

# ADVANI HOTELS & RESORTS (INDIA) LIMITED

## NOMINATION AND REMUNERATION POLICY

### 1. PURPOSE AND SCOPE

The board of directors (“**Board**”) of Advani Hotels & Resorts (India) Limited (“**Company**”) has adopted this Nomination and Remuneration Policy (“**Policy**”) on the recommendation of the Nomination and Remuneration Committee (“**Committee**”), in compliance with the provisions of Section 178(3) of the Companies Act, 2013 (“**Act**”), Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and other applicable laws.

This Policy governs matters relating to appointment and remuneration of the members of the Board, KMPs, SMPs (*as defined below*) and other employees and defining criteria for qualifications, positive attributes and independence of directors of the Company (“**Directors**”).

### 2. OBJECTIVE

The objectives of this Policy are:

- (i) To ensure that the composition of the Board and remuneration provided to the members of the Board, KMPs and SMPs is reasonable and adequate to attract, retain and motivate them.
- (ii) To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (whole-time / non-executive / independent).

This includes reviewing and approving corporate goals and objectives relevant to the compensation of the Board, KMPs and SMPs, evaluating their performance in light of those goals and objectives. Evaluating and recommending incentive compensation which is subject to the approval of the Board.

### 3. DEFINITIONS

- (i) “**Executive / Whole-time Director**” means the executive / whole-time directors of the Company.
- (ii) “**Independent Director**” means a director referred to in Section 149(6) of the Act and under the Listing Regulations.
- (iii) “**KMP**” means Key Managerial Personnel as defined under Section 2(51) of the Act.
- (iv) “**Managing Director**” means the Chairman and Managing Director of the Company.
- (v) “**SMP**” means senior management as defined under Regulation 16(1)(d) of the Listing Regulations.

Words and expressions used but not defined in this Policy, shall have the same meaning as ascribed to them in the Listing Regulations, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Act and / or any other law applicable to the Company for the time being in force.

#### 4. PRINCIPLES OF REMUNERATION

The objective of this Policy is to enable the Company to attract, motivate, and retain qualified industry professionals for the Board and other executive levels in order to achieve the Company's strategic goals. This Policy acknowledges the short and long-term performance objectives appropriate to the working of the Company and achieving its goals as well as the business needs. This Policy is designed to encourage behavior that is focused on long-term value creation, while adopting the highest standards of good corporate governance. This Policy is built on the following principles:

- (i) ***Vision and strategy*** - The remuneration and reward frameworks and decisions shall be developed in a manner that supports, reinforces and is consistent with, the Company's vision and strategy.
- (ii) ***Transparent*** - The execution of this Policy is clear, unambiguous, and practical.
- (iii) ***Aligned within the Company's objectives*** - This Policy is aligned with the Company's short term and long-term objectives, compatible with those of management and other employees.
- (iv) ***Compliant*** - The Company adopts the highest standards of good corporate governance.
- (v) ***Simple*** - The execution of this Policy shall be as simple as possible and easily understandable to all stakeholders.
- (vi) ***Internal equity*** - The Company shall remunerate the members of the Board, KMPs, SMPs and other employees in terms of their roles within the organization.
- (vii) ***External equity*** - The Company strives to pay an equitable remuneration, capable of attracting and retaining skilled personnel. Therefore, the Company will remain logically mindful of the ongoing need to attract and retain skilled people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as may be required to determine the Company's remuneration practices.
- (viii) ***Flexibility*** - Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislations.
- (ix) ***Performance-driven remuneration*** - The Company shall entrench a culture of performance-driven remuneration through the implementation of the prevailing incentive scheme of the Company, 'Performance Incentive System'.

- (x) ***Affordability and Sustainability*** - The Company shall ensure that remuneration is affordable, sustainable and commensurate with the qualification, experience and knowledge of the members of the Board, KMPs and SMPs.

## 5. NOMINATION AND REMUNERATION COMMITTEE

### (i) ***Composition of the Committee***

The Board has constituted the Committee in accordance with the provisions of Section 178 of the Act, Regulation 19 of the Listing Regulations Act read along with the applicable laws. The Board has the authority to reconstitute the Committee from time to time.

### (ii) ***Role of the Committee/ terms of reference***

The role of the Committee shall include the following:

- a. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, KMPs and other employees.
- b. For appointment of Independent Director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - A. use the services of an external agencies, if required;
  - B. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - C. consider the time commitments of the candidates.
- c. Formulate the criteria for evaluation of performance of the Board and Independent Directors.
- d. Devise a policy on diversity of the Board.
- e. Identifying persons who are qualified to become Directors and who may be appointed to SMP level in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- f. Recommend to the Board whether to extend or continue the term of appointment of Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- g. Review industry and regulatory developments and emerging compensation governance principles to ensure the Company's executive remuneration program, human resources, pension and retirement plans and programs remain aligned with the

Company's business strategy, corporate goals and objectives, compensation philosophy and recognized best practices.

