

**SOTC Travel Limited (formerly known as 'SOTC Travel Private Limited')**  
**Nomination and Remuneration Policy**

**I. Introduction:**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force, (collectively called as the "Act"), the Company has formulated Nomination and Remuneration Policy ("Policy") based on the recommendation of the Nomination and Remuneration Committee ("Committee") and approval of the Board of Directors in their respective meetings held on 1<sup>st</sup> June, 2017.

In order to align the content of the Policy with the provisions of the Companies Act, 2013, as amended from time to time, the Board has, based on the recommendation of the Nomination and Remuneration Committee has adopted this Modified Policy on 20<sup>th</sup> July, 2018, 23<sup>rd</sup> October, 2018 and 25<sup>th</sup> February, 2019.

This Policy lays down the guidelines to be followed in relation to:

- (A) appointment of the directors, and key managerial personnel of the Company; and
- (B) fixation of the remuneration of the directors, key managerial personnel and other employees of the Company.

The objective of this Policy is to inter-alia:

- (a) attract, recruit, and retain good and exceptional talent;
- (b) list down the criteria for determining the qualifications, positive attributes, and independence of the directors of the Company;
- (c) ensure that the remuneration of the directors, key managerial personnel and other employees is performance driven, motivates them, recognises their merits and achievements and promotes excellence in their performance;
- (d) motivate such personnel to align their individual interests with the interests of the Company, and further the interests of its stakeholders;
- (e) ensure a transparent nomination process for directors with the diversity of thought, experience, knowledge, perspective and gender in the Board; and
- (f) fulfil the Company's objectives and goals, including in relation to good corporate governance, transparency, and sustained long-term value creation for its stakeholders.
- (g) specify the manner for effective evaluation of performance of Board, its Committees and individual directors as specified under the Companies Act, 2013 read with rules framed thereunder (including the amendment, if any), as applicable. \*\*\*

**II. Nomination and Appointment:**

**A. Executive Directors:**

1. As per the Act, the Company is required to have a managing director, or a chief executive officer, or a manager, and in their absence, a whole time director.
2. The Company currently has, and has always appointed, a managing director in accordance with the

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applicable laws. Accordingly, this Policy currently provides for the appointment of the managing director of the Company ("**Managing Director**"). If in future, the Committee deems fit to appoint a chief executive officer, or manager or a whole time director for the Company, then this Policy will be suitably amended to provide for the appointment and remuneration of such personnel.

3. Process to be adopted for the nomination and appointment of a Managing Director:
  - (a) The Chairman/Managing Director of the Company in consultation with the CEO of Fairfax Financial Holdings will propose the names of suitable candidates for the position of a Whole Time Director to the Committee. The Committee will identify and recommend to the board of directors of the Company ("**Board**"), person(s) who is qualified and eligible for appointment as the Managing Director of the Company, provided such person(s) meets the criteria set out under this Policy. The appointment of Managing Director shall be pursuant to the Articles of Association of the Company.\*\*
  - (b) The appointment of a Managing Director/Whole Time Director will be subject to execution of formal agreement between the Company and the Managing Director/Whole Time Director.\*\*
  - (c) The person(s) so identified and recommended by the Committee to the Board, for appointment as the Managing Director/Whole Time Director, and the agreement setting out the terms and conditions of his/her appointment and remuneration, will be subject to approval of the Board, and of the shareholders at the next general meeting of the Company.\*\*
  
4. For a person to be appointed as a Managing Director/Whole Time Director ("**Candidate**"), he/she should fulfil/meet the following criteria:\*\*
  - (a) The Candidate should have been allotted a director's identification number.
  - (b) The Candidate should not be below the age of 21 years. If the Candidate has completed 70 years of age, then the Candidate may be appointed after complying with the provisions of Act.
  - (c) The Candidate should not be an undischarged insolvent or should not have, at any time, been adjudged as an insolvent.
  - (d) The Candidate should not have, at any time, suspended payment to his/her creditors or should not be a person who makes, or has at any time made, a composition with them.
  - (e) The Candidate should not have, at any time, been convicted by a court of an offence and sentenced for a period of more than 6 months.
  - (f) The Candidate should not be disqualified to act as a director pursuant to the provisions of the Act.
  - (g) If the Candidate is already holding the office of the Managing Director/Whole Time Director, then his/her current tenure should be expiring within a period of not more than 1 year.\*\*
  - (h) The Candidate should not be a director, who has been at any time removed from directorship by the Company in accordance with the provisions of the Act.
  - (i) The Candidate should not have been sentenced to imprisonment for any period, or to a fine exceeding Rs. 1000, for the conviction of an offence under any of the statues set out at **Annexure 1**.
  - (j) The Candidate should not have been detained for any period under the Conservation of

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Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (52 of 1974).

