



**POLICY ON SELECTION, APPOINTMENT, PERFORMANCE
EVALUATION AND REMUNERATION OF DIRECTORS AND KEY
MANAGERIAL PERSONNEL**

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This policy on Selection, Appointment, Performance Evaluation and Remuneration (the “**Policy**”) applies to the Board of Directors (the “**Board**”) and the Key Managerial Personnel (the “**KMP**”) of **Mangalam Organics Limited** (the “**Company**”).

“**Key Managerial Personnel (KMP)** means –

- (i) Managing Director;
- (ii) Executive Director
- (iii) Chief Financial Officer;
- (iv) Chief Executive Officer
- (v) Company Secretary, and
- (vi) Such other Officer as may be prescribed.

This Policy is in compliance with **Section 178 of the Companies Act, 2013** read along with applicable rules made thereunder and **Regulation 19 (4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015** as amended from time to time.

1. Preamble

1.1 Sub-section (3) of Section 178 of the Companies Act, 2013 states that 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 other employees.

1.2 Section 178 of the Companies Act, 2013 has been made effective from April 1, 2014 by the Central Government by notification no. S.O. 902(E) issued on March 26, 2014.

Therefore this Nomination and Remuneration Policy (“the Policy”) has been framed in compliance with the provisions of the Act and Rules made under the Act.

1.3 The Policy provides a framework for remuneration to the members of the Board of Directors (“Board”), Key Managerial Personnel (“KMP”) and the Senior Management Personnel (“SMP”) of the Company (collectively referred to as “Executives”).

The expression “**senior management**” means employees of Company who are members of its core management team excluding directors comprising all members of management one level below the executive directors, including the functional heads.

1.4 The Members of the Committee shall be appointed by the Board and shall comprise three or more non-executive directors out of which not less than one-half shall be independent directors. Any fraction in the one-half shall be rounded off to one.

1.5 This Policy will be called “MOL Nomination & Remuneration Policy” and referred to as “the Policy”. The Policy will be reviewed at such intervals as the Nomination and Remuneration Committee will deem fit.

2. Purpose

The primary objective of the Policy is to provide a framework and set standards for the selection, appointment, performance evaluation and remuneration of the Directors and Key Managerial Personnel.

The Company aims to achieve a balance of merit, experience and skills amongst its Directors and Key Managerial Personnel.

3. Accountabilities

3.1 The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.

3.2 The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors and Key Managerial Personnel of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

4. Appointment of Directors and KMPs

4.1 Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMP are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee considers the following:

- assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;
- the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
- the skills and experience that the appointee brings to the role of KMP;
- the nature of existing positions held by the appointee including Directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;

4.2 Board Diversity:

The Nomination and Remuneration Committee shall assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board.

4.3 Selection Criteria:

- Demonstration of independence, integrity, high personal and professional ethics;

- Ability and willingness to commit sufficient time to the responsibilities as a Board member;
- Understanding of the Company's business and related industry
- General understanding of marketing, finance, and other disciplines relevant to the business of the Company/Group;
- Educational and professional background – professional qualification and/or experience of having to run a business at senior management and decision making level;
- Age giving sufficient experience as well as length of service available;
- Ability to assessment the conflict of interest, if any;
- Personal accomplishments and ability to influence decisions.
- Excellent interpersonal, communication and representational skills;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;

The above are the broad parameters for assessing the candidate's suitability. The Nomination and Remuneration Committee has the discretion to apply additional or different criteria as it may deem fit. The Nomination and Remuneration Committee may also consider the contributions that a board candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances

4.4 Regulatory Requirements

The Nomination and Remuneration Committee will keep in mind regulatory requirements in this regard. For example, a person cannot serve on more than seven listed company boards in addition to the Company.

Also a person who serves as the Managing Director/Chief Executive Officer (or equivalent position) of any Company cannot serve on the Board of more than three additional public listed Companies. The Company may appoint or re-appoint any person as the Managing Director and/or Whole-time Director for a term not exceeding five years at a time. Further, they shall not be reappointed earlier than one year before the expiry of their term.

An Independent Director can hold office for a term up to **five consecutive years** on the Board of the Company and he is 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 can hold office for more than **two consecutive terms of five years**, but such Independent Director is 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.

