

ASIATIC OXYGEN LIMITED

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations'), the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company has already constituted the Committee comprising of three non-executive Independent Directors as required under Listing Regulations.

Section 178 of the Companies Act, 2013, inter-alia provides that the Committee shall formulate the criteria for determining qualifications, positive attitudes and independence of a Director and recommend to the Board a policy relating to remuneration for Directors, Key Managerial Personnel (KMP) and other employees;

The Remuneration Policy of Asiatic Oxygen Limited (the "Company") and its subsidiaries, is designed to attract, motivate and retain quality people in a competitive market. The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The Remuneration Policy applies to Directors, Key Managerial Personnel and other employees of the Company. This Policy does not cover temporary or contractual employees, trainees, apprentices, consultants engaged on a retainer basis or otherwise and casual labour.

2. OBJECTIVE:

The Key Objectives and purpose of this policy are:

- a) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration;
- b) To evaluate the performance of the members of the Board as well as Key Managerial and Senior Management Personnel and provide necessary report to the Board for further evaluation of the Board.
- c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- d) To devise a policy on Board diversity; and
- e) To develop a succession plan for the Board and to regularly review the plan.

3. DEFINITIONS

- **“Act”** means the Companies Act, 2013 and rules framed thereunder, as amended from time to time.
- **“Board”** means the Board of Directors of the Company.
- **“Committee”** means the Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable Listing Regulations.
- **“Company”** means Asiatic Oxygen Limited.
- **“Directors”** mean Directors of the Company.
- **“Independent Directors”** means a director referred to in Section 149 (6) of the Act.
- **“Key Managerial Personnel”** or **“KMP”** means;
 - The Chief Executive Officer or the Managing Director or the Manager;
 - The Whole-time Director;
 - The Chief Financial Officer;
 - The Company Secretary;
 - Senior Management Personnel designated as such by the Board; and
 - Such other officer as may be prescribed.
- **“Policy”** or **“This Policy”** means, “Nomination and Remuneration Policy.”
- **“Senior Management”** means officers/personnel of the Company includes;
 - a) Key Managerial Personnel;
 - b) One level below the Chief Executive Officer and Managing Director who are members of the core management and functional heads.
 - c) Any other officer as determined by the NRC and the Board from time to time.

4. POLICY

A. CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE:

This Policy envisages the role and responsibility of the Independent Directors, Constitution of the Nomination and Remuneration Committee, term of appointment of Managerial Personnel, Directors, KMPs, Senior Management, remuneration of the Managerial Personnel, KMPs, Senior Management, Independent Directors, Stock Options to Managerial Personnel, KMPs, Senior Management, other employees, evaluation of Managerial Personnel, KMPs, Senior Management, Independent Directors, etc.

The Nomination and Remuneration Committee will consist of three or more non-executive directors, out of which at least one-half shall be independent director(s), provided that Chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee. The Chairperson of the nomination and remuneration committee shall be an independent director.

The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable statutory requirements. The quorum for a meeting of the Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

The meeting of Committee shall be held at such regular intervals as may be required to carry out the objectives set out in the Policy.

The Committee members may attend the meeting physically or through Video conference or through permitted audio –visual mode, subject to the provisions of the applicable laws. The Committee shall have the authority to call such employee (s), senior official(s) and / or externals, as it deems fit. The Company Secretary shall act as Secretary to the Committee.

B. ROLE AND POWERS OF THE COMMITTEE:

The Role and Powers of the Committee shall be as under:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) To formulate criteria for evaluation of Independent Directors and the Board.
- c) To identify persons who qualify to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this Policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- f) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- g) To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- h) To devise a policy on Board Diversity.

- i) To formulate the Nomination and Remuneration policy of the Company and propose any amendments.
- j) To assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board, Key Managerial Personnel and to senior management.
- k) To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- l) To recommend to the board, all remuneration, in whatever form, payable to senior management.
- m) To carry out any other function as is mandated by the Board from time to time and /or enforced by the statutory notification, amendment or modification, as may be applicable.

The Chairperson of the Nomination and Remuneration Committee or, in his absence, any other member of the Committee authorised by him, shall be present at the General meetings of the Company, to answer the shareholders queries, if any.

The Nomination and Remuneration Committee shall set up a mechanism to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and /or Officers of the Company, as deemed necessary for proper and expeditious execution.

C. APPOINTMENT OF MANAGERIAL PERSONNEL, DIRECTOR, KMP AND SENIOR MANAGEMENT:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Personnel, Director or KMP or Senior Management and recommend to the Board his /her appointment.
- b) 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.
- c) Appointment of Independent Directors is also subject to compliance of provisions of section 149 of the Companies Act, 2013, read with Schedule IV and rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

D. TERM / TENURE

a) Managerial Personnel:

The Company shall appoint or re-appoint any person as its Managerial Personnel 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.

b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment 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, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

The Committee shall not recommend the appointment of a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

The maximum tenure of Independent Directors shall also be in accordance with the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

E. RETIREMENT:

Any Director other than the Independent Director shall retire as per the applicable provisions of the Companies Act, 2013. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

F. REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT:

- a) The Remuneration / Compensation / Profit linked Incentive etc. to Managerial Personnel, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The Remuneration / Compensation / Profit Linked Incentive etc. to be paid for Managerial Personnel shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- c) Managerial Personnel, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. 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 on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

- d) If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
- e) If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.
- f) Increments if declared to the existing remuneration / compensation structure shall be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Personnel.
- g) Where any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and Senior Management 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.
- h) Only such employees of the Company as approved by the Nomination and Remuneration Committee will be granted ESOPs.

G. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTORS:

a) Remuneration / Profit Linked Commission:

The remuneration / profit linked commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

b) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) Limit of Remuneration /Profit Linked Commission:

Remuneration /profit linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit as specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

d) Stock Options:

Pursuant to the provisions of the Companies Act 2013, Managerial Personnel, KMP, Senior Management and an employee shall be entitled to any Employee Stock Options (ESOPs) of the Company.

H. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:

- a) The Company shall familiarize the Independent Directors with the company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the company, etc., through various programs.
- b) The details of such familiarization programs shall be disclosed on the Company's website and a web link thereto shall also be given in the Annual Report.

5. MONITORING, EVALUATION AND REMOVAL:

A. Evaluation:

The Committee shall carry out evaluation of performance of every Managerial Personnel, Director, KMP and Senior Management on yearly basis.

B. Removal:

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Director, KMP or Senior Management subject to the provisions of Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

C. Minutes of Committee Meeting:

Proceedings of all meetings must be minuted and signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting. Minutes of the Committee meeting will be circulated at the subsequent Board meeting for noting.

6. AMENDMENT TO THE POLICY:

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

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, circular(s) etc.

7. DISCLOSURE:

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein or alternatively the same may be put up on the Company's website and reference drawn thereto in the Annual Report.