



**NOMINATION AND REMUNERATION POLICY**  
**OF**  
**AFCONS INFRASTRUCTURE LIMITED**

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### Flow of applicability of the Policy to the Company

<b>Sr. No.</b>	<b>Adoption /Amendment</b>	<b>Date</b>
1	Adoption at Board Meeting	24 <sup>th</sup> March, 2015
2	Amendment at Board Meeting	24 <sup>th</sup> March, 2022
3	Amendment at Board meeting of	18 <sup>th</sup> March 2024

## A. Introduction:

In pursuance of the policy of AFCONS INFRASTRUCTURE LIMITED (“Company” or “AFCONS”) to consider human resources as its invaluable assets, to pay equitable remuneration to Directors, Key Managerial Personnel as defined under the Companies Act, 2013 (“KMPs”) and the Senior Management Personnel# of the Company, 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 rules thereto as amended from time to time, (“Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), this Nomination and Remuneration Policy has been formulated by the Nomination and Remuneration Committee (“Committee” or “NRC”). However, the Provisions of Listing Regulations shall be applicable to the Company from the date of listing of its shares on the Recognized Stock Exchange(s).

*# For the purpose of this Policy, the expression Senior Management Personnel 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 executive directors (which expression shall include any managing director/whole-time director), chief executive officer, manager, functional heads, chief financial officer, company secretary and manager, chief executive officer (in case they are not part of the Board of Directors).*

## B. Objective and purpose of the Policy

The objective of this Policy is as under: -

- To adhere to the provisions of the Act and the Listing Regulations, as amended from time to time.
- 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 of Directors, KMPs, Senior Management Personnel and other employees.
- For every appointment of Independent Director, the 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.

- To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors and persons who may be appointed in KMPs and Senior Management Personnel in accordance with criteria laid down in this policy.
- To recommend to the Board, remuneration, appointment and removal of Director, KMP and Senior Management Personnel.
- To recommend to the Board, whether to extend or continue the term of appointment of Independent Director, on the basis of report of performance evaluation of Independent Directors.
- 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 and to determine the remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
- To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks, and that the principle of proportionality is observed.
- To specify manner for effective evaluation by the Board, of the performance of the individual Directors and that of Board of Directors of the Company ("**Board**"), its various committees constituted as required by the Act and Listing Regulations, and to review its implementation and compliance.

### C. Role of the NRC

The following matters shall be dealt with by the NRC:

- Size and Composition of the Board: Periodically reviewing the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company.
- Directors:
  - Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.
  - 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.

- Identify persons who are qualified to become Directors (including independent Directors) and who may be appointed as KMPs and Senior Management Personnel in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Succession plan: Establishing and reviewing Board, KMP and Senior Management Personnel succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board, KMPs and part of the Senior Management Personnel.
- Evaluation of Performance:
  - Formulate the criteria and framework for evaluation of performance of every Director, KMP and make recommendations to the Board on the appropriate performance criteria.
  - Determine 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.
  - Identify ongoing training and education programs for the Board to ensure that non-executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.
- Board Diversity: Assist the Board in ensuring the Board nomination process is in line with the policy of the Company on diversity of the Board relating to gender, thought, experience, knowledge and perspectives, and devise a policy in this regard.
- Remuneration framework: Ensure that the remuneration framework for the Directors, KMP and Senior Management Personnel is in accordance with the objectives of this Policy, Act and the Listing Regulations.

**D. Appointment criteria and qualifications for Directors, KMP and SMP:**

- The candidate should possess ethical standard of integrity and probity, desired qualification, expertise and experience for the appointment to the position of Director, KMP and/or Senior Management Personnel. The NRC has the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- The candidate should be free from any disqualifications as stipulated under Section 164 of the Act, in case of appointment of a Director.
- The candidate should meet the conditions of being independent as stipulated under Section 149 read with Schedule IV of the Act and the Listing Regulations in case of appointment of an independent director. The candidate should also fit the description set out by the NRC for the role of an independent Director.
- A person, to be appointed as Director, should possess ability to contribute to the Company's growth and complementary skills in relation to the other Board members.

- The company shall not appoint or continue the directorship of any person as non-executive director who has attained the age of 75 years unless the approval of shareholders of the company have been obtained by way of a special resolution and justification for appointing/continuing such a person as director is contained in the explanatory statement annexed to the notice.
- The Company shall not appoint or continue the employment of any person as Whole-time Director, Managing Director or Manager who has attained the age of 70 years.

Provided that the term of the person holding this position may be extended beyond the age of 70 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 70 years.

- The appointment of a whole-time KMP of the Company in other companies (except in its subsidiary company) shall be in accordance with the provisions of the Act.
- The number of directorships that may be held by a Director (including Independent Directors) shall be in accordance with the provisions of the Listing Regulations.

**E. Remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and Other employees**

The Committee shall ensure that:

- The remuneration / compensation etc. to be paid to the Directors will be determined by the Committee and recommended to the Board and shareholders of the Company for approval. The remuneration / compensation / etc. shall be in accordance with the Act and the Listing Regulations.
- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors (including executive Directors, non-executive Directors and Independent Directors) of the quality required to run the company successfully.
- The remuneration to Executive directors, KMPs, Senior Management shall involve a balance between fixed and incentive pay linked to the short and long-term performance appropriate to the working of the Company and its goals.

