum educational qualification can be waived if the candidate showcases exceptional knowledge, talent, creativity and / or aptitude for the position.

**Experience:** A person shall be eligible for appointment as a Director, Key Managerial Personnel and / or Senior Management Personnel if he / she possess adequate experience in the respective field(s). Between two candidates possessing same / similar educational qualification, the person with more experience will ordinarily be preferred. Experience in diverse fields will be given due weightage.

**Integrity:** The person considered for appointment shall be a person of integrity and good standing. No person convicted of any offence involving moral turpitude shall be considered for appointment to post of a Director, Key Managerial Personnel and/or Senior Management.

**Age:** A person shall not be considered for appointment to the post of a Whole-time Director of the Company if he / she has attained the age of seventy years.

**Independence:** No person shall be appointed as an Independent Director of the Company unless he /she meets the criteria of independence as specified in the Companies Act, 2013 and Listing Agreement.

**Limits on Directorship:** No person shall be appointed as a Whole-time Director / Independent Director of the Company unless such directorship is within the limits prescribed by law in this behalf.

**Limits on Committee Membership:** The number of Chairmanship or membership of committees held by a person shall be within the limits prescribed by law in this behalf in order to be considered for appointment as a Whole-time Director / Independent Director of the Company.

**B. Term of Office:**

**Whole-time Director:**

- i. The Whole-time Director(s) of the Company shall be appointed for a term not exceeding five years at a time.
- ii. The Whole-time Director(s) shall be eligible for re-appointment for further terms not exceeding five years at a time subject to the approval of members of the Company.
- iii. No such re-appointment shall be made earlier than one year before the expiry of the current term.

**Independent Director(s):**

- i. An Independent Director shall hold office for a term up to five consecutive years on the Board of Directors of the Company.
- ii. An Independent Director shall be eligible for re-appointment for another term up to five consecutive years on passing of a special resolution in this regard by the members of the Company.
- iii. No Independent Director shall hold office for more than two consecutive terms. An Independent Director shall be eligible for re-appointment after the expiry of three years of ceasing to be an Independent Director where he/she has served for two consecutive terms.

**Key Managerial Personnel and Senior Management:**

The term of office of Key Managerial Personnel and Senior Management of the Company shall be in accordance with the prevailing Human Resource policy of the Company.

### **C. Removal of Director, Key Managerial Personnel and Senior Management of the Company:**

The Committee shall recommend to the Board of Directors, the removal from office of, any Director, Key Managerial Personnel and / or Senior Management Personnel of the Company:

- i. Whenever a Director, Key Managerial Personnel and / or Senior Management Personnel of the Company incurs any disqualification specified under any applicable law which renders their position untenable.
- ii. Whenever a Director, Key Managerial Personnel and / or Senior Management Personnel of the Company is found guilty of violating the Code of Conduct, the Code of Conduct for Prevention of Insider Trading of the Company and / or such other policy as may be decided by the Committee.
- iii. Whenever a Director, Key Managerial Personnel and / or Senior Management of the Company acts in a manner which is manifestly against the interests of the Company. In case of any proceedings under this sub-clause, the concerned Director, Key Managerial Personnel and / or Senior Management of the Company shall be given an opportunity of being heard by the Committee.

### **IV. Performance Evaluation:**

- i. The performance evaluation of each director will be carried out by the Committee in the first instance. It shall place its recommendations before the Board of Directors.
- ii. The performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the director being evaluated). It shall take into consideration the views of the Committee.
- iii. The Independent Directors shall review the performance of non-independent directors and the Board as a whole. The Independent Directors shall take into consideration the views of the Committee.
- iv. The Independent Directors shall review the performance of the Chairperson of the company, taking into account the views of the Committee, the executive directors and non-executive directors.

The Independent Directors of the Company are experts in their respective fields. They bring with them specialized skills, vast repertoire of knowledge and a wide diversity of experience and perspectives. In view of their significant expertise, the Independent Directors may recommend the mechanism for evaluating the performance of the Board as a whole as well as individual directors.

In lieu of such recommendation, the criteria for Performance Evaluation laid down below may be considered. However, the below mentioned criteria is only suggestive and the Board / Directors may consider such other criteria as they may deem necessary for effective evaluation of performance.

**Board of Directors:**

- i. Establishment of distinct performance objectives and comparison of performance against such objectives.
- ii. Contribution of the Board to the development of strategy.
- iii. Contribution of the Board in developing and ensuring robust and effective risk management system.
- iv. Response of the Board to problems or crises that have emerged.
- v. Suitability of matters being reserved for the Board under the Listing Agreement.
- vi. Relationship between the board and its main committees and between the committees themselves.
- vii. Communication of the Board with the management team, key managerial personnel and other employees.
- viii. Knowledge of latest developments in the regulatory environment and the market.
- ix. Appropriateness, quality and timeliness of flow of information to the Board.
- x. Adequacy and quality of feedback by the Board to management on its requirements.
- xi. Adequacy of frequency and length of board and committee meetings.
- xii. Appropriate mix of knowledge and skills in the composition of the board and its committees.

