

# REVALYU RECYCLING (INDIA) LIMITED

(earlier known as Polygenta Technologies Limited)

## NOMINATION AND REMUNERATION COMMITTEE (“NRComm”) POLICIES

### 1) Introduction

- a) In developing, adopting, and continuous monitoring and improvement of policies the Board seeks to align such policies with best practices that promote exceptional comparative performance, continuous improvement, accountability; meritocratic, risk-balanced, collaborative, sustainable; transparency; ownership;
- b) On May 06, 2014, the Board of Directors of Polygenta Technologies Limited (“Polygenta” or simply “the Company”) [now known as Revalyu Recycling (India) Limited w.e.f. 15 September 2022] (“Revalyu” or simply “the Company”)] renamed the existing remuneration committee as “Nomination and Remuneration Committee” at the Meeting held. The Committee consists of three (3) Non-Executive Directors and the Chairperson is an Independent Director.

### 2) Regulatory Requirements Relevant to NRComm

#### a) Companies Act 2013 Overview

- i) Section 178 and Companies [Meetings of Board and its Powers] Rules 2014
  - (1) Constitution of the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors
  - (2) The Nomination and Remuneration Committee shall 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 carry out evaluation of every director’s performance.
  - (3) The Nomination and Remuneration Committee shall 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 senior management personnel i.e. employees at one level below the Board including functional heads.
- ii) The Nomination and Remuneration Committee shall, while formulating the policy ensure that:—
  - (1) 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;
  - (2) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (3) 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.

Provided that such policy shall be placed on the website of the Company, if any and the salient features of the policy and changes therein, if any, along with web address of the policy, if any, shall be disclosed in the Board’s Report.

#### b) \* Listing Agreement Clause 49 Overview

- i) Nomination and Remuneration Committee - The Company shall set up a Nomination and Remuneration committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least half shall be independent. The Chairperson of the committee shall be an independent director.
- ii) The role of the committee shall, inter-alia, include the following:
  - (1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
  - (2) Formulation of criteria for evaluation of Independent Directors and the Board;

- (3) Devising a policy on Board diversity;
  - (4) Identifying persons who are qualified to become directors and who may be appointed to KMP and Senior Management positions in accordance with the criteria laid down, and recommending to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
- c) The Nomination and Remuneration Committee and this Policy shall comply with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement and take into consideration as it sees fit other relevant references and standards for corporate governance best practice.
- \* The Company is delisted w.e.f.30 April 2020 and therefore, listing agreement and LODR (Listing Obligation and Disclosure Requirement) are not applicable from that date

### 3) Terms of Reference of the Nomination and Remuneration Committee

- a) Formulate the criteria for determining qualifications, positive attributes and independence of Directors, oversee Directors induction and familiarisation program, and organise the ongoing evaluation of Directors and the Board;
- b) Identify persons who are qualified to become directors in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- c) Recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits such as Commission, if any, payable to the Non- Executive Directors as well as their terms of appointment.
- d) Identify and evaluate the suitability of candidates for Key Managerial Personnel and Senior Management and develop appropriate compensation package for them in coordination with the Company executive management to recommend their appointment and such compensation to the Board;
- e) Recommend to the Board a policy, relating to the remuneration for Wholetime and executive directors, Key Managerial Personnel and other employees (including salary, perquisites, incentive and performance related compensation, and commissions as may be applicable and permitted by law); and
- f) Devising a policy on Diversity
- g) Definition of Terms:
  - i) **“Act”** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
  - ii) **“Board”** means the Board of Directors of the Company.
  - iii) **“Central Government”** means Registrar of Companies, Regional Director or any other authority under the Ministry of Corporate Affairs.
  - iv) **“Directors”** mean the Directors on the Board of the Company.
  - v) **“Key Managerial Personnel”** or **“KMP”** means
    - (1) the Chief Executive Officer or the Managing Director;
    - (2) Whole-time Director if there is one;
    - (3) Chief Financial Officer;
    - (4) Company Secretary; and
    - (5) Such other officer as may be prescribed.
  - vi) **“Senior Management”** means Senior Management means personnel of the Company who are members of its core management team excluding the Board of Directors, including Functional Heads.

### 4) Appointment and Evaluation of Directors

- a) Appointment Criteria, Selection, and Induction (including term and tenure)
  - i) For candidates to be considered for selection to be a Director the candidate should:
    - (1) Be able to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.

