

Apeejay Surrendra Park Hotels Limited

Nomination & Remuneration Policy

Introduction

In terms of Section 178 of the Companies Act, 2013 read with applicable rules, the Nomination and Remuneration Committee of the Company has formulated the Remuneration Policy for Directors, Key managerial personnel, senior management personnel and other employees of the Company (hereinafter referred as 'Policy') keeping in view the following objectives:

- i) Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ii) Ensuring that relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii) Ensuring that remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Policy Objective

The objective of this Policy is to determine the criteria for appointment, removal, evaluation of performance of Directors and remuneration of Directors, key managerial personnel, senior management personnel and other employees.

Terms and References

In this Policy, the following terms shall have the following meanings:

- (a) **"Act"** means Companies Act, 2013 including the applicable Rules & regulations;
- (b) **"Board of Directors" (Board)**, in relation to the Company, means the collective body of the directors of the Company and includes the committees of the Board;
- (c) **"Directors"** means Directors of the Company appointed in terms of provisions of the Act;
- (d) **"Independent Director"** means a Director referred to in sub-section 6 of Section 149 of the Act;
- (e) **"Key Managerial Personnel" (KMP)** in relation to a Company, means: (i) Chief Executive Officer ('CEO') or the Managing Director ('MD') or the Manager; (ii) Company Secretary; (iii) Whole-time Director ('WTD'); (iv) Chief Financial Officer; and (v) such other officer as may be prescribed;
- (f) **"Nomination and Remuneration Committee" (NRC)** means the committee of the Company as constituted or reconstituted by the Board in accordance with the provisions of Section 178 of the Act;
- (g) **"Senior Management Personnel"** for this purpose shall mean employees of the company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional/vertical heads.

Apeejay Surrendra Park Hotels Limited

General

This Policy is divided in two parts, namely, Part-A covering the selection, appointment and nomination of Directors and determining their independence; and Part-B covering remuneration etc. for the Directors, Key Managerial Personnel and other employees.

PART-A APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL & CRITERIA OF INDEPENDENCE

Appointment Criteria & Qualification

a. The NRC shall identify and ascertain the positive attributes, integrity, independence, qualification, expertise and experience of the person for appointment as Directors, or Senior Management Personnel and recommend to the Board his/her appointment.

b. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient for the concerned position.

c. An Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of management, finance, law, sales, marketing, administration, corporate governance, operations or other disciplines related to the Company's business.

d. A person shall be appointed as Independent Director subject to the compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules there under.

e. The Company shall not appoint or continue the employment of any person as MD/WTD who is below the age of 21 years or has attained the age of 70 years. Provided that the appointment of a person who has attained the age of seventy years may be appointed with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for appointment of such person.

f. A Director shall not serve as Director in more than 20 companies, of which not more than 10 shall be Public Limited Companies. Also, a Director shall not be a member in more than 10 Committees or act as Chairperson of more than 5 Committees across all companies in which he/she holds directorships, if he/she is a Director in any Listed Company.

Disqualifications for appointment/re-appointment of Directors

Any person who is disqualified for appointment/re-appointment as a director in terms of Section 164 of the Act shall not be eligible for appointment/reappointment, as the case may be, as a Director of the Company.

Apeejay Surrendra Park Hotels Limited

Term/Tenure

a. Managing Director/Whole time Director:

Subject to the applicable provisions of the Act and the Articles of Association of the Company, the Company shall appoint or re-appoint any person as its MD/WTD for a term of maximum five consecutive years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b. Independent Director:

(i) Subject to the applicable provisions of the Act, an Independent Director shall hold office for a maximum term of five consecutive years on the Board of the Company with the approval of the shareholders in general meeting and will be eligible for re-appointment on passing of a special resolution by the shareholders of the Company for another term of maximum five years and disclosure of such appointment be made in the Board's Report.

(ii) Any Independent Director, who has completed his two consecutive terms, shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

(iii) The Independent Director shall not be liable to retire by rotation.

