

ADVANCED SYS-TEK LIMITED

NOMINATION AND REMUNERATION POLICY

Effective Date: 11.09.2024

1. PREAMBLE

Advanced Sys-tek Limited (the "Company") has formulated this Nomination and Remuneration Policy ("Policy") to provide a framework for remuneration of members of the board of directors (the "Board") of the Company, key managerial personnel, Senior Management and other employees of the Company.

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the "Act") and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long- term performance of the Company.

This Policy reflects the remuneration philosophy and principles of the Company and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

2. DEFINITION

2.1 "Act" means the Companies Act, 2013 read with rules framed thereunder, as amended from time to time.

2.2. "Board of Director" or "Board" means the Board of Directors of the Company, as constituted from time to time.

2.3 "Directors" mean Directors of the Advanced Sys-tek Limited.

2.4 "Key Managerial Personnel (KMP)" means :

(a) Managing Director, Chief Executive Officer or Manager and in their absence, a Whole-time Director;

- (b) Chief Financial Officer and
- (c) Company Secretary.

2.5 “Managerial Personnel” means Directors, Managing Director, Whole Time Director or Manager of the Company whose remuneration is subject to limits provided as per provisions of Section 197 of the Act and Schedule V to the Act.

2.6 “Senior Management Personnel” or “SMP” shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

For the purpose of above definition of SMP, the Nomination & Remuneration Policy, specifically exclude:

- (i) Any employee reporting temporarily to Chairman or any Executive / Non-Executive Director;
- (ii) Non-core team member reporting to the Chairman or any Executive / Non-Executive Director; and
- (iii) Head of the function or department reporting to another function / department head already identified as SMP.

The above definitions shall be read as provided in the amended provisions, if any, of the Act, Listing Regulations, 2015 or any other law or regulation and such change will not be considered as change in this Policy. Any term(s) not defined in the Policy shall have the same meaning as assigned to such term(s) in the Act and / or the Listing Regulations, 2015 or any other applicable law or regulation.

3. INTERPRETATION

This committee is formed with a view to carry out following activities mentioned as under:

- To identify persons who are qualified to become Directors (Executive, non-Executive and Independent).
- To identify persons who may be appointed in Senior Management and Key Managerial Positions in accordance with the criteria laid down.

- To formulate criteria for determining the qualifications, positive attributes and independence of Directors.
- To 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. 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 recommend to the Board appointment of Directors, Key Managerial Personnel and other Senior Management Personnel and remuneration payable to them. ☐ To recommend to the Board removal of Directors, Key Managerial Personnel and other Senior Management Personnel.
- To carry out evaluation of performance of Directors.
- To develop and recommend to the Board for approval a succession plan for Managing Director, Executive Director and Key Managerial Personnel; to review the Succession Plan periodically; and to develop and evaluate potential candidates for executive positions and recommend to the Board any changes to, and any candidates for succession, under the Succession Plan.
- If the Company launches an Employees' Stock Option Scheme, the Nomination & Remuneration Committee shall formulate, administer and monitor detailed terms and conditions of such a Scheme.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification as may be applicable. In carrying out all the activities according to its terms of reference, the Committee shall ensure that the provisions of the Companies Act, 2013 and Listing Agreement are complied with.

4. CRITERIA FOR APPOINTMENT & NOMINATION CRITERIA:

A. Directors and Key Managerial Personnel

The Committee shall be responsible for identification of a suitable candidates for appointment as Directors or KMPs of the Company.

The Board shall consist of such number of Directors as is necessary to effectively manage the Company considering its size and nature, subject to minimum of 3 and maximum of 15 Directors.

The Board shall have an appropriate combination of Executive, Non-executive, Independent and Woman Directors.

The Company recognizes the importance of truly diverse Board in its success and believes that diverse board brings different set of expertise & perspectives. Therefore, while evaluating a person for appointment/ re-appointment as Director or as KMP of the Company, the Committee shall consider & evaluate various criteria and shall leverage difference in factors w.r.t. background, knowledge, skills, abilities & thought (to exercise sound judgement), professional experience, educational, professional, cultural & geographical background, personal accomplishments, nationality, gender, age, experience, time commitment, understanding of the sector(s) & industry(ies) in which Company operates including Telecommunication sector, expertise in marketing, technology, finance & other disciplines relevant to the Company's business. The Committee shall consider such other factors as may be relevant & applicable from time to time towards achieving a diverse Board.

While considering the appointment/ re-appointment of any person as Director of the Company, the Committee shall ensure that he/ she satisfies the following criteria:

- He/ she is eligible for appointment/ re-appointment as Director and is not disqualified in terms of Section 164 & other applicable provisions of the Act and SEBI Listing Regulations.
- He/she has impeccable reputation and integrity, requisite expertise, competence, diversity and brings deep insights in sectors / areas relevant to the company.
- He/ she will be able to devote sufficient time & efforts towards discharging duties & responsibilities, effectively.
- He/ she has attained the age of 25 years and is not older than 75 years.
- His/ her total number of directorships in the companies are within the limits prescribed under the Act and SEBI Listing Regulations.
- In case of appointment/ re-appointment of an Independent Director, the following additional criteria shall be considered by the Committee:
 - He/ she meets the criteria of "independence" as set out in the relevant provisions of the Act, SEBI Listing Regulations and other laws applicable to the Company.
 - He/ she does not hold any Board/ employment position with a competitor having its presence in the geographies in which Company operates. However, the Board may in special circumstances waive this requirement.

