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1 PREAMBLE

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management (“Nomination and Remuneration Policy”) has been formulated by the Nomination and Remuneration Committee, in pursuance of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and approved by the Board of Directors.

2 DEFINITIONS

“Board” means Board of Directors of the Company

“Company” means Mangalore Chemicals & Fertilizers Limited

“Directors” mean Directors of the Company.

“Key Managerial Personnel” means

- Chief Executive Officer or the Managing Director or the Manager;
- Whole-time director;
- Chief Financial Officer;
- Company Secretary; and
- Such other officer as may be prescribed.

“Nomination and Remuneration Committee” means Committee of Board of Directors of the Company constituted as per the provisions of Section 178 of the Companies Act, 2013 and the Rules made thereunder.

“Senior Management” means personnel of the company who are members of its core management team excluding Board of Directors, comprising all members of management one level below the Executive Directors, including the functional heads.

3 NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors shall constitute a Nomination and Remuneration Committee in accordance with the requirements of Section 178 of the Companies Act, 2013, the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

4 ROLE OF NOMINATION AND REMUNERATION COMMITTEE

The role of the committee shall, inter-alia, include the following:

- a. Formulation of the criteria for determining qualifications, positive attribution and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management;
- b. For every appointment of an independent director, the Nomination and Remuneration 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:
 - i. use the services of an external agencies, if required;
 - ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - iii. consider the time commitments of the candidates.
- c. Formulation of criteria for evaluation of Independent Directors and the Board;
- d. Formulation of process for grant, allot, issue, administer, cancel and forfeit employees' stock options under any ESOP schemes of the Company and to exercise such powers as conferred by the Board of Directors from time to time;
- e. Devising a policy on Board diversity;
- f. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down in this policy, and recommend to the Board their appointment and removal.
- g. Recommend to the Board 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.
- h. Recommend to the board, all remuneration, in whatever form, payable to senior management.

5 GUIDELINES ON NOMINATION AND REMUNERATION

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend to the Board his / her appointment.
- b. The Company should ensure that the person so appointed as Director/ Independent Director/ Key Management Personnel/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, Rules made thereunder, Listing Regulations or any other enactment for the time being in force.
- c. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, Rules made thereunder, Listing Regulations or any other enactment for the time being in force.
- d. On the recommendation of the Committee, the Board of Directors shall decide the term or the tenure of individual Directors and Key Managerial Personnel, which shall be subject to the provisions of the Companies Act, 2013 and the Rules made there under and the Listing Regulations, if applicable.
- e. The sitting fees of the Directors shall be determined by the Board and shall be within the limits prescribed under the provisions of the Companies Act, 2013 and the Rules made thereunder.
- f. The Committee shall recommend to the Board, the remuneration, compensation and commission to be paid to the Managing Director / Whole time Director / Non – Executive Directors, which 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.
- g. The Committee shall carry out evaluation of performance of every Director and Key managerial personnel.
- h. Any revision, changes or modification in the pay structure of Managing Director / Whole time Director / Non – Executive Directors shall be subject to recommendation of the Committee.
- i. The Committee shall conduct annual performance appraisals for Managing/Whole Time Director/Executive Director and recommend to the Board for any variation in the salary within the limits approved by the shareholders.
- j. The Committee authorizes the Managing Director to decide and approve the remuneration, pay structure and annual increment of the Senior Management and Key Managerial Personnel, in consultation with respective Appraisal Committee constituted from time to time for review of annual appraisals and performance ratings.
- k. The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, Key Managerial Personnel or Senior Management Personnel, if any Director, Key Managerial Personnel or Senior Management Personnel suffers any disqualification under the Companies Act, 2013, or under any other applicable Acts and Rules thereunder.

- l. The Director, Key Management Personnel and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing HR policy of the Company. The Board will have the discretion to retain the Director, Key Management Personnel, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.
- m. The Board of Directors shall have the optimum combination of Directors from the different areas to have diversified board composition.
- n. 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.

6 AMENDMENTS AND GOVERNING LAW

The Board of Directors, on its own and / or as per the recommendations of the Nomination and Remuneration Committee can amend this Policy as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, which make the provisions laid down under this Policy inconsistent with such amendment(s), clarification(s), circular(s) etc. 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(s), circular(s) etc.

This Policy shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as Regulation 19 of the Listing Regulations or such other Rules / Regulations, as may be notified by SEBI from time to time.