

SPECIALITY RESTAURANTS LIMITED
NOMINATION AND REMUNERATION POLICY

1. Preamble:

Speciality Restaurants Limited (the “**Company**”) has always considered human resources as invaluable assets of the Company. The present policy of the Company is designed to attract, motivate, improve productivity and retain man power by creating a congenial work atmosphere, encouraging initiatives, personal growth and team work by creating a sense of belonging and involvement, besides offering appropriate remuneration packages.

In accordance with the provisions of Section 178 of the Companies Act, 2013, and the rules made thereunder (“**Act**”) and amended Clause 49 of the Listing Agreement/s entered into between the Company and the Stock Exchange/s, the Nomination and Remuneration Committee (“**NRC**”), has to formulate criteria to determine qualifications, positive attributes and independence of a director and to recommend to the Board a policy relating to remuneration of the Directors, Key Managerial Personnel (“**KMP**”) and other employees. In order to comply with the above requirements NRC has formulated this Nomination and Remuneration Policy (“**Policy**”).

2. Objectives:

The objectives of this Policy are as follows:

- (i) To lay down the criteria for determining qualifications, positive attributes and independence of a director;
- (ii) To formulate the criteria for evaluation of Independent Directors and the Board;
- (iii) To recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees; and
- (iv) Devising a policy on Board diversity.

The NRC shall while formulating this policy 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.

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3. Definitions:

- (a) “Applicable Laws/Agreement” means the Companies Act, 2013 (“Act”) and the Rules framed thereunder, as amended from time to time and the Listing Agreement and includes any other law or regulations as may be applicable to the Company from time to time.
- (b) “Board of Directors” or “Board” means the Board of Directors of the Company.
- (c) “Committee” means the Nomination and Remuneration Committee (“NRC”) of the Company as constituted / reconstituted by the Board from time to time.
- (d) “Company” means Speciality Restaurants Limited (“SRL”).
- (e) “Key Managerial Personnel” means:
 - (i) Managing Director or the Chief Executive Officer or the Manager
 - (ii) Whole-time Director/s
 - (iii) Chief Financial Officer
 - (iv) Company Secretary
 - (v) such other officer as may be prescribed
- (f) “Senior Management Personnel” or “SMP” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of the management one level below the Whole-time/Managing Director(s) including the functional heads. “Other Employees” mean all the employees other than Directors, KMPs and SMPs.

4. Policy on appointment of Directors, Key Managerial Personnel and Senior Management Employees:

A. Appointment criteria and Qualifications:

- (i) The NRC shall identify the 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 & removal and shall carry out evaluation of every director’s performance.
- (ii) A person should have adequate qualification, expertise, positive attributes and experience for the position he/ she is considered for appointment. The NRC shall have discretion to decide whether the qualifications, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

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- (iii) The NRC should ensure that persons so appointed as Directors/ KMP shall not be disqualified under the Act, the Listing Agreement or any other applicable laws for the time being in force.

B. Term/Tenure:

(a) Whole-time/Managing Director:

The Board shall, on the recommendation of NRC, appoint or re-appoint any person as the Managing Director or Whole-time Director or by whatever name called, for a term not exceeding five years at a time as specified under the Act. Provided that no re-appointment of such person shall be made earlier than one year before the expiry of his/her term.

(b) Independent Director:

- The NRC shall ensure that an Independent Director be appointed for such term and in the manner as prescribed under the Act and disclosure of such appointment shall be made in the Board's report.
- Further, the NRC shall ensure that an Independent Director shall hold office for a term of up to five consecutive years on the Board of the Company or as may be specified under the Companies Act, 2013 and the rules made thereunder. No Independent Director shall hold office for more than two consecutive terms. However, 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.
- The NRC shall ensure that at the time of appointment as an Independent Director that such Director does not hold office as a director including any alternate directorship in more than twenty companies (including ten public companies) at the same time as specified under Section 165 of the Act. Further the NRC shall also ensure that such Director does not hold office as an Independent Director in more than seven listed companies and in not more than three listed companies in case such independent director is serving as a Whole-time Director in any listed company as prescribed under amended Clause 49 the Listing Agreement.

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(c) Removal:

NRC shall recommend to the Board, with reasons recorded in writing, for removal/suspension of any Directors, KMP and SMP if any such aforementioned person(s), due to any reason(s), are eligible for disqualification under the provision of the Act or any rules made thereunder, or Listing Agreement or under any other applicable law.

(d) Retirement:

The Whole-time/Managing Directors KMPs and SMPs shall be eligible for retirement as per the prevailing policy of the Company in relation to retirement of employees and/or as per the applicable provisions of the Act. However, the Board shall have the discretion to retain the services of such persons even after retirement.

