

VELAN HOTELS LIMITED – NOMINATION AND REMUNERATION POLICY

INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and employees of the Company and 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 Agreement with the Stock Exchange as per the requirements of SEBI (LODR) Regulations, 2015 (earlier old listing agreement) the Company has formulated "Nomination and Remuneration Policy." This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

I. DEFINITIONS

1. **“Act”** means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
2. **“Board”** means Board of Directors of the Company.
3. **“Company”** means Velan Hotels Limited.
4. **“Directors”** mean Directors of the Company.
5. **“Committee”** means Nomination and Remuneration committee of the Company as constituted or re-constituted by the Board, from time to time.
6. **“Key Managerial Personnel”** means
 - i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
 - ii. Chief Financial Officer;
 - iii. Company Secretary; and
 - iv. such other officer as may be prescribed.
7. **“Senior Management”** means Senior Management means the 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 executive directors, including the functional heads.
8. **“Independent Director”** is as provided under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

II. OBJECTIVES

The Key Objectives are:

1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

2. 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 Directors, key managerial personnel and other employees.
3. Formulation of criteria for evaluation of Independent Director and the Board.
4. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
5. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
6. To provide to Key Managerial Personnel and Senior Management reward linked 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.
8. To develop a succession plan for the Board and to regularly review the plan.
9. To assist the Board in fulfilling responsibilities.
10. To implement and monitor policies and processes regarding principles of corporate governance.

III. CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of the Company constituted the committee to be known as the "Nomination and Remuneration Committee" consisting of three Non-Executive / Independent Directors The Chairman of the Committee is an Independent Director.

S. NO.	NAME OF THE DIRECTOR	DESIGNATION
1.	Sri.P.Ganesan	Chairman
2.	Sri.S.P.Sivanandam	Member
3.	Sri.Giri Balasubramanian	Member

V. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

1. Appointment Criteria and Qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board of his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has 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 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 shareholders 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) A whole-time KMP of the Company shall not hold office in more than one Company except in its Subsidiary Company, if any, at the same time. However they can be appointed as Director in any Company with the permission of the Board of Directors of the Company.

2. Term/ Tenure

a) Managing Director/ Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding three / five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director

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.

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 the

said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

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, give a declaration that he meets the criteria of independence.

3. Evaluation

The Committee shall carry out evaluation of performance of every Director including Independent Director, KMP and Senior Management Personnel at regular interval (yearly). Based on the evaluation performance report of the board, it shall be determined whether to extend or continue the term of appointment of the independent Directors

4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

5. Retirement

The Directors, 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 attaining the retirement age, for the benefit of the Company.

IV. POLICY FOR REMUNERATION TO DIRECTORS/ KMP/ SENIOR MANAGEMENT PERSONNEL

1. Remuneration to Managing/ Whole-time / Executive / Managing Director, KMP and Senior Management Personnel

The Remuneration/ Compensation/ Commission etc. to be paid to Director/ Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

2. Remuneration to Non- Executive/ Independent Director

The Non-Executive Independent Director may receive remuneration/ compensation/ commission as per the provisions of Companies Act, 2013. The amount of sitting fees 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.

V. POLICY REVIEW

This policy is framed based on the provisions of the Companies Act, 2013 read with rules made there under and the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Earlier Clause 49 of the Listing Agreement).

This policy shall be reviewed by Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes in the policy shall be approved by the Board of Directors.

**This policy has been reviewed and adopted by the Board in its meeting held on 13th February, 2016.*
