



***NUPUR RECYCLERS LIMITED***

***CRITERIA FOR MAKING PAYMENT TO NON  
EXECUTIVE DIRECTOR & NOMINATION AND  
REMUNERATION COMMITTEE***

***With effect from 6<sup>th</sup> October 2021***

Overall remuneration should be reflective of the size of the Company, complexity of the sector/industry/company's operations and the company's capacity to pay the remuneration. Independent Directors ("ID") and Non-Independent Non- Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required. Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the Nomination & Remuneration Committee and approved by the Board. Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).

Overall remuneration practices should be consistent with recognized best practices. The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company's performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board. The NRC will recommend to the Board, the quantum of commission for each Director based upon the outcome of the evaluation process, which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by Directors other than in meetings. In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/ Committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/ management, site visits, induction and training (organized by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

In keeping with the above, any fee/remuneration payable to the Non-Executive Directors of the company shall abide by the following:

**Membership:**

The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent. Minimum two members or one third of the members of the Committee whichever is greater, shall constitute a quorum for the Committee meeting. The members of the Committee shall be appointed or removed by the Board of Directors.

**Chairman:**

The Chairman of the Committee shall be an independent director. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman. The Chairman of the Committee could be present at the Annual General Meeting of the Company to answer shareholders queries or may nominate some other member to answer the shareholders' queries. However, the Chairman of the Board shall decide who would answer the queries.

**Term Of Reference**

- a) To formulate 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;
- b) Formulation of criteria for evaluation of Directors;
- c) Devising a policy on Board Diversity
- d) While formulating the remuneration policy, to ensure that -
  - 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;

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.

e) Identifying the person who is qualified to become a Director or senior managers in accordance with criteria let down and recommend to the Board their appointment and removal. The Company shall disclose remuneration policy and evaluation criteria in its annual reports

f) To have relevant experience of contributions to the deliberations of the Board and Corporate Governance

### **Selection of New Directors**

Factors to be considered when reviewing a potential candidate for Board appointment include without limitation:

To have relevant experience in Finance/ Law/ Management/ Sales/Marketing/ Administration/deliberations of Board/ Corporate Governance or the other disciplines related to company's business.

The capability of the candidate to devote the necessary time and commitment to the role. This involves a consideration of matters such as other Board or executive appointments; and

Potential conflicts of interest, and independence.

### **Criteria For Determining Qualifications, Positive Attributes & Independence Of Director**

a) Qualifications of Independent Director:-

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related and beneficial to the company's business.

b) Positive attributes of Independent Directors:-

An independent director shall be a person of integrity, who possesses relevant expertise & experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

c) Independence of Independent Directors:-

An Independent director should meet the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, concerning independence of directors.

### **Sitting Fee:**

Such director(s) may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or any other meeting as required by Companies Act, 2013, SEBI (Listing Obligation Disclosure Requirement) Regulation 2015 or other applicable law or for any other purpose whatsoever as may be decided by the Board;

### **Remuneration to NED:**

Under the Companies Act, 2013, Section 197 allows a company to pay remuneration to its NEDs either by way of a monthly payment or at a specified percentage of the net profits of the company

or partly by one way and partly by the other. Further, the section also states that where the company has either managing director or whole-time director or manager, then a maximum of 1% of its net profits can be paid as remuneration to its NEDs. In case there is no managing director or whole-time director or manager, then a maximum of 3% of net profit can be paid. Thus, the basis of payment to the NEDs is the net profit of the Company. The Company is however not obligated to remunerate its NEDs.

**Refund of excess remuneration paid:**

If any such director draws or receives, directly or indirectly, by way of fee / remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it.

**Reimbursement of actual expenses incurred:**

NEDs may also be paid/reimbursed such sums either as fixed allowance and / or actual as fair compensation for travel, boarding and lodging and incidental and / or actual out of pocket expenses incurred by such member for attending Board/Committee Meetings. The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of NEDs.

**Payment to independent directors:**

An independent director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit related commission up to a certain percentage of net profits in such proportion, as may be permissible under the applicable law.

**By order of the Board  
For Nupur Recyclers Limited**

**(Company Secretary & Compliance officer)**