

Phoenix Township Limited

NOMINATION AND REMUNERATION POLICY

NOMINATION AND REMUNERATION POLICY:

[Section 178 of the Companies Act, 2013 read with the Regulation 19 of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('the Listing Regulations')].

INTRODUCTION:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the Listing Regulations, as amended from time to time, this Policy on Nomination and Remuneration of Directors, Key Managerial Personnel, senior management and other employees has been formulated, approved and adopted by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee.

OBJECTIVE AND PURPOSE OF THE POLICY

THE OBJECTIVE AND PURPOSE OF THIS POLICY ARE:

1. To oversee the nomination process and lay down criteria and terms and conditions with regard to identifying persons who are qualified to become directors (executive and non-executive) and persons who may be appointed in senior management and key managerial positions and to determine their remuneration in a fair and equitable manner.
2. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Hotel Industry.
3. To ensure that remuneration paid to directors and executives is competitive, enabling the Company to attract and retain employees capable of meeting the Company's needs and service delivery obligations; and
4. To reward directors and executives for achieving predetermined Company, Departmental as well as personal/ individual performance targets and goals.
5. To carry out evaluation of the performance of directors, as well as key managerial and senior management personnel and other employees.
6. To provide them reward linked incentives directly to their effort, performance, dedication and achievement relating to the Company's operations.
7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

In the context of the aforesaid, Nomination and Remuneration Policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors on 09th February 2016. In order to comply with the SEBI LODR (Amendment) Regulation 2018 dated 09th May, 2018 this policy is amended whenever required.

CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE ('COMMITTEE'):

'Nomination and Remuneration Committee' the members of the committee will be appointed and removed by and shall serve at the discretion of the Board.

DEFINITIONS :

1. **Board** means Board of Directors of the Company.
2. **Committee** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
3. **Company/ PTL** means Phoenix Township Limited.
4. **Directors** mean Directors of the Company.
5. **Independent Director ('ID')** means a director referred to in Section 149 of the Companies Act, 2013 and the Listing Regulations.
6. **Key Managerial Personnel (KMP)** shall have the meaning as defined under Section 2(51) of the Companies Act, 2013, as amended from time to time.
7. **Senior Management** means officers/ personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the chief executive officer/ managing director/ whole time director/ manager (including chief executive officer/ manager in case they are not part of the Board of Directors) and shall specifically include company secretary and chief financial officer, including the functional heads.
8. **The Regulations:** The Regulations refers to the applicable provisions of the Companies Act, 2013, read with the rules made under the Companies Act, 2013, Articles of Association, various corporate codes, regulations, policies, applicable guidelines- regulations from Securities and Exchange Board of India, the Listing Regulations etc. (as amended from time to time).

Applicability

The Policy is applicable to

1. Directors
2. Key Managerial Personnel
3. Senior Management
4. Other employees

This Policy is divided into three parts:

Part – A covers the terms of reference of the Nomination and Remuneration Committee

Part – B covers the appointment and nomination

Part – C covers remuneration, perquisites, etc.

PART – A

TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE **['COMMITTEE']**

Terms of reference of the Committee:

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board of Directors (Board) their appointment and removal and to carry out evaluation of every director's performance
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees
- While formulating the policy as aforesaid, 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: Provided that such policy shall be disclosed in the Board's report.
- To approve the payment of remuneration as prescribed under Schedule V of the Companies Act, 2013
- To determine, review and recommend to the Board, the remuneration of the Company's managing/ joint managing/ deputy managing/ whole time / executive director(s), including all elements of remuneration package
- To determine, review and recommend to the Board, the remuneration of the Company's top executives who are one level below the managing/ joint managing/ executive director(s)
- To formulate, implement, supervise and administer the terms and conditions of the Employee Stock Option Scheme, Employee Stock Purchase Scheme, whether present or prospective, pursuant to the applicable statutory/ regulatory guidelines

- To carry out any other functions as authorized by the Board of Directors from time to time or as enforced by statutory/ regulatory authorities

ROLE OF THE COMMITTEE SHALL, INTER-ALIA, INCLUDE THE FOLLOWING:

- Formulation of criteria for evaluation of Independent Directors and the Board
- Devising a policy on Board diversity
- Lay down the evaluation criteria for performance evaluation of independent directors
- Whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent director
- Recommend to the Board, all remuneration, in whatever form, payable to senior management
- Aligning key executive and board remuneration with the longer term interests of the Company and its shareholders
- Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board

PART – B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT AND EVALUATION OF THE BOARD, DIRECTORS AND EMPLOYEES

1. Appointment / Nomination criteria and qualifications:

a) The Committee shall identify and ascertain the integrity, qualification, background, standing in profession, positive attributes, expertise and experience of the person for appointment as a director and will conduct evaluation of candidates in accordance with a process that it sees fit and appropriate and recommend to the Board his / her appointment.

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

c. The Company shall not appoint or continue the employment of any person as whole-time director or managing 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 Members by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

d. In addition to the above, the Independent Director shall fulfil all the criteria of independence as laid down in the Companies Act, 2013 and the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('the Listing Regulations'). The Independent Director shall adhere to the Schedule IV ['Code for Independent Directors'] of the Companies Act, 2013. Every independent director shall, 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, submit a declaration that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and clause (b) of sub-regulation (1) of regulation 16 of the Listing Regulations and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence and that he is independent of the management.

2. Term / Tenure:

a. Managing Director/ Whole-time Director:

The Company shall appoint or re-appoint any person as its managing director or whole-time/ executive director for a term not exceeding five years at a time.

B. Independent Director:

- i. An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- ii. No Independent Director shall hold office for more than two consecutive terms, 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 the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

3. Policy on Board Diversity has been devised/ formulated by the Nomination and Remuneration Committee and same has been approved and adopted by the Board of Directors.