Removal & Retirement

a. The NRC may recommend to the Board with reasons, removal of a Director, KMP or Senior Management Personnel subject to the provisions of the Act.

b. The Director, KMP & Senior Management Personnel shall retire/resign as per the applicable provisions of the Act and the prevailing HR policy of the Company. The Board will have discretion to retain a Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, subject to compliance of applicable laws, for the benefit of the Company.

Positive Attributes/Evaluation

The NRC shall carry out evaluation of performance of every Director and in evaluating the positive attributes & suitability of individual Board members, the NRC may take into account factors, such as:

- General understanding of the Company, Corporate Governance
- Educational and professional background
- Standing in the profession, Leadership
- Business dynamics, global business
- Social perspective
- Highest personal and professional ethics, integrity and values
- Inquisitive and objective perspective, practical wisdom and mature & independent judgment
- Willingness to devote sufficient time to carrying out the duties and responsibilities effectively, including attendance at meetings.

Apeejay Surrendra Park Hotels Limited

Criteria of Independence

An Independent Director should meet the criteria of independence as laid down in the Companies Act, 2013. The NRC shall assess the independence of Directors at the time of appointment and re-appointment. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

PART-B **REMUNERATION POLICY FOR DIRECTORS, KMP AND OTHER EMPLOYEES**

General

a. The remuneration, compensation, profit linked commission, etc. to Directors will be determined by the Committee and recommended to the Board for approval, and approval of shareholders of the Company and Central Government, wherever required, in terms of the applicable provisions of the Act.

b. The remuneration and commission, if any to be paid to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder. Increase in remuneration shall be recommended by the Committee to the Board, subject to approval by the shareholders.

c. Determination of remuneration and increments of KMP, Senior Management officials and other employees shall be effected in terms of the HR policies of the Company and may be recommended by the Committee to the Board.

d. Where any insurance is taken by the Company on behalf of its WTD/MD, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employee for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to Non-Executive Directors/Independent Directors

Non-Executive Directors including Independent Directors shall be entitled to sitting fees and reimbursements for attending every meeting of the Board and the Committee thereof attended by them as member excluding any such Committee, for which the Board may decide that no sitting fees shall be paid. The Board may enhance the sitting fees up to the maximum limit allowed by the Act and Rules thereunder.

Remuneration to Managing Directors/Whole time Directors/Manager

a. The remuneration of Executive Directors including MD/WTD shall be determined/reviewed taking into account the Company's overall performance, individual contribution to the Company and trends in the industry in general.

Apeejay Surrendra Park Hotels Limited

b. Subject to Section 197 and Schedule V of the Act read with Rules made thereunder, the MD/WTD will be eligible for remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other with the approval of the Shareholders of the Company on the recommendation of the NRC and the Board. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to Provident Fund, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the NRC and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required in terms of the provisions of the Act.

c. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its MD/WTD in accordance with the Act and rules made thereunder and if it is not able to comply with such provisions, then with the previous approval of the Central Government.

Remuneration to Key Managerial Personnel & Other Employees

a. Remuneration to KMP, Senior Management and other employees are determined/reviewed considering short and long term performance objectives appropriate to the working of the Company and its goals and the market trends.

b. The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration, salary advance and loans etc. as per the Company's HR policies. The break-up of the pay scale and quantum of perquisites including employer's contribution to Provident Fund, medical expenses, etc. shall be as per the Company's HR policies.

The remuneration for KMP and Senior Managerial Personnel of the Company shall be approved by the NRC based on the recommendation of the Chairperson and/or Managing Director/ CEO and for other employees based on the recommendation of the MD/CEO in consultation with the HR Head of the Company or Heads of various Department/Hotels of the Company. In case any of the relevant regulations require that remuneration of KMPs or any other officer is to be specifically approved by the NRC and/or the Board of Directors/Shareholders, then such approval will be accordingly obtained.

The above criteria and policy are subject to review / revision by the Nomination and Remuneration Committee and the Board of Directors of the Company.