- (k) The Candidate should be a 'resident of India' as per Schedule V of the Act.
- (l) The Candidate should not be holding office as a director or any other office in a competing firm/entity with the exemption of Thomas Cook India Group Companies.\*\*
- (m) The Candidate should possess the following minimum qualification and experience:
  - (i) He/she should hold a graduate or professional degree or qualification from a reputed institution.
  - (ii) He/she should have atleast 10 years of experience in business administration and management.
  - (iii) He/she should have been part of the senior management positions for atleast 5 years.

**B. Non-Executive Directors:**

1. As per the Act, the Company is required to have a minimum of 3 directors and upto a maximum of 15 directors, which maximum number can be increased pursuant to a special resolution passed by the Company.\*\*
2. Process to be adopted for the nomination and appointment of non-executive directors:
  - (a) The Chairman/Managing Director of the Company in consultation with the CEO of Fairfax Financial Holdings will propose the names of suitable candidates for the position of Non-Executive Director(s) to the Committee. The Committee will identify and recommend to the Board, person(s) who is qualified and eligible for appointment as a non-executive director of the Company ("**Non-Executive Director**"), not being an independent director of the Company ("**Independent Director**"), provided such Non-Executive Director meets the criteria set out under this Policy.\*\*
  - (b) The person(s) so identified and recommended by the Committee to the Board, for appointment as a Non-Executive Director, and the agreement setting out the terms and conditions of his/her appointment and remuneration, will be subject to approval of the Board, and of the shareholders at the general meeting of the Company.
  - (c) The Committee will also consider and provide its inputs on the appointment to the Board of an alternate director, small shareholders' director and a nominee director.
3. For a person to be appointed as a Non-Executive Director ("**Candidate**"), he/she should fulfil/meet the following criteria:
  - (a) The Candidate should have been allotted a director's identification number.
  - (b) The number of companies in which such Candidate may be holding office as a director or a chairman or committee member should not exceed the limit stipulated by the Act.
  - (c) The Candidate should not be disqualified to act as a director pursuant to the provisions of the Act.
  - (d) The Candidate should not be holding office as a director or any other office in a competing firm/entity with the exemption of Thomas Cook India Group Companies.\*\*

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- (e) The Candidate should possess the following minimum qualification and experience:
- (i) He/she should be at least a graduate with a degree from a reputed institution with other educational qualifications as may be decided by the Board from time to time.
- (j) He/she should have atleast 5 years of experience in business administration and management.

**(C) Independent Directors:**

- a. The Company may appoint such number of Independent Directors on its Board as it may deem fit. Where the provisions of the Companies Act, 2013 in respect of Appointment of Independent Directors are applicable, the Company shall comply with such provisions.\*
- b. Process to be adopted for the nomination and appointment of an Independent Director:
  - i. The Chairman/Managing Director of the Company in consultation with the CEO of Fairfax Financial Holdings will propose the names of suitable candidates for the position of an Independent Director(s) to the Committee. The Committee will identify and recommend to the Board, person(s) who is qualified and eligible for appointment as an Independent Director of the Company, provided such person(s) meets the criteria set out under this Policy.\*\*
  - ii. The Committee may also select the Independent Director from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by an authorised agency as per the Act. However, the Committee will nonetheless carry out its own verification and satisfy itself as to the candidature of the Independent Director.\*\*\*
  - iii. The appointment of an Independent Director will be subject to issuance by the Company of a formal letter of appointment in the manner provided by the Act.
  - iv. The person(s) so identified and recommended by the Committee to the Board, for appointment as the Independent Director, and the agreement, if any, setting out the terms and conditions of his/her appointment and remuneration, will be subject to approval of the Board, and of the shareholders at the next general meeting of the Company.
- c. For a person to be appointed as an Independent Director (“**Candidate**”), he/she should fulfil/meet the following criteria:
  - i. If the Candidate is already an Independent Director, then his tenure and term will be as per the Act.\*
  - ii. The Candidate should have been allotted a director’s identification number.
  - iii. The number of companies in which such Candidate may be holding office as an independent director or a chairman or committee member should not exceed the limit stipulated by the Act.
  - iv. The Candidate should not be disqualified to act as a director pursuant to the provisions of the Act.
  - v. The Candidate should not be holding office as a director or any other office in a competing firm/entity with the exemption of Thomas Cook India Group Companies.\*\*

