

REMUNERATION POLICY

OF

**FOMENTO RESORTS AND HOTELS
LIMITED**

FOR THE

MEMBERS OF BOARD

AND

EXECUTIVE MANAGEMENT

1. Preamble

- 1.1 The remuneration policy provides a framework for remuneration paid to the members of the Board of Directors (“Board”), Key Managerial Personnel (“KMP”) and the Senior Management Personnel (“SMP”) of the Company (collectively referred to as “**Managers and Executives**”). The expression “Senior Management” means 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.
- 1.2 The policy would be reviewed every year by the Nomination and Remuneration Committee of the Board of Directors.

2. Aims & Objectives

2.1 The aims and objectives of this remuneration policy may be summarized as follows:

- 2.1.1 To formulate a criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director(executive/non-executive) and recommend to the Board policies relating to remuneration of directors, KMPs and other employees.
- 2.1.2 To formulate a criteria for evaluation of performance of all the directors on the Board;
- 2.1.3 To devise a policy on Board diversity.
- 2.1.4 The remuneration policy aims to enable the company to attract, retain and motivate highly qualified members at the Managerial level to pursue the Company’s long term growth.

2.1.5 The remuneration policy seeks to enable the company to provide a well-balanced and performance-related compensation package, taking into account industry standards and performance of the Company.

2.1.6 The remuneration policy will ensure that remuneration to Directors and Executives 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.

3. Principles of remuneration

3.1 **Support for Strategic Objectives:** Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.

3.2 **Transparency:** The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

3.3 **Internal equity:** The Company shall remunerate the board members and the Executives in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.

3.4 **External equity:** The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people and the influence of external remuneration pressures.

3.5 **Performance-Driven Remuneration:** The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.

3.6 **Affordability and Sustainability:** The Company shall ensure that remuneration is affordable on a sustainable basis.

4. Nomination and Remuneration Committee

4.1 The Remuneration Committee of the Board of Directors shall be reconstituted and re-named as Nomination and Remuneration Committee. Members of the Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors.

4.2 The Committee shall be responsible for

4.2.1 Selection of Board of Directors (MD/WTD/ED/NED), CEO, KMP's and Senior Management Executives.

4.2.2 Formulating framework for remuneration, terms of employment including service contracts, policy for and scope of pension arrangements, etc for Executives and reviewing it on a periodic basis;

4.2.2 Formulate the criteria for determining qualifications, positive attributes and independence of a director and terms of remuneration for the Directors.

4.2.3 Identifying persons who are qualified to become directors and who may be appointed as Executives in accordance with the criteria laid down in this policy, recommend to the Board their appointment and removal and carry out their evaluation.

4.2.4 Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;

4.3 The Committee shall:

4.3.1 review the ongoing appropriateness and relevance of the remuneration policy;

4.3.2 ensure that all provisions regarding disclosure of remuneration, are fulfilled;

4.3.3 obtain reliable, up-to-date information about remuneration in other companies;

4.3.4 ensure that no director or Executive is involved in any decisions as to their own remuneration.

4.3.5 review the terms of executive Directors' service contracts from time to time.

5. Procedure for selection and appointment of the Board Members

5.1 Board membership criteria

The Committee, along with the Board, reviews on an annual basis, appropriate skills, characteristics and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience in business, academics, experience and insights in sectors areas relevant to the Company, finance, economics, law and an ability to contribute to the Company's growth.

In evaluating the suitability of individual Board members, the Committee takes into account educational and professional background and personal achievements.

In addition, Directors must be willing to devote sufficient time in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

The Committee evaluates each individual with the objective of having a group that best enables the success of the Company's business.

5.2 Selection of Board Members/ extending invitation to a potential director to join the Board

One of the roles of the Committee is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria laid above, ascertain their availability and make suitable recommendations to the Board. The objective is to ensure that the Company's Board is appropriate at all points of time to be able to take decisions commensurate with the size and scale of operations of the Company. The Committee also identifies suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member.

In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the company so as to enable the Board to discharge its function and duties effectively.

The Committee shall also ensure that the candidate identified for appointment as a Director is not disqualified for appointment under section 164 of the Companies Act, 2013.

The Board then makes an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director is appointed by the Board.

6. Procedure for selection and appointment of Executives other than Board Members

- 6.1 The Committee shall actively liaise with the relevant departments of the Company to study the requirement for management personnel, and produce a written document thereon;
- 6.2 The Committee may conduct a wide-ranging search for candidates for the positions of Employees within the Company, its associate companies and on the human resources market;
- 6.3 The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled as a written document;

- 6.4 A meeting of the Committee shall be convened, and the qualifications of the initial candidates shall be examined on the basis of the conditions for appointment of the Employees;
- 6.5 Before the selection of Employee, the recommendations of and relevant information on the relevant candidate(s) shall be submitted to the Board of Directors;
- 6.6 The Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board of Directors.

7. Compensation Structure

(a) Remuneration to Non-Executive Directors:

The Non-Executive Directors of the company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and other Committee meetings. A sitting fee of Rs. 10,000/- per meeting is paid to every Board member for attending Board meeting. A sitting fee of Rs. 10,000/- per meeting is also paid to Non- Executive Directors for attending Audit Committee meeting.

However, sitting fees for attending other Committee meetings i.e. Nomination and Remuneration Committee, Stakeholders Grievance Committee meeting, Risk Management Committee, Corporate Social Responsibility Committee is Rs. 5,000/- per meeting. No fees will be paid to the Independent Directors for attending a separate meeting of the Independent Directors. Beside the sitting fees they are also entitled to reimbursement of expenses. The Non-executive Directors of the Company are not paid any other remuneration or commission.

