

# ARUNA HOTELS LIMITED

## POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

### Preamble:

The policy on appointment and remuneration of Directors, Key Managerial Personnel and other employees has been prepared pursuant to the provisions of section 178 of Companies Act, 2013 ("the Act") and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). This policy has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors.

### Definitions:

- a. 'Act' means Companies Act, 2013 and Rules relating thereto
- b. 'Company' means 'Aruna Hotels Limited'
- c. 'Board' means Board of Directors of the Company
- d. 'Directors' means Directors of the Company
- e. 'Committee' means the Nomination and Remuneration Committee as constituted or re-constituted by the Board
- f. 'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013 and / or as defined under Regulation 16 of the SEBI Listing Regulations.
- g. 'Key Managerial Personnel (KMP)' means:
  - Managing Director or Chief Executive Officer or Manager and in their absence, a whole-time Director;
  - Company Secretary; and
  - Chief Financial Officer
  - Such other officer, not more than one level below the Directors who is in the whole time employment, designated as KMP by the Board and such other officer as may be prescribed
- h. \*'Senior Management' shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors and shall also comprise all members of the management one level below the Chief Executive Officer or Managing Director or Whole time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and Chief Financial Officer.

*\* the term 'senior management' means officers / personnel of the Company as defined under SEBI (LODR) Regulations, 2015 as amended from time to time*

### Role of the Nomination and Remuneration Committee:

- (i) Formulation of the criteria for determining qualifications positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of directors, key managerial personnel and other employees;
- (ii) For every appointment of Independent Director, 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 for Independent director and based on the capabilities identified in such description recommend to the Board for appointment of Independent director; 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;

- (iii) Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- (iv) Devising a policy on Board diversity;
- (v) Identifying 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;
- (vi) Whether to extend or continue the term of appointment of the Independent director, on the basis of performance evaluation;
- (vii) Recommend to the board, all remuneration in whatever form payable to the senior management.
- (viii) To assist the Board in ensuring that the plans are in place for orderly succession for appointments to the Board and to the senior management.
- (ix) To carry out evaluation of the performance of Directors.

**Objective:**

The objective of the Policy is to ensure that:

- (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 benchmarks; and
- (c) 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;

**Criteria for appointment of Director and Senior Management:**

- ❖ The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or Senior Management and recommend to the Board for his/ her appointment;
- ❖ A person should possess adequate qualification, skills, knowledge, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, skills, knowledge, expertise and experience possessed by the person are sufficient / satisfactory for the concerned position.

- ❖ The Company shall not appoint or continue the employment of any person as Managing Director / Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of the shareholders by passing a special resolution.
- ❖ The Company shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

**Term / Tenure:**

*Managing Director/ Whole time Director:*

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding such term as may be specified under the Act. No re-appointment shall be made earlier than one year before the expiry of term and which shall be done with the approval of the shareholders of the Company, based on the recommendation of Nomination and Remuneration Committee.

*Independent Director:*

An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board of the Company and will be eligible for re-appointment on passing of special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director 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 said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

**Evaluation of performance of a Director/ KMP/ Senior Management Personnel:**

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

**Removal of a Director/ KMP/ Senior Management Personnel:**

The Committee may recommend with reasons recorded in writing, removal of a Director/ KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 2013, Rules, Regulations and the policy of the Company.

**Retirement:**

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

**Policy for remuneration to Directors/ KMP/ Senior Management Personnel:**

*Remuneration to Managing Director / Whole time Directors:*

The remuneration / commission etc., payable to the Managing Director(s) / whole time Director(s) etc., shall be governed as per the provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force and subject to the approval of Members of the Company and Central Government whenever/ wherever required.

The Nomination and Remuneration Committee shall make recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration payable to Managing Director(s) / Whole time Director(s).

*Remuneration to Non-Executive / Independent Directors:*

The Non-Executive/ Independent Directors may receive sitting fees as per the provisions of Companies Act, 2013. The amount of sitting fees, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors, shall be subject to ceiling /limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

*Remuneration to other KMPs/ Senior Management Personnel:*

The remuneration payable to other Key Managerial Personnel (KMP) viz. Company Secretary, Chief Financial Officer and Senior Management Personnel shall be based on the qualification, skills, expertise and experience in the position and prevailing market standards. The remuneration may consists of fixed/ variable pay, allowances and other perquisites including contribution to Provident Fund etc., as may be recommended by the Nomination and Remuneration Committee and approved by the Board from time to time.

**Amendment to this Policy:**

The Board of Directors on its own and / or on the recommendation of the Committee may review / amend this policy as and when they deem necessary.