

Nomination and Remuneration Policy – U. P. Hotels Limited

The Nomination and Remuneration Committee of U P Hotels Limited (the Company) shall consist of 3 or more non-executive directors out of which not less than half shall be Independent.

1. OBJECTIVE

The Nomination and Remuneration Committee (the Committee) and Nomination and Remuneration Policy (this Policy), is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules made there under and Clause 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

The Key Objectives of the Committee would inter-alia be:

- to recommend to the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board members.
- to recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- to recommend to the board, all remuneration, in whatever form, payable to senior management

2. DEFINITIONS

(a) Key Managerial Personnel:

Key Managerial Personnel means Managing Director or Chief Executive Officer or Manager, Whole time Director; Chief Financial Officer, Company Secretary, and such other officer as may be prescribed.

(b) Senior Management:

Senior Management means personnel of the Company who are members of its core management team excluding the Board of Directors, and shall also include all members of management one level below the executive directors including all functional heads.

3. ROLE OF COMMITTEE

The role of the Committee *inter-alia* will be the following:

- to formulate a criteria for determining qualifications, positive attributes and independence of a Director
- to recommend to the Board the appointment and removal of Director, KMP and Senior Management
- to carry out evaluation of performance of the Directors
- to recommend to the Board on policy relating to remuneration for Directors, (including whole-time Directors), Key Managerial Personnel and Senior Management.
- to devise a policy on Board diversity
- to develop a succession plan for the Board and to regularly review the plan

4. MEMBERSHIP

- The Committee shall consist of a minimum three (03) non-executive directors, majority of them being independent.
- Minimum two (02) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless otherwise terminated by the Board of Directors.

5. CHAIRPERSON

The Chairperson of the Committee shall be an Independent Director. The Chairperson of the Company may be appointed as a member of the Committee but shall not be the Chairperson of the Committee.

In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

The Chairperson of the Committee shall attend the general meetings of the Company or in his/her absence, any other member of the Committee authorised by him/her in this behalf.

6. FREQUENCY OF MEETINGS

The Meetings of the Committee shall be held at such regular intervals as may be required.

7. COMMITTEE MEMBERS' INTERESTS

A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

The Committee may invite such executives, officials or such other persons as it considers appropriate to be present at the meetings of the Committee.

8. SECRETARY

The Company Secretary of the Company shall act as the Secretary of the Committee.

9. VOTING

Matters arising for determination at the Committee Meetings shall be decided by a majority of votes of the Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

10. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

- to ensure that there is an appropriate induction and training programme in place for new Directors and members of the Senior Management and reviewing its effectiveness;
- to ensure that on appointment to the Board, Non-Executive Directors and Independent Directors receive a formal letter of appointment in accordance with the guidelines provided under the Companies Act, 2013;
- to determine the appropriate size, diversity and composition of the Board;
- to set a formal and transparent procedure for selecting new Directors for appointment to the Board;
- to develop a succession plan for the Board and Senior Management and regularly reviewing the plan;
- to evaluate the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- to consider any other matters as may be requested by the Board.

11. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

- to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and

motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

- to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- to delegate any of its powers to one or more of its Members or the Secretary of the Committee
- to consider any other matters as may be requested by the Board;

12. MINUTES OF COMMITTEE MEETING

The proceedings of all meetings must be written in the form of Minutes and these Minutes must be signed by the Chairperson of the Committee at the subsequent Meeting or within one month from the date of the Meeting, whichever is earlier. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meetings.

13. NOTIFICATION

This Policy, including amendments thereof, shall be made available on the Company's website and in the Boards' Report of the Company.

14. AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company.

CRITERIA LAID DOWN BY THE NOMINATION AND REMUNERATION COMMITTEE FOR DETERMINING THE FOLLOWING: -

I. Qualifications for appointment of Directors (including Independent Directors):

The incumbent Directors shall be persons of eminence, standing and knowledge with significant achievements and experience in business, professions and / or public service. Broadly, the following points need to be considered by the Committee:-

- Their financial or business literacy, skills, etc.
- Their technical and industry experience.
- Other appropriate qualification / experience to meet the objectives of the Company.
- As per the applicable provisions of Companies Act 2013, rules made thereunder as amended from time to time.

The Nomination and Remuneration Committee shall have discretion to evaluate, consider and fix any other criteria or norms, from time to time, for selection of the most suitable candidate/s.

II. Positive attributes of Directors (including Independent Directors):

The following are some of the positive attributes of Directors (including Independent Directors) to be considered by the Committee -

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the hotel & tourism industry, market conditions and applicable legal provisions.
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.

- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there as amended from time to time.

III. Criteria for appointment of KMP & Senior Management:

The following criteria needs to be considered by the Committee for appointment of any Key Managerial Personnel & Senior Management of the Company –

- To possess the necessary qualifications, experience, skills and expertise to effectively discharge their duties and responsibilities.
- To practice and encourage professionalism and transparent working environment.
- To build teams and carry the team members along for achieving the goals /objectives and corporate mission.
- To adhere strictly to the Company's Code of Conduct for the time being in force and as amended from time to time.
- Any other responsibility that may be given in the course of their association with the Company.

IV. Policy Relating to Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel:

- To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.
- To ensure that no director / KMP/ other employee is involved in deciding his or her own remuneration.
- The trend prevalent in the similar industry, nature and size of business is kept in view and given due weight age to arrive at a competitive quantum of remuneration.
- To ensure that relationship of remuneration to the performance is clear and meets appropriate performance benchmarks which are unambiguously laid down and communicated.
- Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.
- Following criteria are also to be considered:-
 - Responsibilities and duties ;
 - Time and efforts devoted;
 - Value addition;
 - Profitability of the Company and growth of its business;
 - Analysing each and every position and skills for fixing the remuneration yardstick;
 - Other criteria as may be applicable.
- Consistent application of remuneration parameters across the organisation.
- Pursuant to the provisions of Companies Act, 2013 read with Listing Regulations, following are the criteria for making payment to Non-Executive Director ("NED") of the Company:

Sitting Fee:

The NEDs shall receive Sitting fees for attending meetings of the Board or Committee thereof or any other meeting within the limits prescribed under Companies Act, 2013.

Remuneration:

Section 197 of the Companies Act, 2013, allows a Company to pay remuneration (excluding sitting fees) to its NEDs either by monthly payment or at a specified percentage of net profits of the Company, or partly by one way or partly by other subject to the prior approval of the shareholders of the Company.

Remuneration referred to above, may be paid to Non-Executive Directors as may be decided by the Board of Directors of the Company from time to time, depending on the extra time that may be devoted and contributions made by the Non-Executive Directors to the Company.

Reimbursement of actual expenses incurred:

NEDs may also be paid/reimbursed such sums either as fixed allowance and /or actual as fair compensation for travel, boarding and lodging and incidental and /or actual out of pocket expenses incurred by such member for attending Board/Committee Meetings.

The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of NEDs.

Payment to Independent Directors:

An Independent Director shall not be entitled to any stock option and shall receive Sitting fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit related remuneration up to a specified percentage of net profits in such proportion or monthly payment, as may be permissible under the Companies Act, 2013 and any other applicable law at the discretion of the Board.

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

- Whenever there is any deviation from the Policy, the justification / reasons thereof should also be indicated / disclosed adequately.