
NOMINATION AND REMUNERATION POLICY

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1. Preamble

This Nomination and Remuneration Policy (the “Policy”) has been formulated by **AWFIS SPACE SOLUTIONS LIMITED (“Company”)** in compliance with Section 178 of the Companies Act, 2013, read with applicable rules made thereunder and in compliance of Regulation 19 read with Part D of schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) as an when become applicable to the Company.

Accordingly, the Nomination and Remuneration Committee (the NRC Committee) and board of directors of Company (“Board”) approved and adopted the Policy on 14.05.2024, which can be amended from time to time.

2. Applicability

This Policy is applicable to:

- ❖ Directors (Executive, Non-Executive and Independent)
- ❖ Key Managerial Personnel (KMP)
- ❖ Senior Management Personnel
- ❖ Other employees as may be decided by the Committee (“NRC”)

3. Objective

The Nomination and Remuneration Committee and this Policy shall be in compliance with

Section 178 of the Act read along with the applicable rules thereto and Regulation 19 read with Part D of schedule II of SEBI Listing Regulations. The Key Objectives of the Committee would be:

- ❖ 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 their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board or the Nomination & Remuneration Committee or by an Independent External Agency and review its implementation and compliance;
- ❖ 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;
- ❖ To ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ❖ Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- ❖ 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;
- ❖ Devising a policy on Board diversity;

4. Definitions

- (a) **“Act”** means the Companies Act, 2013 or Companies Act, 1956 as may be applicable and Rules framed thereunder, as amended from time to time.
- (b) **“Board”** means Board of Directors of the Company.
- (c) **“Directors”** means Directors of the Company.
- (d) **“Executive Directors”** means a whole time director as defined in clause 2(94) of the Act;
- (e) **“Key Managerial Personnel”** means as defined under the Act.
- (f) **“Senior Management”** means as defined under Securities Exchange Board of India (Listing Obligations and Disclosure) Regulations, 2015
- (g) **“Independent Director”** means a Director, referred to in section 149(6) of the act and Regulation 16(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.;

5. Interpretation

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and/or any other SEBI Regulation(s) as amended from time to time.

6. Constitution of the Nomination and Remuneration Committee

Pursuant to the provisions of Section 178 and other applicable provisions, if any, of the Companies Act, 2013 including the rules framed thereunder and Regulation 19 of the SEBI Listing Regulations, the Nomination and Remuneration Committee (“Committee”) of the Company has been constituted in compliance with applicable laws as amended from time to time.

7. Role of Committee

(a) Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall have following role:

- (i) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (ii) for every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates;

- (iii) formulation of criteria for evaluation of performance of independent directors and the board of directors.
- (iv) devising a policy on diversity of board of directors.
- (v) Identify persons who are qualified to become Directors, KMP and who may be appointed Senior Management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- (vi) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (vii) Recommend to the board, all remuneration, in whatever form, payable to senior management.
- (viii) To develop a succession plan for appointment of Directors and Senior Management Personnel and review such plan periodically.
- (ix) To carry out any other responsibilities and duties delegated by the Board from time to time.

(b) Policy for appointment and removal of Director, KMP and Senior Management

Appointment criteria and qualifications

- (i) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, **KMP and Senior Management** and recommend to the Board his/her appointment. The Company is committed to acquiring, develop and retain a pool of high caliber talent, establish systems and practices for maintaining transparency, fairness and equity and provides for payment of competitive pay packages matching industry standards.
- (ii) 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 is sufficient / satisfactory for the concerned position.
- (iii) The Company shall not appoint or continue the employment of any person as Director who has attained the retirement age fixed by the Board or as approved by the Shareholders pursuant to the requirement of the Act/LODR.
- (iv) Criteria of independence for Independent Directors shall be as prescribed under Section 149 and other provisions of law as may become applicable on the Company from time to time including but not limited to SEBI Listing Regulations.

(c) Removal

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

8. Term / Tenure

(a) Managing Director/Whole-time Director

- (i) The Company shall appoint or re-appoint any person as its Chairman & Managing Director for a term not exceeding five years at a time.
- (ii) No re-appointment shall be made earlier than one year before the expiry of the term of the Director appointed.

(b) Independent Director

- (i) An Independent Director shall hold office for a term up to five years on the Board of the Company and will be eligible for re-appointment on passing of a prescribed 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 re-appointment in the Company as Independent Director after the expiry of three years from the date of cessation of the previous directorship as such in the Company. The Committee shall take into consideration all the applicable provisions of the Companies Act, 2013 and the relevant rules, as existing or as may be amended from time to time.

9. Remuneration**(a) Policy objectives**

In discharging its responsibilities, the Committee shall have regard to the following policy objectives:

- (i) 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;
- (ii) To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (iii) 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;
- (iv) To ensure that individual remuneration for Directors, KMPs and senior management is determined after taking into account relevant factors, including but not limited to:
 - Qualification and experience
 - Level of engagement in the affairs of the Company,
 - Market conditions,
 - Financial and commercial health of the Company,
 - Practice being followed in comparable companies,
 - Prevailing laws and government/other guidelines.
 - Any other factor as the Board or Members of the Committee thinks fit.