❖ **Remuneration to Executive Directors:**

The remuneration (including payment of minimum remuneration) to Executive Directors shall be within the overall ceiling prescribed under the Act and the Listing Regulations. Within the said overall ceiling of remuneration, the Executive Directors will be entitled to avail of the perquisites under different heads as may be applicable to the other Senior Management Personnel of the Company. Such remuneration to the Executive

Directors will be determined by the Committee and recommended to the Board for approval. The remuneration shall be subject to prior/post approval of the shareholders of the Company. The annual increments and incentives to the Executive Directors will be recommended by the Committee and decided by the Board in its absolute discretion and will be merit based and will also take into account the Company's performance.

- If any Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act, he / she shall refund such sums to the Company, within 2 years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum unless approved by the Company by way of a special resolution within 2 years from the date on which the sum becomes refundable.

❖ Remuneration to Non-executive / Independent Director:

- The non-executive directors (including independent directors) shall be entitled to receive sitting fee for attending each meeting of the board of directors and its committees (of which they are members). The quantum of sitting fee shall be determined as per recommendation of the Committee and approved by the Board of Directors. The amount of such fees shall not exceed the maximum amount as provided in the Act from time to time.
- The Board of the Company on the recommendation of the Committee may approve the remuneration/commission to Non-Executive/Independent Directors (apart from the sitting fees they are entitled for attending the meeting) in accordance with, and subject to the limits prescribed under, the Act and Listing Regulations subject to the approval of Shareholders.

❖ Remuneration to KMPS and Senior Management Personnel:

- The KMPs and Senior Management Personnel of the Company shall be paid monthly remuneration as per the Company's compensation guidelines and / or as may be approved by the Board on the recommendation of the Committee.
- The break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be as per the Company's schemes and applicability.

❖ Remuneration to other employees:

- The remuneration/compensation for other employees would be as per the compensation policy of the Company, as revised through the annual compensation review process from time to time and as approved by the Executive Vice Chairman and / or Managing Director, in consultation with the Head-HR of the Company.

❖ Insurance:

- Where any insurance is taken by the Company on behalf of its Executive Director, chief executive officer, 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. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration:-

**F. Appointment / Removal/ Retirement and Evaluation of Performance of Directors**

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person/s for appointment as Director/s and recommend to the Board his / her appointment in accordance with the criteria set out in Section IV of this Policy.
- Due to reasons for any disqualification mentioned in the Act or under any other applicable act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director.
- The Directors shall retire as per the applicable provisions of the Act and Listing Regulations. Subject to applicable law, the Board shall have the discretion to retain the Director even after attaining the retirement age, for the benefit of the Company.
- The Committee shall at least once in every financial year evaluate the performance of Board, its committees and each Director individually and review its implementation and compliance and recommend to the Board remedial actions (if any) to be taken basis such performance evaluation. In this connection, the Committee may take assistance from Independent external agency.
- The criteria or parameters on which the evaluation of the board, its committees and individual directors is to be carried out shall be as formulated by the NRC from time to time.

**G. Appointment / Removal / Retirement and Evaluation of Performance of KMP and Senior Management Personnel**

- The qualification attributes, terms and conditions of appointment and removal of KMP and Senior Management Personnel as also their remuneration (including annual increments and incentives if any) and the evaluation of their performance shall be decided by the Board on recommendations of Nomination and Remuneration Committee of the Company and shall be in line with this policy.
- The KMP and Senior Management Personnels shall retire as per the applicable provisions of the Act, and the prevailing policy of the Company. Subject to applicable law, the Board shall have the discretion to retain the KMP and



Senior Management Personnels even after attaining the retirement age, for the benefit of the Company.

- The Committee shall recommend such appointment and removal of KMP and Senior Management Personnel.

## **H. TENURE**

- The Company shall appoint or re-appoint any person as its Whole Time Director or Managing Director as per the terms of the Act or Listing Regulations for a term not exceeding 5 years at a time. No re-appointment shall be made earlier than 1 year before the expiry of term.
- Subject to the provisions of the Listing Regulations, with effect from April 1, 2024, the continuation of a Director serving on the Board shall be subject to the approval by the shareholders in a general meeting at least once in every 5 years from the date of their appointment or reappointment. Provided that this requirement shall not be applicable to the Whole-Time Director, Managing Director, Manager, Independent Director or a Director retiring as per Section 152(6) of the Act, if the approval of the shareholders for the reappointment or continuation of the aforesaid directors or Manager is otherwise provided for by the provisions of the Listing Regulations or the Act and has been complied with.
- Subject to the provisions of the applicable laws, an Independent Director shall hold office for a term up to 5 consecutive years on the Board and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure(s) of such appointment in the Board's report.
- No Independent Director shall hold office for more than 2 consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 years, be appointed in, or be associated with, the Company in any other capacity, either directly or indirectly.
- Subject to the provisions of the Listing Regulations, any vacancy in the office of a Director shall be filled at the earliest and in any case not later than 3 months from the date of such vacancy.

## **I. POLICY REVIEW:**

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

This Policy shall be reviewed by the Committee as and when any changes are to be incorporated to the Policy due to changes in the Act or Listing Regulations or as may be felt appropriate by the Committee.

Any such modification or amended to the Policy (either in whole or in part) shall be recommended by the Committee for the review and approval by the Board of Directors of the Company.

**J. EFFECTIVE DATE OF THE POLICY**

This Policy was originally approved by the Board on 24<sup>th</sup> March 2015. Further the Policy has been amended time to time and has been last modified on 18<sup>th</sup> March 2024.

This Policy (which terms shall include any Revised / Amended Policy pursuant to the amendment / changes thereto from time to time) shall be effective from the date of the Board meeting approving such Revised /Amended Policy. However, the provisions of Listing Regulations to the extent incorporated in this Policy shall be applicable to the Company from the date of listing of its shares on the Recognized Stock Exchange(s).

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