5. Remuneration:

(a) Whole-time/Managing Directors:

NRC shall determine the remuneration payable to the Whole-time/Managing Director (s) and recommend to the Board for its approval. The Board's approval shall be subject to the prior or post approval ratification of the shareholders of the Company and/or central government, if required, under applicable laws. The Remuneration packages for the Whole-time/Managing Director(s) shall be in accordance with the applicable percentages/slabs/conditions as set out in the Articles of Association of SRL, the Act and any rules made thereunder, which may be in force from time to time. The Whole-time/Managing Director (s) remuneration shall comprise of salary, perquisites and other allowances like medical insurance apart from other retirement benefits like Gratuity, etc., as per the Rules of the Company. The Whole-time/Managing Director is entitled to commission on net profits calculated in accordance with the performance of the Company, subject to the approval of the Board.

Minimum Remuneration: If in any financial year the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time/ Managing Director(s) in accordance with the provisions of Schedule V of the Act.

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(b) Remuneration to Non-Executive Directors:

Non-executive Directors may be paid remuneration in the form of sitting fees for attending the Board and Committee Meetings as fixed by the Board of Directors from time to time subject to the limits provided under the Act.

In addition to the above the Non-Executive Directors may also be paid commission on net profits not exceeding 1% of the net profits of the Company as decided by the Board and approved by the shareholders from time to time.

The Non-Executive Directors are entitled to be paid all travelling and other expenses they incur for attending to the Company's affairs, including attending and returning from General Meetings of the Company or Meetings of the Board of Directors or Committee of Directors.

Any increase in the maximum aggregate remuneration payable to the Non-Executive Directors and/or Whole-time/Managing Director(s) beyond the permissible limit under the Act shall be subject to the approval of the Shareholders at the Annual General Meeting by special resolution and/or of the Central Government as may be applicable.

(c) Remuneration to KMP and SMP:

Remuneration to KMP and SMP other than Whole-time/Managing Director(s) is decided by the Managing Director. The remuneration consists of the following components:-

1. Basic Salary
2. House Rent Allowance
3. Other Allowances
4. Retirement benefits- Contribution to PF, Gratuity, Ex-Gratia, etc. as per the Rules of the Company.

(d) Remuneration to Other Employees:

The power to decide structure of remuneration for other employees has been delegated to HR department of the Company.

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(e) Stock Options:

Subject to the provisions of the Act, the Whole-time/Managing Director(s), KMP, SMP may be eligible for stock option or any other benefits as may be decided by NRC from time to time except for:

- (i) An Employee who is promoter or relative of the promoter (s);
- (ii) Any Director holding more than 10% Equity Shares of SRL either directly or indirectly; and
- (iii) Independent Directors.

6. Evaluation:

Criteria for evaluating the Board Members:

NRC shall lay down the criteria for evaluation of independent directors and the Board on annual basis.

7. Policy on Board Diversity:

In the process of attaining optimal Board diversity, the following criteria need to be assessed.

A. Optimum Composition:

- a. The Board shall have an optimum combination of Whole-time/Managing Director(s) and non-executive Directors and not less than fifty per cent of the Board of Directors shall comprise of non-executive Directors.
- b. The Company shall have atleast one woman director on the Board as mandated under the applicable law.

B. Functional Diversity:

- a. Appointment of Directors to the Board of the Company should be based on the specific needs and business of the Company. Appointments should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company.
- b. Knowledge of and experience in domain areas such as finance, legal, risk management, etc., should be duly considered while making appointments to the Board Level.
- c. Whole-time Directors of the Company may be considered to head functional area/ business division of the Company based on his/ her expertise of the function/division.

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C. Stakeholder Diversity:

The Company may also have Directors on its Board representing the interest of any financial institution or any other person in accordance with the provisions of its Articles of Association and/or any agreement between the Company and the nominating agency.

8. Authority:

The NRC shall have free access to management and management information. The NRC at its sole discretion, may seek the advice of third party experts or consultants at the Company's expenses as may be deemed necessary, to discharge its duties and responsibilities.

9. Disclosure:

- (i) The Company shall disclose this policy and the evaluation criteria in the Annual Report as required under the Listing Agreement.
- (ii) The Policy shall be disclosed in the Board's Report to the shareholders of the Company at the Annual General Meeting.

10. Amendments to the Policy:

Any change in the Policy shall, on recommendation of the NRC, be approved by the Board of Directors of the Company. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this regard shall be final and binding.