

Introduction

Airox Technologies Limited considers people as its most critical and valued resource. The aim of the Company's HR strategy is to acquire the employees best suited to the organization, to nurture and develop them, and reward excellence and to focus on a strong performance management system.

Scope of the Policy

In terms of Section 178 of the Companies Act, 2013, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management and other employees of the Company ("Policy") has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors. This policy shall act as a guideline for determining inter-alia qualifications, positive attributes and independence of a Director and remuneration for the Directors, KMPs and other employees. This Policy also specifies the manner for effective evaluation of performance of Board, its committees and individual directors and review its implementation and compliance.

This Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

The Key Objectives and purpose of this Policy are:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors of the Company a policy relating to the remuneration of the directors, key managerial personnel and other employees
 - 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
 - Formulation of criteria for evaluation of independent directors and the Board;
 - Devising a policy on Board diversity;
 - Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the
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Board their appointment and removal and carrying out evaluation of every director's performance (including independent director), 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. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

- 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;
 - Recommend to the board, all remuneration, in whatever form, payable to senior management;
 - The Nomination and Remuneration Committee, while formulating the Remuneration Policy, should ensure that:
 - the level and composition of remuneration be 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; and
 - 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.
 - perform such functions as are required to be performed by the Nomination and Remuneration Committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended, including the following:
 - (a) administering the employee stock option plans of the Company, as may be required;
 - (b) determining the eligibility of employees to participate under the employee stock option plans of the Company;
 - (c) granting options to eligible employees and determining the date of grant;
 - (d) determining the number of options to be granted to an employee;
 - (e) determining the exercise price under the employee stock option plans of the Company; and
 - (f) construing and interpreting the employee stock option plans of the Company and any agreements defining the rights and obligations of the Company and eligible employees under the employee stock option plans of the Company, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the employee stock option plans of the Company.
 - frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
 - (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the
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Company and its employees, as applicable;

(c) carrying out any other activities as may be delegated by the Board of Directors of the Company functions required to be carried out by the Nomination and Remuneration Committee as provided under the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law, as and when amended from time to time;

(d) Performing such other functions as may be necessary or appropriate for performance of its duties;

(e) Perform such functions as are required to be performed by the Compensation Committee under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; and

(f) Administering the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan (“ESOP Scheme”) including the following:

- Determining the eligibility of employees to participate under the ESOP Scheme;
- Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;
- Date of grant;
- Determining the exercise price of the option under the ESOP Scheme;
- The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
- The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
- The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;
- The grant, vest and exercise of option in case of employees who are on long leave;
- Allow exercise of unvested options on such terms and conditions as it may deem fit;
- The procedure for cashless exercise of options;
- Forfeiture/ cancellation of options granted;
- Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:

(i) the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action and for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered; and the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option; and

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(ii) Construing and interpreting the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan (“ESOP Scheme”) and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme.

Effective Date

This Policy originally became effective from 20th May 2022. The Board of Airox Technologies Limited has adopted this Policy in line with the requirement of the Companies Act, 2013 & SEBI Listing Regulations, as amended from time to time. The subsequent amendments, if any, made in Companies Act, 2013 and/or SEBI Listing Regulations after this date would stand incorporated in this Policy.

Definitions

“Act” means Companies Act, 2013 and rules thereunder, including any modifications, amendments or re-enactment thereof.

“Board” means Board of Directors of the Company.

“Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board

“Directors” means Directors of the Company

“Independent Director” means a director referred to in Section 149 (6) of the Act.

“Key Managerial Personnel” (KMP) means:

- (i) Chief Executive Officer or the Managing Director or the Manager;
- (ii) Company Secretary;
- (iii) Whole-time Director;
- (iv) Chief Financial Officer; and
- (v) Such other officer as may be prescribed.

“Policy or This Policy” means, “Nomination and Remuneration Policy.”

“Senior Management” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Policy on Appointment and Removal of Director, KMP and Senior Management:

Appointment criteria and Qualifications

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of persons for appointment as Directors, KMP or at Senior Management levels who shall uphold ethical standards of integrity and probity, act objectively and constructively, exercise his/her responsibilities in a bona-fide manner in the interest of the Company, devote sufficient time and attention to his/her professional obligations for informed and balanced decision making, and assist the Company in implementing the best corporate governance practices and recommend to the Board his/her appointment.

A person should possess adequate qualification, expertise, skill, positive attributes 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. The Committee shall also review the ethical and moral qualities possessed by such person, commensurate to the requirement for the position.

The person shall fulfil the requirements of Company's policy on fit and proper criteria for directors and shall be appointed and hold position in accordance with the Act and articles of association of the Company.

The Committee should ensure that persons so appointed as Directors/ Independent Directors/KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.

Independence of Directors is decided on the basis of criteria provided under the relevant provisions of the Companies Act, 2013, read with rules made thereunder, and any modification/amendments done from time to time and as envisaged under SEBI Listing Regulations. A declaration of independence is taken from the independent Directors at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director.

The Committee may delegate appointment and removal of Senior Management Personnel to the Managing Director of the company (the appointing authority). Every decision of appointment and removal of Senior Management Personnel taken by the Managing Director (the appointing authority) shall be subsequently ratified by the Committee, wherein the

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Committee may, at its discretion, either accept or reject such appointment or removal. In case the appointment/removal is not ratified, the Committee may record the reasons for not accepting the appointment/removal. Based on the review of the Committee, the Managing Director (the appointing authority) shall identify other eligible candidates for the position.