4. Performance Evaluation Criteria:

Performance evaluation of every director, KMP, Senior Management and other employees shall be carried out based on detailed performance parameters. Usefulness and relevance of such performance parameters shall be evaluated on regular basis. The performance parameters / criteria includes but not limited to the following:

Integrity

- Qualifications, academic profile, experience and expertise
- Responsibilities
- Inquiring attitude, objectivity and independence
- Judgment
- Leadership qualities
- Professional and business standing
- Ability to take constructive stands when necessary
- Understanding of the Company's business and engagement level
- Understanding and commitment to duties and responsibilities
- Willingness to devote the time needed to prepare for and participate in deliberations
- Responsiveness (timeliness and quality)
- Approach to conflict, and whether the conflict is constructive and productive
- Achievement of set targets/ Key Result Areas (KRAs) (for KMP, Senior Management and other employees)

5. Evaluation process:

In accordance with all the applicable provisions of the Companies Act, 2013 and the Listing Regulations, performance of all the Directors (including the Chairman), Committees of Directors and Board of Directors shall be evaluated through the formal evaluation mechanism. Evaluation exercise shall be carried out through a structured evaluation process.

- Board and Committees will follow a self-assessment manner of evaluation. The Board and Committees can have a group discussion around their roles and responsibilities.
- A suggested set of questions may be referred to for guiding the discussions on Committee specific and Board specific evaluation.

- The Board and its Committees may decide upon action steps to enhance governance, based on the outcome of the discussions.
- Report of the Board of Directors shall include a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.
- The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- Meeting of the independent directors shall review the performance of non-independent directors and the Board as a whole.
- Meeting of the independent directors shall review the performance of the Chairperson of the Company, taking in to account the views of executive directors and non-executive directors.

6. 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 or senior management subject to the provisions and compliance of the said Act, rules and regulations.

7. Retirement:

The Director, KMP and senior management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, senior management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART – C

POLICY RELATING TO THE REMUNERATION FOR THE DIRECTORS, KMP, SENIOR MANAGEMENT AND OTHER EMPLOYEES

1. General:

- a. The Remuneration Policy followed by the Company rewards employees based on various performance parameters / criteria as set out at Part – B. Through this Policy, the Company endeavors to attract, retain, develop and motivate its highly skilled and dedicated workforce. The Company follows a compensation mix of fixed pay and performance based pay.
- b. The Remuneration Policy shall be simple, open and transparent.
- c. The level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
- d. Relationship of remuneration to performance shall be clear and meets appropriate performance benchmarks.

e. Remuneration to directors, key managerial personnel and senior management shall involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

f. The remuneration / compensation / commission etc. payable to the Directors will be determined by the Board of Directors. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, if and to the extent required.

g. The remuneration / compensation / commission etc. payable to the managing director, whole-time / executive director(s) and top executives who are one level below the managing/ joint managing/ executive director(s) will be determined by the Committee and recommended to the Board for approval.

h. The remuneration and commission payable to the managing director, whole-time / executive director(s), shall be in accordance with the percentage / slabs / conditions as per the provisions of the Companies Act, 2013, and the rules made thereunder.

i. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which shall be within the outer limit approved by the Members of the Company in the case of managing director, whole-time / executive director(s).

j. Where any insurance is taken by the Company on behalf of its managing director, whole-time / executive director(s), executive president, chief executive officer, chief financial officer, KMP and any other employees 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.

2. Remuneration to Managing Director, Whole-time / Executive Director(s), KMP, Senior Management and other employees:

a. Remuneration:

The Company follows a remuneration/ compensation mix of fixed pay and performance based pay. The managing director, whole-time / executive director(s), KMP and senior management shall be eligible for a monthly remuneration, allowances, performance bonus/ incentive, profit based remuneration, etc. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. payable to the managing director, whole-time / executive director(s) and top executives one level below them shall be decided and approved by the Board based on the recommendation of the Committee. Payment of managerial remuneration shall be pursuant to the provisions of Section 197 and all other applicable provisions of the Companies Act, 2013.

Remuneration, compensation, allowances, incentives, company lease accommodation, interest free deposits for / related to residential accommodation, etc. allowed to other employees shall be based on the performance evaluation as set out at Part – B and approved by the managing / whole-time / executive director(s).

b. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Whole-time / Executive Director(s) in accordance with the provisions of Schedule V of the Companies Act, 2013 and with the approval of the Central Government, if and to the extent required.

C. Provisions for excess remuneration:

If any Managing Director, Whole-time / Executive Director(s) draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

3. Remuneration to Non- Executive / Independent Director:**a. Remuneration:**

Non- Executive / Independent Directors may be paid remuneration (including remuneration as a percentage to the net profits) Schedule V of the Companies Act, 2013 and pursuant to the provisions of Section 197 and all other applicable provisions of the Companies Act, 2013.

b. Sitting Fees:

The Non- Executive / Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committee(s) thereof and in line with the applicable provisions of the Companies Act, 2013.

INTERPRETATION

This Policy is intended to comply with the Companies Act, 2013 and the Listing Regulations. Notwithstanding anything herein to the contrary, this Policy will be interpreted only in such a manner as to comply with the Companies Act, 2013 and the Listing Regulations. Any word not defined in this Policy shall have the same meaning as defined under the Companies Act, 2013 and the Listing Regulations, including any amendments thereto. In case any word or provision as appearing in this Policy is contrary to the meaning or provision as provided under the Companies Act, 2013 or the Listing Regulations, then the meaning or provision as provided under the Companies Act, 2013/ the Listing Regulations shall prevail.

This policy shall always be in conformity with the provisions of the Regulations and any amendments in the Regulations shall be deemed to form part of this Policy.

14th August, 2021