The re-appointment/ extension of term of Directors of the Company shall be on the basis of their performance evaluation report. For the purpose of identification of suitable candidates, the Committee may use the services of external agency(ies), if required.

B. Senior Management

While evaluating a person for appointment as Senior Management Personnel including KMP, various factors shall be considered including but not limited to individual's background, competency, skills, abilities (viz. leadership, ability to exercise sound judgement etc.), educational & professional background, personal accomplishment, age, relevant experience and understanding of relevant field viz. marketing, technology, finance or such other discipline relevant to present and/or prospective operations of the Company.

"Senior Management", for the purpose of this Policy, 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 chief executive officer/managing director/whole time director/ manager and shall specifically include company secretary and chief financial officer.

5. EVALUATION:

i) The Committee or Board shall carry out evaluation of performance of Board, its Committees and individual director on annual basis as per the provisions of the Companies Act as amended from time to time. The manner of evaluation can be in the questionnaire form, rating form or in any other manner as may be decided by the Committee from time to time. The performance parameters include, but not limited to expertise, objectivity & independence, understanding of the company's business, willingness to devote the time, participation in discussion, responsiveness, composition of Board/Committees, frequency of meetings etc.

ii) The evaluation of the KMP shall be done by the Committee based on their performance, achievements, ratings, Company's business performance etc.

iii) The performance evaluation of the Senior Management and other employees shall be as per the Company's performance, annual appraisal process, prevailing HR Policies and HR framework implemented by the Company from time to time.

6. REMOVAL:

In case of any disqualification mentioned in the Companies Act rules made there under or under any other applicable laws and breach of Company's prevailing HR Policies, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules, regulations and HR Policies.

7. RESIGNATION

The resignation of all Key Managerial Personnel and Senior Managerial Personnel will be in line of their appointment letters.

8. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

Non-Executive and Independent Directors ("NEDs") will be paid remuneration by way of sitting fees and commission. The remuneration / commission / compensation to the NEDs will be determined by the Nomination and Remuneration Committee ("NRC") and recommended to the Board for its approval.

The sitting fee shall be payable to the NEDs and Nominee Directors for attending the Board and Nomination and Remuneration Committee, Audit Committee, and other committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.

Keeping with evolving trends in industries and considering the time and efforts spent by specific NEDs, the practice of paying differential commission will be considered by the Board.

NEDs will not be eligible to receive stock options under the existing employee stock option scheme(s) ("ESOP") of the Company.

NEDs are entitled to be paid all travelling and other expenses they incur for attending to the Company's affairs, including attending meetings of the Company.

2 The remuneration payable by the Company to NEDs shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

9. REMUNERATION OF EXECUTIVE/ WHOLE-TIME DIRECTOR

The compensation paid to the executive/whole-time directors (including managing director) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Act. The elements of compensation of the executive/whole-time director include the elements as described in paragraph 4 below. The NRC will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on Company's and individual's performance as against the pre-agreed objectives for the year. The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC. In case of inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Act. Executive directors will not be paid sitting fees for any Board / committee meetings attended by them. The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

10. REMUNERATION TO KEY MANAGERIAL PERSONNEL / SENIOR MANAGEMENT AND OTHER EMPLOYEES

The Company's total compensation for Key Managerial Personnel/ Senior Management as defined under the Act / other employees will consist of:

- fixed compensation
- variable compensation in the form of annual incentive
- benefits
- work related facilities and perquisites.

In addition, select senior executives will be eligible for long-term incentive plan in the form of ESOPs, as per the ESOP scheme in force from time to time. Grants under the ESOP scheme will be approved by the NRC.

Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include basic salary, housing allowance, leave travel allowance and a cash allowance.

The annual incentive (variable pay) of executives will be linked directly to the performance of the Company.

Based on the grade and seniority of employees, benefits for employees include:

- Health-Related
- Health (hospitalization) insurance
- Accident and life insurance
- Contribution to a superannuation fund (in addition to statutory benefits such as provident fund account, gratuity, etc.)

Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.

A formal annual performance management process will be applicable to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance ratings of individual employee.

- Overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.
- Employees may be eligible for ESOPs as per the ESOP scheme approved by the Shareholders and in force from time to time. The objective of the ESOP is to reward the Eligible Employees, for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company.
- Employees may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

11. COMMITTEE MEMBERS INTEREST

A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated. The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

12. ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the NRC. This Policy may be reviewed at such intervals as the Board or NRC may deem necessary. Such disclosures of this Policy as may be required under the Act and SEBI Listing Regulations may be made.

13. DISSEMINATION OF POLICY

A copy of this Policy shall be handed over to all Directors within forty-five days from the date of approval by the Board. This Policy shall also be posted on the website of the Company and the details of this Policy, including the evaluation criteria, shall be mentioned in the Annual Report of the Company.

14. AMENDMENT

The Policy may be reviewed and amended from time to time by the Board based on the recommendation of the NRC Committee.

Sd/-

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