

NOMINATION AND REMUNERATION POLICY OF

ORGANIC RECYCLING SYSTEMS LIMITED

The information under Section 134 (3) (e) of the Companies Act, 2013 with respect to the Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178.

Organic Recycling Systems Limited

Nomination and Remuneration Policy

1. Introduction:

In pursuance of the Company's philosophy to consider human resources as its invaluable assets and to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and Senior Management of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

2. Objective and purpose of the Policy:

The objective and purpose of this policy are:

1. Formulation of 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 diversity of Board of Directors;
4. 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 Board their appointment and removal.
5. 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;
6. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

7. 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.

4. Definitions:

- i) Board means Board of Directors of the Company.
- ii) Directors mean Directors of the Company.
- iii) Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- iv) Company means Organic Recycling Systems Limited.
- v) Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
- vi) Key Managerial Personnel (KMP) means:
 - a) Managing Director; or Chief Executive Officer or manager
 - b) Company Secretary;
 - c) Whole time Director;
 - d) Chief Financial officer;
 - e) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board;
 - f) Such other officer as may be prescribed.
- vii) Senior Management 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.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

5. Applicability

The Policy Shall be applicable to:

- i) Directors (Executive, Non-Executive and Independent)
- ii) Key Managerial Personnel
- iii) Senior Management

6. General Provisions

This Policy is divided in three parts:

Part – A covers the matters to be dealt with and recommended by the Committee to the Board,

Part – B covers the appointment and nomination and

Part – C covers remuneration and perquisites etc.

PART – A

Matters to be dealt with, Perused and Recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

- i) Formulate the criteria for determining qualifications, positive attributes and independence of a director. The Committee may consider following criteria for the same:
 - a) Possess fundamental qualities of intelligence, perceptiveness, good judgment, maturity, high ethics and standards, integrity, experience & expertise (including proficiency) and fairness.
 - b) Have a genuine interest in the Company and recognition that, as a member of the Board, one is accountable to the shareholders of the Company, not to any particular interest group.

- c) Have, as a general rule, a background that includes broad business experience or demonstrates an understanding of business and financial affairs and the complexities of a large, multifaceted, global business organization.
- d) Have no irreconcilable conflict of interest or legal impediment which would interfere with the duty of loyalty owed to the Company and its shareholders.
- e) Have the ability and be willing to spend the time required to function effectively as an Independent Director.
- f) Have independent opinions and be willing to state them in a constructive manner.
- g) For every appointment of Independent director, the 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
 - h) c. consider the time commitments of the candidates.
- i) The Independent Director shall not less than 21 years of age
- j) The Independent Director is/was not a promoter of the Company or its holding, subsidiary or associate companies or member of promoter group of the Company and not related to promoters or directors of the Company, its holding, subsidiary or associate company or to persons occupying management positions at the board level or at one level below the board in the Company
- k) The Independent Director, apart from the Directors remuneration, do not have any material pecuniary relationship/transactions with the Company, its promoters, its directors, or its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year.
- l) None of Independent Directors relative
 - a. is holding securities of or interest in the company, its holding, subsidiary or associate company or their promoters, or directors during the three

immediately preceding financial years or during the current financial year, of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the Company, its holding, subsidiary or associate company, respectively or amounting to 2% or more of its gross turnover or total income or Rs.50 lakhs.

- b. is indebted to the Company or its holding, subsidiary or associate company or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or Rs. 50 lakhs, during the three immediately preceding financial years or during the current financial year.
 - c. has given a guarantee or provided any security in connection with the indebtedness of any third person to the Company, its holding, subsidiary or associate company or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or Rs.50 lakhs, during the three immediately preceding financial years or during the current financial year.
 - d. had or have, any other pecuniary transaction or relationship with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or Rs. 50 lakhs.
- m) Neither Independent Director nor his/her relative
- a) Hold or has held the position of a key managerial personnel or is or has been an employee of the company or its holding, subsidiary or associate company or any company belonging to the Promoter group of the Company during the three immediately preceding financial years or during the current financial year.
 - b) is or has been, an employee or proprietor or a partner, during the three immediately preceding financial years or during the current financial year, of:
 - a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company;or
 - any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
 - c) holds together with my relatives 2% or more of the total voting power of the Company; or
 - d) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts or corpus from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds 2% or more of the total voting power of

the Company; or

- e) is a material supplier, service provider or customer or a lessor or lessee of the Company;
 - n) Independent Director possesses requisite qualifications as required as per Section 149 of Companies Act, 2013 read with Rule 5 of Companies (Appointment and Qualification of Directors) Rules, 2014 and name is included in Independent Director's Databank and shall take necessary steps to comply the provision as specified in sub-rule (2) of rule 6 the Companies (Appointment and Qualification of Directors) Rules, 2014
 - o) Independent Director is not a non-independent director of another company on the board of which any non-independent director of the Company is an independent director
 - p) The Independent Directors have not been an executive of the Company in the immediately preceding three financial years;
 - n) No person shall be appointed as alternate director for an independent director.
 - o) Person shall not serve as an independent director in more than seven listed entities.
 - p) Person shall not serve as an independent director in more than three listed entities if he/she is serving as a whole time director / managing director in any listed entity
- ii) Identify persons who are qualified to become Director. The Committee may consider following criteria for the same:
- a) Directors will be selected on the basis of talent and experience without regard to race, religion, sex or national origin. The Company seeks a Board with a diversity of background among its members and a Board that will possess certain core competencies.
 - b) Directors will be leaders in their field, have broad experience, show familiarity with national and international issues, possess sound business judgment, and have other attributes that will enhance shareholder value.
 - c) Possess fundamental qualities of intelligence, perceptiveness, good judgment, maturity, high ethics and standards, integrity and fairness.