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- vi. The Candidate should, in the opinion of the Board, be a person of integrity and possess relevant expertise and experience. The Candidate's balance of skills and expertise in view of the objectives and activities of the Company shall be considered.
- vii. The Candidate should not be or should not have been a promoter of the Company or its holding, subsidiary or associate company.
- viii. The Candidate should not be related to promoters or directors in the Company, its holding, subsidiary or associate company, i.e. avoid any present or potential conflict of interest.
- ix. The Candidate should not have or should not have had any pecuniary relationship with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the 2 immediately preceding financial years or during the current financial year.
- x. None of his/her relatives:\*
  - 1. is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;

- 2. is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
- 3. has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or
- 4. has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii)
- xi. Neither himself/herself nor any of his/her relatives:\*
  - 1. should hold or should have held the position of a key managerial personnel or should be or should have been an employee of the Company or its holding, subsidiary or associate company in any of the 3 financial years immediately preceding the financial year in which he/she is proposed to be appointed.
 

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years
  - 2. should be or should have been an employee or proprietor or a partner, in any of the 3 financial years immediately preceding the financial year in which he/she is proposed to be appointed, of:

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- a. a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or
    - b. any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
  - 3. should hold together with his/her relatives 2% or more of the total voting power of the Company;
  - 4. should be a Chief Executive or director, by whatever name called, of any non-profit organisation that receives 25% or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the Company; or
  - 5. should be a material supplier, service provider or customer or a lessor or lessee of the Company.
- xii. The Candidate should not be less than 21 years of age.
- xiii. The Candidate should possess the following minimum qualification and experience:
- 1. He/she should hold one or more graduate or a post graduate degree in finance, law, marketing, sales, administration, research, corporate governance, technical operation or management or such other discipline as may be decided by the Board from time to time from a reputed institution.
  - 2. He/she should have atleast 15 years of experience in his field of specialisation(s).
  - 3. He should have adequate knowledge and expertise in corporate governance, and business management and administration.

**(D) Key Managerial Personnel:**

- a. As per section 203 of the Act and rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to appoint the following whole time key managerial personnel:
  - i. managing director, or chief executive officer or manager and in their absence, a whole time director;
  - ii. company secretary; and
  - iii. chief financial officer.
- b. The Company currently appoints on its Board, a Managing Director. Apart from the Managing Director, the Company has also appointed and will continue to appoint a Company Secretary and a Chief Financial Officer and may appoint a Whole Time Director/Chief Executive Officer.\*\*

*A 'company secretary' would mean a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980, and who is appointed by a company to perform the functions of a company secretary under the Act.*

*A 'chief financial officer' would mean a person appointed as the chief financial officer of a company.*

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*A 'chief executive officer' means an officer of the company, who has been designated as such by it. \*\**

- c. Process to be adopted for the nomination and appointment of a Company Secretary:
- i. The Committee will identify and recommend to the Board, person(s) who is qualified and eligible for appointment as a Company Secretary.
  - ii. The appointment of the Company Secretary will be subject to issuance by the Company of a formal letter of appointment in the manner provided by the Act.
  - iii. The person(s) so identified and recommended by the Committee to the Board, for appointment as a Company Secretary, and the letter of appointment setting out the terms and conditions of his/her appointment and remuneration, will be subject to approval of the Board.
- d. For a person to be appointed as a Company Secretary ("**Candidate**"), he/she should fulfil/meet the following criteria:
- i. The Candidate should be a qualified company secretary.
  - ii. The Candidate should not simultaneously be a 'company secretary in practice' after appointment in the Company.  
  
*'company secretary in practice' would mean a company secretary who is deemed to be in practice under sub-section (2) of section 2 of the Company Secretaries Act, 1980.*
  - iii. The Candidate should not be simultaneously employed or holding any position as a company secretary or any other post in any other firm/entity after appointment in the Company.
  - iv. The Candidate should have atleast 10 years of experience in secretarial and compliance.
  - v. The Candidate should not have been sentenced to imprisonment for any period, or to a fine exceeding Rs. 1000, for the conviction of an offence under any law.
- e. Process to be adopted for the nomination and appointment of a Chief Financial Officer:
- i. The Committee will identify and recommend to the Board, person(s) who is qualified and eligible for appointment as a Chief Financial Officer.
  - ii. The appointment of the Chief Financial Officer will be subject to issuance by the Company of a formal letter of appointment in the manner provided by the Act.
  - iii. The person(s) so identified and recommended by the Committee to the Board, for appointment as a Chief Financial Officer, and the letter of appointment setting out the terms and conditions of his/her appointment and remuneration, will be subject to approval of the Board.
- f. For a person to be appointed as a Chief Financial Officer ("**Candidate**"), he/she should fulfil/meet the following criteria:
- i. The Candidate should hold a finance degree such as MBA (in finance), CA, ICWA, or any similar degree or qualification from a reputed institution.
  - ii. The Candidate should have atleast 10 years of experience in finance.