**Committees of the Board of Directors:**

- i. Suitability of matters being reserved for the Committee(s).
- ii. Communication of the Committee(s) with the management team, key managerial personnel and other employees.
- iii. Appropriateness, quality and timeliness of flow of information to the Committee(s).
- iv. Adequacy and quality of feedback by the Committee(s) to management on its requirements.
- v. Adequacy of frequency and length of the committee meetings.
- vi. Appropriate mix of knowledge and skills in the composition of the committees.

**Independent Directors:**

- i. Level of preparedness for the meetings of the Board and Committees.
- ii. Willingness to devote time and effort to understand the Company and its business.
- iii. Quality and value of their contributions at Board and Committees meetings.
- iv. Contribution of their knowledge and experience to the development of strategy of the Company.
- v. Effectiveness and pro-activeness in recording and following up their areas of concern.
- vi. Relationship with fellow board members, key managerial personnel and senior management.
- vii. Knowledge and understanding of current industry and market conditions.
- viii. Attendance at the meetings of the Board and Committees of which the Independent Director is a member.

**Whole-time Director(s):**

- i. Contribution of the Whole-time Director in achieving the Business Plan of the Company.
- ii. Contribution of Whole-time Director in the development of new business ideas or verticals.
- iii. Contribution of Whole-time Director towards the topline and/or bottom line of the Company where such contribution is capable of measurement.
- iv. Contribution of Whole-time Director in implementing the strategy set by the Board of Directors of the Company.
- v. Knowledge and understanding of current industry and market conditions.
- vi. Contribution of Whole-time Director in identifying, understanding and mitigating the risks faced by the Company.
- vii. Contribution of Whole-time Director in identifying and exploiting new business opportunities for the Company.
- viii. Level of preparedness for the meetings of the Board and Committees.
- ix. Attendance at the meetings of the Board and Committees of which such Whole-time Director is a member.

**V. Policy relating to the Remuneration of Directors, Key Managerial Personnel and Senior Management:**

**A. Remuneration Criteria:** The guiding principle while determining the level and composition of remuneration is the competitiveness required to attract, retain and motivate competent personnel. While deciding the remuneration of Directors, Key Managerial Personnel and Senior Management, the following factors shall be taken into consideration:

- a. availability of talented, skilled and experienced professionals
- b. industry standards
- c. profitability of the Company and growth prospects

**B. Payment of Remuneration:**

- i. The Committee shall recommend the payment of remuneration (including any revision thereof) to the Directors of the Company including the Independent Directors which shall be subject to the approval of the Board of Directors. It shall also be approved by the shareholders of the Company, wherever required.
- ii. The remuneration of Key Managerial Personnel and Senior Management Personnel shall be determined by the Company in accordance with the prevailing HR Policy of the Company.

**C. Remuneration of Whole-time Directors, Key Managerial Personnel and Senior Management:**

**Basic Salary:**

Each Whole-time Director, Key Managerial Personnel and Senior Management personnel shall be paid a monthly remuneration. The monthly remuneration of Whole-time Director as recommended by the Committee shall be approved by the Board of Directors and also by the shareholders of the Company if required.

**Accommodation or House Rent Allowance:**

Each Whole-time Director shall be provided with rent-free furnished accommodation or up to a specified % of the basic salary as House Rent Allowance in lieu of accommodation. Key Managerial Personnel and Senior Management personnel shall be provided with a specified % of the basic salary as House Rent Allowance.

**Performance Incentives:**

Each Whole-time Director shall be eligible for performance incentives which shall not exceed a specified % of profits of the Company.

Key Managerial Personnel and Senior Management personnel shall be eligible for performance incentives as per the prevailing Human Resource policy of the Company in this regard. The incentive is linked to the performance of the Company in general and their individual

performance is measured against specific Key Result Areas, which are aligned with the Company's objectives.

**Perquisites and Other Allowances:**

Each Whole-time Director, Key Managerial Personnel and Senior Management personnel shall be entitled to such perquisites, allowances, benefits, facilities and amenities as per the Human Resource policy of the Company in force or as may be approved by the Board from time to time.

**D. Remuneration of Independent Directors:**

**Commission:** Each Independent Director shall be paid remuneration by way of Commission as recommended by the Committee which shall be approved by the Board of Directors. Such Commission shall be within the overall limits approved by the shareholders of the Company.

**Sitting Fees:** The Independent Director may receive remuneration by way of fees for attending the meetings of Board or Committee thereof as may be decided by the Board of Directors from time to time.

**E. Limits on Remuneration:**

- i. The overall remuneration paid by the Company to the Directors including Independent Directors shall not exceed 11% of the net profits of the Company for that financial year.
- ii. The remuneration paid by the Company to all its whole-time directors shall not exceed 10% of the net profits of the Company for that financial year.
- iii. The remuneration paid by the Company to its Independent Directors (excluding sitting fees) shall not exceed 1% of the net profits of the Company for that financial year.
- iv. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors, Managing Directors, any non-executive director including Independent Director in accordance with the provisions of Schedule V of the Companies Act, 2013. If the remuneration payable exceeds the limits laid down in Schedule V, then Company shall obtain the prior approval of the Shareholders by passing Special Resolution.
- v. Revision of existing remuneration may be recommended by the Committee to the Board which should be within the limits approved by the shareholders.