

SAMHI HOTELS LIMITED

NOMINATION AND REMUNERATION POLICY

1. BACKGROUND

This Nomination and Remuneration Policy (the “**Policy**”) of the Company is formulated in compliance with Section 178 of the Companies Act, 2013, read with applicable rules made thereunder and in compliance of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”) as amended from time to time. The Policy is intended to set out criteria to pay equitable remuneration to the Directors, Key Managerial Personnel and Senior Management Employees of the Company, amongst other things, and to harmonise the aspirations of human resources with the goals of the Company.

Accordingly, the board of directors of Company (“**Board**”) adopted the Policy at its meeting held on **27th March, 2023**, which can be amended from time to time.

This Policy shall come into force with effect from the date the SEBI Listing Regulations take effect with respect to the Company.

2. OBJECTIVE

- (a) The objective of the policy is to lay out the principles for determining remuneration for Directors, Key Managerial Personnel and Senior Management Employees to ensure:
- (i) Identifying persons who are qualified to become Directors, persons who may be appointed as KMPs and in senior management positions in accordance with the criteria laid down, and recommend to the Board for their appointment and removal and carrying out evaluation of every Director’s performance (including independent Director;
 - (ii) Identifying the criteria for determining qualifications, positive attributes and independence of a Director;
 - (iii) that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate talent and quality of professionals required for effective management the business;
 - (iv) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and Providing them rewards, linked directly to their efforts, performance, dedication and achievements relating to the Company’s operations;
 - (v) Specifying the manner for effective evaluation of performance of the Board, Directors, KMPs and

persons in senior management positions to be carried out either by the Board, by the Committee (*defined below*) or by an independent external agency;

- (vi) Assessing the independence of independent Directors;
- (vii) judicious balance between fixed and variable pay reflecting short and long-term performance objectives aligned to the working of the Company and its goals.
- (viii) Such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Companies Act 2013 and rules thereunder and the SEBI Listing Regulations, whenever applicable.

3. DEFINITIONS

- (a) **“Board”** Board of Directors of the Company;
- (b) **“Committee”** means the nomination and remuneration committee of the Company as constituted by the Board, in accordance with the Companies Act and the LODR Regulations;
- (c) **“Companies Act”** means the Companies Act, 2013 and rules thereunder, as amended from time to time;
- (d) **“Company”** means SAMHI Hotels Limited;
- (e) **‘Designated Senior Management Employees’** means officers/ personnel of the Company who are members of its core management team excluding the Board of Directors, and such other officers as may be decided by the Nomination and Remuneration Committee, from time to time.
- (f) **‘Director(s)’** means Directors of the Company;
- (g) **‘Independent Director’** means a Director referred to in Section 149(6) of the Act;
- (h) **‘Key Managerial Personnel’**, in relation to a company, means – (i) chief executive officer or the managing director or the manager; (ii) company secretary; (iii) whole-time director(s); (iv) chief financial officer; and (v) such other officer as may be prescribed;
- (i) **‘LODR Regulations’** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
- (j) **‘Policy’** means this nomination and remuneration policy of the Company;
- (k) **‘Senior Management Employees’** means personnel of the Company who are members of its core management team excluding the Board of Directors and comprising all members of management one level below the executive directors, including functional / department heads.

4. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

Pursuant to the provisions of Section 178 and other applicable provisions, if any, of the Companies Act, 2013 including the rules framed thereunder and Regulation 19 of the SEBI Listing Regulations, the Committee will be constituted as hereunder:

- a) The Board shall determine the membership of the Committee.
- b) The Committee shall comprise of at least three members, all of whom shall be non- executive directors, and at least fifty percent of whom shall be independent directors.

- c) One of the independent non-executive directors shall be designated by the Board to serve as the Committee's Chairman. Provided that the chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Committee and shall not chair the Committee.