(b) Remuneration Structure

The remuneration structure would normally depend upon the roles and responsibilities as well as the prevailing market practices. In normal circumstances, the remuneration of an individual shall be divided between fixed and variable components as required under the provisions of the Companies Act, 2013 and as envisaged in SEBI Listing Regulations:

- (i) **Base Compensation (Fixed Salary):** This component of salary is competitive and reflective of the individual's role, responsibility and experience in relation to performance of day -to-day activities, usually reviewed on an annual basis. The base Compensation includes salary, allowances and other statutory/non-statutory benefits which are normal parts of the remuneration package in line with market practices.

- (ii) **Variable Salary:** A relevant part of the remuneration is payable as variable salary linked to corporate and individual performance, fulfillment of specified improvement targets or the attainment of certain financial or other objectives set in this regard.
- (iii) Any other component/benefits as may be recommended by the management and approved by the Committee.

10. Remuneration to Whole-time/ Managing Director, KMP and Senior Management:

- (i) **Fixed pay** – The MD and/or Whole-time Director, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee and the shareholders, wherever applicable. The breakup of the pay scale and quantum of perquisites including, employer's contribution towards provident fund, pension scheme, medical expenses, club fees and other perquisites shall be decided and approved by the Board on the recommendation of the Committee.
- (ii) **Minimum Remuneration** – If in any financial year, the Company has no profits or its profits are inadequate, it shall pay remuneration to its MD and/or Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if the Company is not able to comply with such provisions, previous approval of the Central Government shall be required to be obtained.

11. Remuneration to Non-Executive / Independent Director

- (i) **Remuneration** – The remuneration/commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and with the provisions of Companies Act, 2013 along with the rules made there under.
- (ii) **Sitting Fees** – The non- executive/ independent Director may receive remuneration by way of fees for attending meetings of Board or committees of the Board to which they are appointed from time to time thereof. Provided that the amount of such fees shall not exceed the limits prescribed under Companies Act, 2013.

12. Succession planning for appointment of Directors, KMPs/SMPs:

According to Regulation 17(4) of the Listing Regulations, the Board is required to ensure that succession plans for the Board and SMP are in place.

Accordingly, the NRC has formulated the following criteria and related procedures:

Succession plan for the Board and KMPs:

- a) The NRC shall identify suitable persons based on the criteria of the Company and the vacancy that has arisen, for the position of Director, Independent Director and/ or KMP.
- b) NRC shall apply a due diligence process to determine the suitability of every person who is being considered for being appointed or re- appointed as a Director, Independent Director and/ or KMP based on their educational qualifications, relevant experience and track record, and any other criteria, as necessary under the internal

policies of the Company, the Act and the Listing Regulations. All appointments or re-appointments of persons falling within the applicability of this Policy shall be subject to prior recommendation by NRC.

- c) The appointment, re-appointment or removal of the person at the Board and KMP level shall be recommended by NRC and approved by the Board.

Succession plan for SMP

- a. NRC shall periodically review and consider the list of SMP due for retirement, vacancies arising out of attrition or business needs during the course of the year. Accordingly, NRC shall assess the availability of suitable candidates, based on the Company's criteria and recommend suitable candidate to the Board.
- b. In the event that an SMP is due for retirement, NRC may review the possibility of extending the term of such SMP on the basis of health, age and the person's willingness to continue for an extended term. In the event that an extension is possible, such cases will be recommended by NRC to the Board for its approval.
- c. While reviewing the incumbent SMPs, NRC shall evaluate basis relevant criteria like experience, age, health, leadership quality etc. and recommend to the Board, if the concerned individual may be granted an extension in term/service, or be replaced.
- d. NRC may recommend to the Board, if necessary, to appoint other suitable external candidate(s) as special recruitment in senior managerial level based on job roles and competency in order to provide a continuous flow of talented people to meet the organizational needs.
- e. In case if such position is to be filled internally or externally, NRC will evaluate the suitable candidates for the said positions internally as well as externally on basis of the criteria such as job role, experience, leadership qualities, competencies, track record, etc.
- f. NRC may utilize the services of professional search firms to assist in identifying and evaluating potential candidates, for filling vacancies in the Company.
- g. NRC shall identify high-potential employees who merit faster career progression to position of higher responsibility and formulate, administer, monitor and review the process of skill development and identify the training requirements.
- h. In the event of any unexpected occurrence in respect of any member of the Board, KMP and/ or SMP, the next person as per the organization chart (as far as possible) shall take interim charge of the position, pending the formal appointment in terms of the succession plan.
- i. Where it is decided to appoint an external candidate, timely and planned steps shall be taken for selection of a suitable candidate so that the appointment is made well before the retirement/relieving of the concerned personnel to ensure the smooth transition.
- j. In the event that candidates are identified by managing director and/ or the chief executive officer of the Company, the shortlisted candidates are further referred to the NRC for due

diligence and evaluation, before they could be recommended to the Board for its approval.

k. All recommendations of NRC shall be placed before the Board for its approval.

13. Minutes of Committee Meetings

Proceedings of all Committee meetings must be recorded as minutes and shall be signed in accordance with the applicable provisions of law.

14. Evaluation of the NRC Committee

The committee shall undergo an annual self-evaluation of its performance and report the result to the Board. Indicative areas for evaluation as part of this exercise include:

- Mandate and composition of the Committee
- Effectiveness of the Committee
- Structure of the committee and meetings
- Independence of the committee from the Board
- Contribution to decisions of the Board

15. Review & Amendment

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.