Term/Tenure

Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term. The Company shall not appoint or continue the employment of any person as whole time director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy 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 seventy years.

Independent Director:

An Independent Director shall hold office for a term upto five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry 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.

At the time of appointment of independent director it should be ensured that number of Boards on which such independent director serves is restricted to the limits prescribed under the Act and Listing Regulations.

Evaluation

The Committee shall carry out evaluation of performance of every Director at regular interval 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, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

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The evaluation/assessment of the Directors to be conducted on an annual basis. The following criteria assists in determining how effective the performances of the Directors have been:

Vision and clarity of roles & responsibility:

The Individual Director should have awareness of fiduciary and statutory requirements and a clearly articulated vision. This includes clarity of role as a member of the Board of the Company.

Board Processes:

The quality of board processes such as decision making (i.e. how directors ensure they are well informed to be able to make the decisions in the best interest of the Company and its stakeholders) selection and induction etc.

Engagement with Management:

How well the board engages with the management to ensure it is well supported and able to meet the needs of its members.

Board dynamics:

At the heart are the board dynamics. It is the quality of individual relationships and dialogues that directly influences the quality of decision making and relationships with key stakeholders.

Frequency of participation:

The Individual should make him /her available for attending the Board meetings of the Company and be available for providing his/her guidance and support in case of need.

Due to reasons for any disqualification mentioned in the Companies Act, 2013 or under any other applicable laws, rules and regulations there under, 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 Companies Act, 2013, rule and regulations.

Policy for Remuneration to Directors/KMP/Senior Management Personnel

The remuneration package of employees of Airox Technologies Ltd comprises of various elements. In addition to a basic fixed salary, employees receive variable remuneration components depending on their grade/band in the hierarchy. Industry benchmark, overall business performance for the year and Annual Remuneration Budget are taken in to consideration for designing the Pay Matrix. The benchmark study is carried out under the guidelines of the region along with an established survey partner. This helps in benchmarking the salaries similar roles across industry.

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The Nomination and Remuneration Committee shall recommend to the Board, all remuneration, in whatever form, payable to senior management personnel.

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

To ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders;

To attract and retain and motivate competent individuals;

To plan short and long-term incentives to retain talent;

To ensure that any severance benefits are justified.

To ensure that the Directors, KMPs, SMPs and other senior official's salary is based and determined on the basis of individual's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any, including that the remuneration to be paid to the Managing Director ("MD") and/or whole-time director shall be in accordance with the percentage/ slabs/ conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act,2013 and the rules made thereunder.

To ensure that individual remuneration packages for Directors, KMPs, SMPs and other persons in senior management are 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.

The remuneration / compensation / commission etc. to the whole-time Director, KMP, SMP and other employees will be determined by the Committee and recommended to the Board for approval.

Increments to the existing remuneration / compensation structure of the SMPs and other employees including the Functional Heads will be jointly decided by the Managing Director and Head- Human resources.

The remuneration structure would normally depend upon the roles and responsibilities as well

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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 salaries): 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 part of remuneration package in line with market practices.
- ii) Variable salary: A relevant part of remuneration is payable as variable salary linked to corporate and individual performance, fulfilment 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.

Remuneration to Whole-time/ Executive/ Managing Director, KMP and Senior Management Personnel:

Fixed Remuneration: The Whole-time Director/KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board or the Committee or Head-HR of the Company authorized by the Board.

Variable Remuneration: The Managing Director, KMP and senior Management of the Company may receive performance based variable remuneration (LTIP- long term incentive plan, MTIP – midterm incentive plan and STIP- short term incentive plan) as may be applicable depending upon their grade/band in the hierarchy in addition to fixed remuneration. The individual variable remuneration is calculated annually, documented and tracked using the individual achievement in performance measurement system.

Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director 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.

Provisions for excess remuneration: If any Managing Director or Whole-time Director draws or

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receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without approval under Section 197 of the Companies Act, 2013 he / she shall refund such sums to the Company within two 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 refundable to it unless approved by the Company by special resolution within two years from the date the sum becomes refundable.

Provided that where the company has defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor, the prior approval of the bank or public financial institution concerned or the non-convertible debenture holders or other secured creditor, as the case may be, shall be obtained by the company before obtaining approval of such waiver.

Remuneration to Independent Director/Non-Executive Director :

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.

Commission:

Commission may be paid within the monetary limit approved by shareholders subject to the limits prescribed under Companies Act, 2013.

Stock Options:

An Independent Director shall not be entitled to any stock option, if any of the Company.

Directors and Officers Insurance:

Where any insurance is taken by the Company on behalf of its Directors, KMPs, Senior Management Personnel etc. 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.

Disclosure

The Remuneration Policy shall be placed on the website of the company and the salient features of the Policy and changes therein, if any, along with the web address of the Policy shall

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be disclosed in the Board's report.

The annual report of the Company would specify the details of remuneration paid to Directors. The Company shall publish its criteria of making payments to non-executive Directors in its annual report. Alternatively, this may also be put upon the Company's website and reference be drawn in the annual report.

Amendment to the Policy

The Nomination and Remuneration Committee and the Board may review and amend this Policy from time to time as and when it deems necessary.

Conflict In Policy

In the event of any conflict between the Companies Act or the SEBI regulations or any other statutory enactments ("Regulations") and the provisions of this Policy, the Regulations shall prevail over this Policy.