5. APPOINTMENT

- (a) The Board shall assess the requirement of the appointment of a new Director on the Board in the following events:
 - (i) To fill up any vacancy,
 - (ii) To fulfill a statutory requirement, or
 - (iii) To fill up critical positions in the Company as per the organization structure.
- (b) Based on the requirements assessed above, the Committee shall recommend the person / persons to be appointed by the Company. A potential candidate should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee shall review qualifications, expertise and experience, as well as the ethical and moral qualities possessed by such person, commensurate to the requirement for the position.
- (c) Criteria for appointment as Director: The Committee shall determine the suitability of appointment of a Director by ascertaining the 'fit and proper criteria' of the candidate. The incumbent should be assessed against a range of criteria which includes but are not limited to: (A) not being disqualified in terms of Section 164 of the Companies Act; (B) be eligible in terms of Schedule V of the Companies Act, if he is going to be appointed as managing director, whole-time director or manager of the Company; (C) fulfill the terms of independence as per the provisions of Section 149 and Schedule IV to the Companies Act, in case of an independent Director; and (iv) possess qualification, experience, capability and knowledge commensurate with the functional responsibilities he has to fulfill.
- (d) **Independence of Directors:** Independence of Directors is decided on the basis of criteria provided under the relevant provisions of the Companies Act read with rules made thereunder, and any modification/amendments done from time to time and as envisaged under LODR Regulations. A declaration of independence is taken from the independent Directors at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director.
- (e) Re-appointment of Independent Directors shall be on the basis of report of their performance evaluation.
- (f) The Committee shall also assess the prospective appointees for Key Managerial Personnel and Senior Management Employees as per the following criteria: The incumbent should possess the following qualities: (A) Qualification and experience should be commensurate with the function to

be handled; and (B) He / she should display SAMHI values i.e. integrity, people, passion, excellence and distinction.

- (g) Succession Planning – The Committee shall review succession plans of the Board, Key Managerial Personnel and Senior Management Employees.

6. LETTER OF APPOINTMENT

Letter of appointment shall be issued by the Company to each Director and KMP based on the recommendations of the Committee on the basis of the guidelines for the same under the Companies Act, 2013 and this Policy and shall be accepted and signed by the concerned person.

7. CESSATION

- (a) Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director subject to the provisions and compliance of the said Act, rules and regulations.

- (b) Retirement

The Directors, KMP and Senior Management Employees shall retire as per the applicable provisions of the Companies Act and the prevailing human resources policy of the Company. The Board and the Committee will have the discretion to retain the Directors, KMP and Senior Management Employees in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

8. TERM / TENURE

- (a) Executive Directors

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding 5 (Five) years at a time. No re-appointment shall be made earlier than 1 (One) year before the expiry of term.

- (b) Independent Directors

- (i) Subject to the provisions of the Companies Act, an Independent Director of the Company may hold office for a term up to 5 (Five) consecutive years on the Board or such shorter period as may be recommended by the Board and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure(s) of such appointment in

the Board's report.

- (ii) No Independent Director shall hold office for more than 2 (Two) consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (Three) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (Three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

9. REMUNERATION OF DIRECTORS

(a) Remuneration Principles

- (i) The remuneration payable to Directors shall be in accordance with the provisions of the Companies Act and Articles of Association of the Company.
- (ii) The remuneration payable to Directors will be determined by the Committee and recommended to the Board for approval. Remuneration, if approved by the Board will be subject to approval of the shareholders and such other regulatory approvals, wherever required.
- (iii) Remuneration payable to be commensurate with qualification, experience and participation of Directors in providing strategic guidance to the Company
- (iv) Remuneration payable may be decided based on the performance evaluation of each of the Directors and Board, as a whole.
- (v) Individual remuneration packages for Directors are determined after taking into account relevant factors, including but not limited to:
 - Level of engagement in the affairs of the Company,
 - Market conditions,
 - Financial and commercial health of the Company,
 - Practice being followed in comparable companies,
 - Prevailing laws and government/other guidelines.

(b) Remuneration Components

- (i) Every non-executive Director and independent Director shall be entitled to sitting fee for every meeting of the Board and Committees of the Board attended by him/her as may be approved by the Board from time to time within the permissible limits specified under the Act.
- (ii) The Committee shall decide other components of remuneration, if any, payable to non-executive Directors as per applicable provisions of the Act.

- (iii) Remuneration payable to any Director in terms of Section 197 of the Companies Act, shall include remuneration payable to him for the services rendered in any other capacity unless:
- the services rendered are of a professional nature; and
 - the Committee is of the opinion that the Director possesses requisite qualification for practice of the profession.
- (iv) Where any insurance is taken by the Company in respect of its Managing Director, Whole-time Directors and/ or Non-executive Directors for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

(c) Minimum Remuneration to managing director or whole-time director or a manager

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its managing director or whole-time directors or the manager in accordance with the provisions of Schedule V of the Companies Act, 2013.