- (2) Have excellent financial and/or business literacy and skills;
  - (3) Have appropriate other qualification/experience to meet the objectives of the Company;
  - (4) Be prepared to devote time to update their knowledge and skills with the Company's latest developments and corporate governance best practices;
  - (5) Be willing to devote sufficient time and attention to the Company's business and discharge their responsibilities;
  - (6) Bring independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments, and standards of conduct.
  - (7) Have the ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
  - (8) Be able to act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees; and
  - (9) Meet the requirements of the Companies Act, 2013 read with the Rules made qualifications included in applicable provisions of Companies Act 2013, rules made thereunder and Clause 49 of Listing Agreement if not otherwise enumerated above;
- ii) Candidates may also provide one or more of the following favourable attributes:
    - (1) Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service generally and stakeholders that are relevant to the Companies business and future objectives.
    - (2) Related experience in management/ governance of manufacturing companies with one or more of the following critical success factors:
      - (a) Achieving continuing innovation in its primary production processes;
      - (b) Highly effective sales function which engages with global marketing brands with a product positioning that emphasises sustainable performance;
  - iii) The NRComm shall design and oversee the orientation program for new Directors and will work with executive management to ensure that Directors are updated annually on commercial, operational, competitive, technological, regulatory, and compliance matters that materially affect the Company's business. This is to help equip Directors with the requisite information base to perform their duties.
- b) Performance Evaluation
    - i) The Directors of the Board will be evaluated by their peers as the NRComm determines it is required.
    - ii) The basis for the evaluation will be a questionnaire that will be reviewed and modified from year to year as the NRComm sees fit, with input from the Directors and pertinent third party sources which the NRComm may or may not choose to employ at its discretion.
    - iii) Appendix 1 provides a list of parameters to which the NRComm will refer in implementing the annual evaluation of Directors.
  - c) Succession Planning – The NRComm will review at least once annually and otherwise as circumstances may require succession planning and provisions for the Company's Directors.
  - d) Appointment Process and Terms – The NRComm will be responsible to establishing and implementing a transparent process for the appointment of Directors to the Board which shall include:
    - i) Making recommendations as to the appropriate size, diversity and composition of the Board;
    - ii) Ensuring that upon appointment to the Board, Directors receive a formal letter of appointment in accordance with the guidelines provided under the Act;
    - iii) Identifying and recommending Directors who are to be put forward for retirement by rotation;
    - iv) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
    - v) Taking care that 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;

- vi) Providing for the additional terms and conditions that apply to the appointment of Independent Directors as per provisions of the Act including that:
  - (1) An Independent Director shall hold office for a term up to five consecutive years on the Board 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;
  - (2) 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, provided further 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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.
  - (3) At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is in compliance with the provisions under the Act.

#### **5) Appointment and Evaluation of Key Managerial Personnel and Senior Management**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise, and experience of the person for appointment as KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) The Committee shall obtain from KMP its views as to the description of the executive position to be filled, recommended relevant qualifications, expertise, experience and managerial and inter-personal / communication skills required by the position as well as candidates that KMP may have identified. The KMP shall also provide relevant market-based and other data as to the appropriate range of compensation for the executive position, including an indication of absolute levels, the mix of fixed and incentive-based compensation, and perquisites that may be included.
- c) The Committee may seek third party specialist advice and assistance with identifying and recruiting as it sees fit for the position taking into consideration the Company's current operational size and financial condition;
- d) The Committee shall apply the above information in evaluating available candidates and make a recommendation to the Board as to both the candidate and appropriate terms of compensation and employment;
- e) The Committee shall complete a performance evaluation of KMP each year applying criteria established by the Committee for the respective executive positions. The Committee shall also review and advise on the performance evaluation policies, procedures, and execution of the same for the employees of the Company.
- f) Succession Planning - The NRComm will review at least once annually and otherwise as circumstances may require succession planning and provisions for the Company's KMP and Senior Management.
- g) Removal
  - i) Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.
  - ii) KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain such KMP or Senior Management personnel in the same position remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **6) Remuneration Policy for non-executive Directors**

- a) The Committee shall develop and recommend remuneration terms for non-Executive Directors subject to the following guidelines and the applicable rules and regulations of the Act and other applicable law:
  - i) The Directors' remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.
  - ii) **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 Rs. one lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time. The NRComm shall seek to recommend sitting fees that are commensurate with market practice for comparable companies in comparable industries, financial condition, and circumstances.
  - iii) **Commission:** Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding the corresponding percentage of the profits of the Company computed as per the applicable provisions of the Act.
  - iv) The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose as may be recommended by the NRComm and decided by the Board, always subject to the prevailing terms and provisions of the Act and other applicable law.