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- iii. The Candidate should not be simultaneously employed or holding any position as a chief financial officer or any other post in any other firm/entity after appointment in the Company.
  - iv. The Candidate should not have been sentenced to imprisonment for any period, or to a fine exceeding Rs. 1000, for the conviction of an offence under any law.
- g. Process to be adopted for the nomination and appointment of a Chief Executive Officer:\*\*
- i. The Committee will identify and recommend to the Board, person(s) who is qualified and eligible for appointment as a Chief Executive Officer.
  - ii. The appointment of the Chief Executive Officer will be subject to issuance by the Company of a formal letter of appointment in the manner provided by the Act.
  - iii. The person(s) so identified and recommended by the Committee to the Board, for appointment as a Chief Executive Officer, and the letter of appointment setting out the terms and conditions of his/her appointment and remuneration, will be subject to approval of the Board.
- h. For a person to be appointed as a Chief Executive Officer ("**Candidate**"), he/she should fulfil/meet the following criteria: \*\*
- i. The Candidate should possess the following minimum qualification and experience:
    - 1. He/she should hold a graduate or professional degree or qualification from a reputed institution.
    - 2. He/she should have atleast 10 years of experience in business administration and management.
    - 3. He/she should have been part of the senior management positions for atleast 5 years.
  - ii. The Candidate should not be simultaneously employed or holding any position as a chief executive officer or any other post in any other firm/entity after appointment in the Company with the exemption of Thomas Cook India Group Companies.
  - iii. The Candidate should not have been sentenced to imprisonment for any period, or to a fine exceeding Rs. 1000, for the conviction of an offence under any law.

### III. Evaluation:

- 1. The reappointment or extension of term and the remuneration of Executive Directors and Non-Executive Directors will be as per the performance evaluation report. Pursuant to section 178 (including the amendment, if any), committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.\*
- 2. The criteria for such performance evaluation has been set out at Annexure 2.

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**IV. Remuneration:**

**A. Executive Directors:**

1. The Committee to recommend the remuneration of the Managing Director to Board for its approval.
2. Such remuneration shall be subject to approval of the shareholders of the Company, in the next general meeting.
3. The terms of the remuneration of the Managing Director shall be as under:
  - (a) The remuneration of the Managing Director will consist of the following:
    - (i) Base / Basic Salary subject to such annual increments as the Nomination & Remuneration Committee and/or the Board may determine and approve, from time to time
    - (ii) Other Allowance
    - (iii) Performance Bonus
    - (iv) Perquisites like Housing, Car/ Conveyance Allowance, Telephone, Club Fees, etc. and other retirement benefits as may be recommended by the Nomination & Remuneration Committee and approved by the Board and the shareholders of the Company.
  - (b) The Managing Director may be granted stock options.

**B. Non Executive Directors:**

1. The Committee to recommend the remuneration of the Non Executive Directors to the Board for its approval, and will be subject to approval of the shareholders of the Company.
2. The terms of the remuneration of the Non Executive Directors shall be as under:
  - a. Sitting fees of such amounts as may be determined from time to time and upto such amount, as may be decided by the Board and the shareholders, if required.
  - b. An incentive payment based on achievement of profitability levels for the year ended, upto such amount, based on the performance evaluation report, as may be decided by the Board and the shareholders, from time to time.
  - c. Increment for each year will be determined by the Committee based on the performance evaluation report and which will be subject to approval of the Board and the shareholders, if required.
3. The Non Executive Directors may be offered stock options as may be permitted by the applicable law.

**C. Independent Directors:**

1. The Committee to recommend the remuneration of the Independent Directors to the Board for its approval, and will be subject to approval of the shareholders of the Company.

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2. The terms of the remuneration of the Independent Directors shall be as under:
  - (a) Sitting fees of such amounts as may be determined from time to time and upto such amount, as may be decided by the Board and the shareholders, if required.
  - (b) An incentive payment based on achievement of profitability levels for the year ended, upto such amount, based on the performance evaluation report, as may be decided by the Board and approved by the shareholders of the Company, as required from time to time.\*\*\*
3. The Independent Directors will not be entitled to any stock options.
4. In addition to the above, the Independent Directors shall be entitled to the following:

Reimbursement of actual expenses incurred, if any, in connection with attending the Board / Committee meeting of the Company.