10. REMUNERATION OF KEY MANAGERIAL PERSONNEL (OTHER THAN MANAGING DIRECTOR AND WHOLE-TIME DIRECTOR) AND SENIOR MANAGEMENT EMPLOYEES

(a) Remuneration Principles

- (i) The Committee shall endeavour to recommend such level and composition of remuneration which is reasonable and sufficient to attract, motivate and retain high calibre professionals in the Company.
- (ii) Remuneration, in case of new appointment, shall be recommended on the basis of individual's qualification, experience, competencies, and responsibilities to be discharged for the assigned job and potential contribution to the Company.
- (iii) All remuneration, in whatever form, payable to Designated Senior Management Employees shall be reviewed and recommended to the Board, after taking into account the views of the management of the Company and the Managing Director will take decisions in this regard to the extent of his/her authority .
- (iv) Increment in remuneration shall be annual and will be based on appraisal process conducted as per the Human Resource Policy of the Company.
- (vi) Individual remuneration packages are determined after taking into account relevant factors, including but not limited to:

- Level of engagement in the affairs of the Company,
- Market conditions,
- Financial and commercial health of the Company,
- Practice being followed in comparable companies,
- Prevailing laws and government/other guidelines.

(b) Remuneration Components

(i) Remuneration may, subject to approvals, comprise the following:

- Fixed Pay: being the base pay and allowances linked thereto;
- Variable Pay: performance-linked component based on the extent of achievement of the individual's KRAs and performance of the business unit;
- Perquisites – benefits in the nature of facilities provided by the Company;
- Contribution to Provident and other funds – includes contribution to provident fund, gratuity and superannuation funds.

(ii) The proportion of variable pay in the total remuneration may increase with the elevation in grade and responsibilities.

(iii) Rewards – given by the Company to motivate and retain employees shall form part of the remuneration.

(c) Where any insurance is taken by the Company on behalf of its Key Managerial Personnel for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

11. **EVALUATION**

(a) The Committee shall regularly assess the requirement of expertise necessary on the Board to oversee and provide strategic guidance to Company's business.

(b) Based on the understanding at Paragraph 8(a) above, the purpose of Board evaluation is to:

- (i) Improve the performance of Board for achievement of corporate goals and objectives.
- (ii) Assess the balance of skills, knowledge and experience on the Board.

- (iii) Identify areas to be focused for improvement.
 - (iv) Identify and create awareness about the role of Directors individually and collectively as Board.
 - (v) Identify ongoing trainings to ensure that the Directors are provided with adequate information to understand Company's business, the industry and their duties & responsibilities (both legal and fiduciary).
 - (vi) Build a Board which provides strategic guidance and contribution for overall growth of the organisation.
 - (vii) Build teamwork and develop effective coordination between Board members towards growth of the organisation.
- (c) Board evaluation requires:
- (i) Deciding individual and collective roles and responsibilities of the Directors;
 - (ii) Setting the standards of individual performance of every Director and collective performance as the Board.
- (d) The Committee shall lay down the criteria and framework for performance evaluation of each Director and for implementation of the methodology to be followed by the Company for performance evaluation of the Board, its committees and individual directors and for the periodic review of the same.
- (e) The performance evaluation of the Board and the Directors shall take place as per the policy on the evaluation of the board and its directors of the Company.
- (f) The Committee may, under the authority granted by the Board, engage consultant(s) for establishing / assisting in the process of Board evaluation.
- (g) The evaluation methodology shall be reviewed annually by the Committee.

12. **AUTHORITY**

The Committee shall have free access to the management and management's information. The Committee, at its sole authority, may seek the advice of outside experts or consultants at the Company's expenses, wherever necessary, to discharge its duties and responsibilities.

13. **REVIEW AND AMENDMENTS TO THE POLICY**

The Board may review, amend, abrogate, modify or revise any or all provisions of this Policy from time to time. However, amendments in the Companies Act or in the LODR Regulations that mandatorily apply to the Company shall be deemed to be incorporated in this Policy and shall be binding.

14. DISCLOSURE OF THIS POLICY

The Policy shall be disclosed in the annual report of the Company, as required under Companies Act, 2013, rules made there under and the SEBI Listing Regulations, as amended from time to time and as may be required under any other law for the time being in force.