- d) Have a genuine interest in the Company and recognition that, as a member of the Board, one is accountable to the shareholders of the Company, not to any particular interest group.
 - e) Have no irreconcilable conflict of interest or legal impediment which would interfere with the duty of loyalty owed to the Company and its shareholders.
 - f) Have the ability and be willing to spend the time required to function effectively as a Director.
- iii) Identify persons who may be appointed in Key Managerial and Senior Management.

In respect of Key managerial Persons, other than Managing Director and Whole-time Directors (which were covered above), and Senior Management the Committee may consider following criteria:

- g) Possess fundamental qualities of intelligence, perceptiveness, good judgment, maturity, high ethics and standards, integrity and fairness.
 - h) Possess necessary educational qualification required for the position.
 - i) Minimum and maximum age for the post
 - j) Minimum relevant experience for the post.
- iv) Recommendation to the Board, Appointment of Directors, Key Managerial Persons and Senior Management.

The Committee will time to time discuss and review with Managing Director, whole-time Director and HR Department about the appropriate skills and characteristics of Directors, Key Managerial Persons and Senior Management. This should include issues of diversity, age, business or academic background and other criteria that the Committee finds to be relevant. Based on this discussion and review, the Committee may submit its report to the Board on appointment of Director, Key Managerial Persons and Senior Management.

PART – B

Policy for Appointment and Removal of Director, KMP and Senior Management

I. Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. 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.
3. The Company shall not appoint or continue the employment of any person as Whole-time Director who has not attained the age of 21 years or 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.

II Term / Tenure:

1. Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time 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.

2. 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 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, 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. 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.

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 seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

3. Evaluation:

The Committee shall carry out annual evaluation of performance of every Director, Key Managerial Persons and Senior Management. The Committee may discuss and review with Managing Director, Whole-time Director, HR Department and Head of Departments about the appropriate skills, characteristics of Directors, Key Managerial Persons and Senior Management. Based on this discussion and review, the Committee may submit its report to the Board on evaluation for appraisal, rewards, recognition etc. of Director, Key Managerial Persons and Senior Management.

4. Removal:

Pursuant to any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a Key Managerial Persons and Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

The Committee will time to time discuss and review with Managing Director, Whole-time Director and HR Department about the performance and suitability of Directors, Key Managerial Persons and Senior Management. Based on this discussion and review, the Committee may submit its report to the Board on removal of Director, Key Managerial Persons and Senior Management.

5. Retirement:

The Director, Key Managerial Persons and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, Key Managerial Persons and Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART – C

Policy Relating to the Remuneration for the whole-time Director, Key Managerial Persons and Senior Management

1. General:

- I. The remuneration / compensation / commission etc. to the Managing Director, Whole-time Directors, Key Managerial Persons and Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

- II. The remuneration and commission to be paid to the Managing Director, 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.
- III. The remuneration and commission to be paid to Non-Executive Directors and Independent Directors should be based on time spent carrying out Board and committee responsibilities and be competitive with comparable companies. In addition, a significant portion of Director compensation should align Director's interests with the long-term interests of shareholders.
- IV. The Company management should report to the Committee on an annual basis about the Company's compensation practices compared with those of other peer companies, industry and current market scenario. The Committee makes recommendation to the Board relating thereto. The Board should make changes in its compensation practices only upon the recommendation of the Committee.
- V. The Committee will consider following components in remuneration of Director, Key Managerial Persons and Senior Management:
 - a. Fixed Pay: The Managing Director, Whole-time Director, Key Managerial Persons and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up 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.
 - b. Commission of net Profit to Directors, to the extent permissible under Companies Act, 2013, Rules and Regulation, as amended from time to time, Articles of association and approved by the Shareholders of the Company.
 - c. Sitting fees for attending board and its committee meetings by Non-Executive and Independent Directors to the extent permissible under Companies Act, 2013, Rules and Regulation, as amended from time to time, Articles of Association and approved by the Shareholders of the Company.
 - d. Incentives to Managing Director, Whole-time Director Key

Managerial Persons and Senior Management, based on the performance of the Company as well individual performance.

- e. Stock options to Key Managerial Persons and Senior Management. Independent Directors shall not be entitled to any stock option of the Company.
- f. Any other Benefits such as company car, company health care facility, telephone, company housing as may be.

VI. The Committee may review existing Remuneration of Directors, Key Managerial Persons and Senior Management. Increments or revision to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of the Directors of the Company.

VII. 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, Whole-time Director 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 previous approval of the Central Government.

VIII. Provisions for excess remuneration:

If any Director 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, he / she shall hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

IX. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, 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.