The sitting fees of the Non-executive Directors for attending meetings of Board of Directors and the Committees of Board of Directors may be modified or implemented from time to time only with the approval of the Board in due compliance of the provisions of Companies Act, 2013.

(b) Remuneration to Executive Directors other than Managing Directors, Key Managerial Personnel(s) (KMPs) & Senior Management Personnel (s) (SMPs):

The Company has a credible and transparent framework in determining and accounting for the remuneration of the Whole Time Directors (WTDs), Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) (SMPs). Their remuneration shall be governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards. The remuneration determined for WTDs, KMPs and SMPs are subjected to the approval of the Board of Directors in due compliance of the provisions of Companies Act, 2013. The remuneration for the KMP and the SMP at the time of the appointment has to be approved by the Board but any subsequent increments shall be approved by the Managing Director of the Company as per the HR policy of the Company.

Any increase in remuneration of an employee of a Company incase related to the Managing Director or any other Director on the Board then the remuneration shall be first approved by the Nomination & Remuneration Committee.

A company shall appoint or re-appoint any person as its Managing Director for a term not exceeding five years at a time. No re-appointment shall be made one year earlier before the expiry.

For the purpose of selection of the Managing Director (MD), the Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee must ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration to Managing Director

At the time of appointment and re-appointment, the Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the Managing Director within overall limits

prescribed under the Companies Act, 2013.

The remuneration of the Managing Director consists of fixed compensation payable every month and such perquisites, allowances and other benefits as approved by the Board .

The remuneration shall be subject to the approval of the Members of the Company in General meetings.

As a policy, the Executive Directors are neither paid sitting fee nor any commission.

An Independent Director shall hold office for a term of upto 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, but such independent director shall be eligible for appointment after the expiration 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. Any tenure of an Independent Director as on the date of commencement of the Companies Act, 2013 shall not be counted. However, if a person who has already served as an independent director for five years or more in the Company as on October 1, 2014 or such other date as may be prescribed by the Committee as per regulatory requirement, he/she shall be eligible for appointment on completion of his/her present term for one more term of upto five years only.

In-case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his/her engagement level.

8. Role of Independent Directors

8.1 The Committee shall, in consultation with the Independent Directors of the Company, prepare and submit this policy to the Board for its approval

8.2 The Independent Directors shall have power and authority to determine appropriate levels of remuneration of executive directors and Employees and have a prime role in appointing and where necessary recommend removal of executive directors and Employees.

8.3 The Independent Directors shall submit its recommendations/ proposals/ decisions to the Committee which the Committee shall consult and take to the Board of Directors.

Independent Director's Familiarization Programme

Regulation 25(7) of SEBI (LODR) Regulations, 2015 with the Stock Exchanges stipulates that the Company shall familiarize the Independent Directors with the Company, their roles, right, responsibilities in the Company, nature of the industry in which Company operates, business model of the Company etc. through various programmes.

The Company has adopted the familiarization programme for Independent Directors and the details of which are uploaded on the website of the Company - <http://cidadedegoa.com/images/FamilirisationProgramme-for-IndependentDirectors.pdf>

9. Board Evaluation

The Board shall follow a formal mechanism for evaluating performance of the directors individually, the evaluation of the overall Board, fellow Board members including Chairman of the Board as well as that of its Committees. The performance evaluation of Independent Directors must be done by the entire Board of Directors excluding the Directors being evaluated . The evaluation process must cover various aspects of the Board's functioning such as composition of the Board & Committees, experience and competences, performance of specific duties and obligations, governance issues, inflow of information, decision making, company's performance, company's strategy etc. on a scale of one to five. Feedback on each directors from the fellow director shall be provided. Individual Directors including the Board Chairman's evaluation shall be on parameters such as attendance, participation in Board and Committee meeting, contribution at the meetings and meetings and otherwise,

independent judgment etc.

10. Board diversity:

The Company recognizes and embraces the benefits of having a diverse Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the business of the Company. The Company sees increasing diversity at Board level as an essential element in maintaining a competitive advantage.

11. General

The remuneration to be paid to the Managing director shall be in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.

Where any insurance is taken by the Company on behalf of its Managing Director, Chief financial officer, the Company Secretary 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.

12. Approval and publication

12.1 This remuneration policy as framed by the Committee or any amendment thereof, shall be recommended to the Board of Directors for its approval.

12.2 This policy shall be placed on the Company's website.

12.3 The salient features of the Policy along with the web address of the policy shall be disclosed in the Board's report.

12.4 In case of any changes/amendment to the policy during the year under review, the policy shall form part of Board's report to be issued by the Board of Directors in terms of Companies Act, 2013.

13 . Supplementary provisions

13.1 This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors.

This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and Regulation 19(4) of SEBI (LODR) Regulations, 2015 with the stock exchanges.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulation which makes any of the provisions in the policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the policy, and the provisions in the policy would be modified in due course to make it consistent with the law.

13.2 The right to interpret this Policy vests in the Board of Directors of the Company.

13.3 The policy shall be reviewed by the Nomination and Remuneration committee as and when changes need to be incorporated in the policy due to changes in regulations as may be felt appropriate by the committee. Any change or modification in the policy as recommended by the committee would be given for the approval of the Board.

- *Amended w.e.f. March 17, 2018*