## **7) Remuneration Policy for KMP, Senior Management, Wholetime and Executive Directors**

- a) The setting of remuneration for KMP, Senior Management, Wholetime and Executive Directors ("Executive Manager") shall be guided by the following principles:
  - i) To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Executive Managers and other employees of the quality required to run the Company successfully.
  - ii) No Executive Manager shall be involved in deciding his or her own remuneration;
  - iii) Prevailing trends in corresponding and similar industries and nature and size of business is kept in view and given due consideration in determining proper competitive quantum of remuneration;
  - iv) There is a clear relationship between (i) the level of remuneration and (ii) performance and appropriate unambiguous performance benchmarks are set out and communicated;
  - v) Improved performance should be rewarded by an increase in remuneration and suitable authority for value addition in future;
  - vi) Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long-term performance objectives appropriate to the Company's working and goals.
  - vii) The following criteria are also to be considered:-
    - (1) Responsibilities and duties ;
    - (2) Time and efforts devoted;
    - (3) Value addition;
    - (4) Profitability of the Company and growth of its business;
    - (5) Analysing each and every position and skills for fixing the remuneration yardstick;
    - (6) Standards for certain functions where there is a scarcity of qualified resources.
  - viii) Other criteria that may be considered as applicable include:
    - (1) Consistent application of remuneration parameters across the organisation; and
    - (2) Whenever, there is any deviation from the Policy, the justification /reasons should also be indicated / disclosed adequately.
- b) Where any insurance is taken by the Company on behalf of its Whole-time 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.
- c) An ESOP Policy shall be developed by the Committee and recommended to the Board based on the

applicable Acts / Guidelines and consistent with the overall policy decided by the Shareholders at the General Meeting.

## **8) Conduct of Committee Business**

- a) Chairperson
  - i) The Chairperson of the Committee shall be an Independent Director.
  - ii) The Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairperson of the Committee.
  - iii) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst themselves to act as Chairperson.
  - iv) Chairperson of the Nomination and Remuneration Committee meeting should be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.
- b) Committee Membership - The Committee shall consist of a minimum three non-executive directors and one-half of them should be independent Directors. Membership of the Committee shall be disclosed in the Annual Report. Term of the Committee shall be continued unless terminated by the Board of Directors.
- c) Frequency of Meetings - The meeting of the Committee shall be held at such regular intervals as may be required.
- d) Committee Members' Interests - A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.
- e) Voting - Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee. In the case of equality of votes, the Chairperson of the meeting will have a casting vote.
- f) Minutes of Committee Meeting - Proceedings of all meetings must be minuted and signed by the Chairperson of the Committee. The same will be signed by the Chairperson within a period of thirty days.

## APPENDIX 1 – DIRECTOR EVALUATION PARAMETERS

### 1) Knowledge to perform the role

- a) Demonstrates knowledge of the sector in which the company operates
- b) Has knowledge and familiarity with the business of the Company, its subsidiaries, plants etc.
- c) Has an understanding of the key risks facing the Company.
- d) Has kept himself / herself abreast through Familiarisation Programme / module
- e) Has an understanding of the key policies of the Company
- f) Is aware of key information furnished by the Company to the Stock exchange.

### 2) Time and Level of Participation

- a) Has attended meetings of the Board or Board committees where she/he is a member
- b) Has attended general meetings of the Company including the Annual General Meeting
- c) Has participated as part of the Board / Committee meeting on performance of the Company vs. Budgets
- d) Has participated at Audit Committee meetings and discussed with Internal Auditors to understand various concerns
- e) Has participated at Audit Committee meetings and discussed with Statutory Auditors to understand various concerns
- f) Has participated at Board Meetings to understand litigations, etc.
- g) Have had discussions with the management at various meetings to understand the following:
- h) - Key performance drivers and reason for key variations in financial numbers compared to prior quarters.
- i) - Key areas of judgement and estimates
- j) - Key accounting positions taken by the Company that have a bearing on the financial performance
- k) - Understanding if any expert assistance is needed in any of the areas
- l) - Adequacy of internal controls on financial reporting
- m) Does not unfairly obstruct the functioning of the Board or Committee of the Board where she/he is a member

### 3) Performance of Duties and Level of Oversight

- a) Has reviewed levels of remunerations and terms of appointment of executive directors, key management personnel, and senior management.
- b) Has reviewed levels of remunerations and terms of appointment of statutory auditors, including

### 4) Criteria of Evaluation

- a) Independence compliance of non-audit services rendered by the statutory auditors.
- b) Has ensured that concerns raised are addressed by the Board. If significant concerns are not addressed, ensures that these are minuted in the minutes of the Board meeting.
- c) Has reviewed the Related Party transactions and ensured that they are in the interest of the Company.
- d) Has participated constructively and objectively in all meetings of the Board or committee of the Board where he is a member
- e) Has evaluated all significant complaints and whistle blower information received by the Company.
- f) Has reviewed the Annual Report, especially the MD&A.

### 5) Professional Conduct and Independence

- a) Has complied with the Code of Conduct of the Company
- b) Has complied with the Insider Trading Policy of the Company
- c) Has maintained confidentiality of all information obtained in the capacity of an Independent Director.
- d) Has provided timely declaration to the Company as required by section 149 (6) and 149 (7) of Companies Act 2013.
- e) Has intimated the Company immediately if there are any issues relating to Independence.
- f) Has not abused his or her position for gaining any personal benefit either for himself (herself) or any related person.
- g) Has no litigation pending relating to issues of integrity.