4.5 Letters of Appointment

Each Director / KMP is required to sign a letter of appointment, as acceptance of the offer, with the Company containing the terms of appointment and the role assigned in the Company.

5. Remuneration of Directors and Key Managerial Personnel

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors and Key Management Personnel.

The Directors remuneration and Key Management Personnel's salary shall be based & determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Nominations & Remuneration Committee determines individual remuneration packages for Directors and KMPs of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee consults with the Chairman of the Board as it deems appropriate.

5.1 Evaluation Process for Directors and KMPs:

The Company follows annual evaluation for its KMPs and other eligible employees including the senior management team.

A process modelled on this method has been designed for evaluation of Directors. Under this process, the Company Management team will:

- help define criteria for evaluations
- formulate the process for evaluating and rating each Director
- design the evaluation templates/questionnaire and implementation process
- coordinate and collate feedback received from each Director
- analyze feedback received from each Director and prepare summary thereof
- share the evaluation summary with the Chairman of the Nomination and Remuneration Committee
- share the feedback with the Chairman of the Board

The above process will be implemented and controlled from the Chairman's office and the summary will be prepared without attributing any comment to the person who made it. Such summary of observations will be shared with the directors in confidence.

5.2 Key Evaluation Criteria

- Providing effective leadership and strategic guidance to the management
- Understanding the Business, including the Risks and regulatory landscape
- Attendance at and active engagement in the discussion of business performance, competitive landscape and strategies.
- Development and monitoring of leadership teams, Compliance focus and insistence on ethical business practices.
- Nudging for long term focus areas such as Succession Planning, Business Continuity Planning etc.
- Management of conflicts in Board discussion
- Management of Conflict of Interest
- Compliance with policies regarding retirement age, tenure, and other governance standards.

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

5.3 The Non-executive Directors and Independent Directors will receive remuneration by way of sitting fees for attending meetings of the Board and/or Committee thereof, as decided by the Board from time to time subject to the limits specified under the Companies Act, 2013 (the Act) including any amendments thereto. In addition to the sitting fees, the Non-executive and Independent Directors may also be paid commission as may be determined by the Board subject to the limits specified under the Act. The remuneration of Non-executive Directors and Independent Directors will be governed by the role assumed, number of meetings of the Board and the committees thereof attended by the directors, the position held by them as the Chairman and member of the committees of the Board and overall contribution to the business. Besides these, the determination of remuneration of independent directors will also depend on the external competitive environment, track record, individual performance of the directors and performance of the Company as well as the industry standards.

5.4 The remuneration payable to the Directors shall be as per the Company's policy and shall be valued as per the Income tax Act.

5.5 The remuneration payable to the Key Managerial Personnel shall be as may be decided by the Board having regard to their experience, leadership abilities, initiative taking abilities and knowledge base.

6. Independence Standards

a) Legal Framework

A director shall be considered independent if he or she meets the criteria as defined under:

- Section 149(6) of the Companies Act, 2013 and relevant Rules;
- Regulation 16(1)(b) of the SEBI Listing Regulations;
- Any other applicable regulatory provisions as may be amended from time to time.

b) Independence Review Procedure

Annual Review

The independence of all Independent Directors shall be evaluated annually by the Board based on declarations and disclosures received under Section 149(7) of the Companies Act, 2013 and as per the Listing Regulations.

Interim Appointments

In case a director is proposed to be appointed between AGMs, the NRC shall evaluate the independence and recommend to the Board, which shall make a formal determination prior to the appointment.

Notice of Change in Independence Status

Each director has a continuing obligation to immediately notify the Board of any change in circumstances that may impact their independence. The Board shall assess such change and determine whether the director continues to qualify as “Independent.”

Board Discretion

Notwithstanding satisfaction of formal criteria, the Board reserves the right to determine that a director is not independent based on specific facts and circumstances.

7. Review and Disclosure

- This policy shall be reviewed periodically by the NRC and updated as necessary to align with regulatory amendments and best governance practices.
- The criteria set forth herein shall be disclosed in the Company’s Board Report and/or Corporate Governance Report, as applicable, in accordance with the Companies Act, 2013 and the SEBI Listing Regulations.