- h. Recommend to the Board, all remuneration, in whatever form, payable to the SMPs.
- i. Developing a succession plan for the appointments made to the Board and to SMPs and regularly reviewing the plan and recommend revisions, if any, to the Board.
- j. To ensure that there is an appropriate induction in place for new Directors and for the appointments made to SMP and reviewing its effectiveness.
- k. While recommending Independent Director's appointment to the Board, the Committee shall ensure that there is appropriate balance of skills, experience and knowledge on the Board so as to enable the Board to discharge its functions and duties effectively.
- l. Assist the Board in evaluation of the performance of the Board as a whole, individual Directors and committees of the Board on the request of the Board.

(iii) ***Others***

The Committee shall ensure the following:

- a. 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.
- b. relationship of remuneration to performance is clear and meets appropriate performance benchmark.
- c. remuneration to Directors, KMP and SMP involves a balance between fixed and incentive pay reflecting short term and long-term performance objectives appropriate to the working of the Company and its goals.

**6. GUIDING PRINCIPLES FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMPs AND SMPs**

The Committee shall identify suitable candidates in the event of any vacancy occurring on the Board on account of retirement, resignation or demise of any existing Board member. Based on the recommendations of the Committee, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board will thereafter make an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director will be appointed by the Board.

The Committee will make relevant recommendations for appointment and removal of Directors, KMPs and SMPs on the basis of the following guiding principles:

- (i) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or SMP and recommend to the Board his / her appointment.

- (ii) A person should possess adequate qualifications, expertise and experience for the position that he / she is being considered for appointment. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

**7. POLICY RELATING TO THE REMUNERATION OF EXECUTIVE DIRECTORS, KMPs AND SMPs**

- (i) The remuneration / compensation / commission etc. to the Managing Director, Executive / Whole-time Director, KMPs and SMPs will be determined by the Committee and shall be recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior / post approval of the shareholders of the Company, wherever required.
- (ii) The remuneration and commission to be paid to the Managing Director and Executive / Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the provisions of the Act.
- (iii) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the shareholders of the Company in the case of Managing Director, and Executive / Whole-time Director.
- (iv) Where any insurance is taken by the Company on behalf of its Managing Director, Executive / Whole-time Directors, Chief Financial Officer or Company Secretary 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. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- (v) Managing Directors / Whole-time Director of the Company may be allowed remuneration, by way of commission which is in addition to the basic salary, perquisites and any other allowances, benefits and amenities subject to the condition that its shall be in alignment with the provisions of the Act.
- (vi) A basket of perquisites, allowances and other benefits would also form part of the remuneration structure as are given by other companies, corporate groups and peer groups.
- (vii) A managerial person shall be eligible for the following perquisites which shall not be included in the computation of the ceiling on remuneration specified in the Act:
  - a. contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961;
  - b. gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
  - c. encashment of leave at the end of the tenure.

- (viii) If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the approval required under the Act, he / she shall refund such sums to the Company within the time period prescribed under the Act and until such sum is refunded, hold it in trust for the Company.
- (ix) The remuneration for the SMPs, KMPs excluding Managing Director and Executive / Whole-time Directors and staff at the Company may be guided by the external competitiveness and internal parity through annual benchmarking surveys.

## **8. POLICY RELATING TO THE REMUNERATION**

### **(i) *Sitting fees***

A Director may receive remuneration by way of sitting fees for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board. Provided that the amount of such fees shall not exceed INR 1,00,000 (Indian Rupees One Lakh only) per meeting of the Board or committees or such amount as may be prescribed by the Central Government from time to time. Provided that for Independent Directors and women Directors, the sitting fee shall not be less than the sitting fee payable to other Directors.

### **(ii) *Remuneration / commission***

The remuneration / commission shall be commensurate with the performance of the business of the Company. Non-executive / Independent Director may be paid a remuneration / commission within the limit prescribed under the applicable provisions of the Act and subject to the recommendation of the Committee and approval of the Board and the shareholders of the Company.

## **9. PROCESS FOR EVALUATION**

While the Board is committed to assessing the performance of the Board in order to identify its strengths and areas in which it may improve its functioning. Towards this end, the Committee shall establish the criteria and processes for effective evaluation of performance of individual Directors, chairperson of the Board, the Board as a whole and the Committees of the Board and recommend the same to the Board. The evaluation of Independent Directors shall also include evaluation of the fulfilment of the independence criteria as specified under the applicable laws and their independence from the management.

## **10. DISSEMINATION OF THE POLICY**

This Policy shall be placed on the Company's website. Salient features of this Policy, any change therein, the web address, where this Policy is published and evaluation criteria shall be disclosed in the Board's report of the Company in compliance with the applicable law.

## **11. AMENDMENT**

Any change in this Policy shall be approved by the Board of the Company.

**12. GENERAL**

This Policy is framed based on the provisions of the Act and rules thereunder and the requirements of the Listing Regulations. In the event of any conflict between the provisions of this Policy and the provisions of the Act or any other regulations which makes any of the provisions in this Policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the Policy and the provisions in this Policy would be modified in due course to make it consistent with law.

This amended Policy is approved and adopted by the Board in its meeting held on November 13, 2023, with immediate effect.