**D. Key Managerial Personnel:**

1. The Committee to approve the remuneration of the Company Secretary and Chief Financial Officer and Board to note same, in accordance with **Annexure 3**. \*
2. Increment for each year will be determined and approved by the Committee based on the performance evaluation report. \*
3. Such increment will be subject to approval of the Committee\*\*\*
4. The Company Secretary and Chief Financial Officer may be offered stock options.

**E. Senior Management Employees:**

1. The Committee will determine the remuneration of the senior management employees of the Company, other than the whole time key managerial personnel, in accordance with **Annexure 3**.
2. Increment for each year will be determined by the Committee based on the performance evaluation conducted in accordance with **Annexure 3**.
3. The senior management employees may be offered stock options.

**V. General:**

1. The Board will constitute of atleast 1 woman director.
2. The Board will constitute of atleast 1 director who stays in India for a total period of not less than one hundred and eighty-two days during the financial year.\*
3. Atleast 6 (six) months before the retirement or immediately upon resignation of any director or whole time key managerial personnel, the Committee will initiate the process of identifying and recommending new candidates to replace such retiring or resigning directors or whole time key managerial personnel.

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**Annexure 1**  
**List of Statutes**

The Managing Director/Whole-Time Director should not have been sentenced to imprisonment for any period, or to a fine exceeding Rs. 1000, for the conviction of an offence under any of the following Acts, namely:\*\*

- (a) the Indian Stamp Act, 1899 (2 of 1899);
- (b) the Central Excise Act, 1944 (1 of 1944);
- (c) the Industries (Development and Regulation) Act, 1951 (65 of 1951);
- (d) the Prevention of Food Adulteration Act, 1954 (37 of 1954);
- (e) the Essential Commodities Act, 1955 (10 of 1955);
- (f) the Companies Act, 2013 (18 of 2013) or any previous company law;\*
- (g) the Securities Contracts (Regulation) Act, 1956 (42 of 1956);
- (h) the Wealth-tax Act, 1957 (27 of 1957);
- (i) the Income-tax Act, 1961 (43 of 1961);
- (j) the Customs Act, 1962 (52 of 1962);
- (k) the Competition Act, 2002 (12 of 2003);
- (l) the Foreign Exchange Management Act, 1999 (42 of 1999);
- (m) the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986);
- (n) the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (o) the Foreign Trade (Development and Regulation) Act, 1922 (22 of 1922);
- (p) the Prevention of Money-Laundering Act, 2002 (15 of 2003);
- (q) the Insolvency and Bankruptcy Code, 2016 (31 of 2016)\*\*\*;
- (r) the Goods and Services Tax Act, 2017(21 of 2017)\*\*\*;
- (s) the Fugitive Economic Offenders Act, 2018(17 of 2018)\*\*\*;
- (t) such other laws as prescribed under Schedule V of the Act.\*\*\*

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## **Annexure 2**

### **Criteria for performance evaluation of Directors**

The performance evaluation of Directors may be either done by an independent external agency or by the Board members or by the Nomination and Remuneration Committee having regard to, *inter alia*, the following.\*\*\*

Performance of Executive Directors of the Company who are involved in day to day operations of the Company can be assessed on the basis of:

- a) their commitment to achieve Company's goals and alignment with the strategic direction,
- b) their decision making ability, and
- c) their ability and actions to safeguard the interest of shareholders of the Company.

Performance of Non-Executive and Independent Directors of the Company who are not involved in day to day operations of the Company can be assessed on the basis of:

- a) individual's continuing commitment to the role, strategic thinking,
- b) commitment of time for Board and other Committee meetings,
- c) commitment of time for other duties towards Company like financial management and performance management, integrity, independence,
- d) commitment to good corporate governance practices,
- e) leadership, communication and relationships of Chairman with other Board members, and
- f) their individual competencies and contribution to the discussions and decisions at meetings.

## **Annexure 3**

### **Remuneration of whole time key managerial personnel and senior management employees**

The remuneration to the key managerial personnel (i.e. the Chief Executive Officer, Company Secretary and the Chief Financial Officer) and senior management employees shall broadly be based on the following parameters.\*\*

- a) Qualifications
- b) Experience in the field that he/she works for
- c) Knowledge, Expertise, skills and specialisation
- d) Any awards/ recognitions received
- e) Market competitiveness
- f) Performance in line with Company's objectives and policy
- g) External benchmarks within the context of group and individual performance
- h) Commitment and other personal characteristics being in line with the Company's values, such as pioneering mindset, respect for individuals, integrity, honesty, transparency, accessibility and excellence

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