

MANDHANA INDUSTRIES LIMITED

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

- 1.1 Mandhana Industries Limited (the ‘**Company**’) recognizes the importance of attracting, retaining and motivating personnel of high calibre and talent for the purpose of ensuring efficiency and high standard in the conduct of its affairs and achievement of its goals besides securing the confidence of the shareholders in the sound management of the Company. For the purpose of attaining these ends, the Company has constituted a Nomination and Remuneration Committee which is entrusted with the task of devising a transparent reasonable and fair policy of remuneration for its directors, key managerial personnel and other employees.
- 1.2 The Companies Act, 2013 *vide* sub-section (3) of section 178, the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) makes it mandatory for the Board of Directors of every listed company to constitute a Nomination and Remuneration Committee.
- 1.3 The objective of the Nomination and Remuneration Committee is to assist the Board of Directors of the Company and its controlled entities in fulfilling its responsibilities to shareholders by :
 - 1.3.1. ensuring that the Board of Directors is comprised of individuals who are best able to discharge the responsibilities of directors in consonance with the Companies Act, 2013 and the norms of corporate governance contained in the Companies (Corporate Social Responsibility Policy) Rules, 2014; and
 - 1.3.2. ensuring that the nomination processes and remuneration policies are equitable and transparent.
- 1.4 The responsibilities of the Nomination and Remuneration Committee include:
 - 1.4.1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
 - 1.4.2. formulation of criteria for evaluation of performance of independent directors and the board of directors;

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- 1.4.3. devising a policy on diversity of board of directors;
 - 1.4.4. 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 of directors their appointment and removal. and
 - 1.4.5. 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
- 1.5 This Nomination and Remuneration Policy has been formulated with a view to :
- 1.5.1 devise a transparent system of determining the appropriate level of remuneration throughout all levels of employees and teams in the Company;
 - 1.5.2 encourage personnel to perform to their highest level;
 - 1.5.3 provide consistency in remuneration throughout the Company;
 - 1.5.4 offer incentives on the premise of aligning the performance of the business with the performance of key employees and teams within the Company; and
 - 1.5.5 set out the approach to diversity on the Board as delineated in the **Annexure** to this Policy.
- 1.6 The Nomination and Remuneration Policy elucidates the types of remuneration to be offered by the Company and factors to be considered by the Board of Directors of the Company, Nomination and Remuneration Committee and management of the Company in determining the appropriate remuneration policy for the Company.
- 1.7 The Nomination and Remuneration Policy applies to the Company's senior management employees, including its Key managerial personnel and Board of Directors.

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2. DEFINITIONS

Some of the key terms used in the Nomination and Remuneration Policy are as under:

- 2.1 **'Board'** means the Board of Directors of Mandhana Industries Limited or the Company.
- 2.2 **'Committee'** means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with Section 178 of the Companies Act, 2013.
- 2.3 **'Director'** means a director appointed on the Board of the Company including executive; non-executive; and independent directors.
- 2.4 **'Employee'** means every senior management employee, including Key managerial personnel and directors on the Board.
- 2.5 **'Key managerial personnel'** includes managing director, or Chief Executive Officer or manager and in their absence, a whole-time director; company secretary; and Chief Financial Officer.
- 2.6 **'Member'** means a director of the Company appointed as member of the Committee.
- 2.7 **'Nomination and Remuneration Policy'** shall mean the policy of remuneration of directors, key managerial personnel and other employees of the Company determined by the Nomination and Remuneration Committee.
- 2.8 **'Senior management'** or **'Senior management employees'** means the 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

- 3.1 The Committee shall be formed by the Board of the Company. It shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors. The Board of the Company shall nominate directors as Members of the Committee from time to time.
- 3.2 The Chairman of the Committee shall be an independent director but shall not be the Chairperson of the Company. He shall be present at the Annual General Meeting, to answer the shareholders' queries and may determine as to who should answer the queries.

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3.3 The presently nominated members of the Committee are :

- 1) Mr. Chandrakant Shetty (Chairman)
- 2) Mr. Jeenendra Bhandari
- 3) Mr. Pandharinath Parab

4. LETTER OF APPOINTMENT OR CONTRACT OF EMPLOYMENT

4.1 The Company shall issue a Letter of Appointment to Non-executive directors setting out the terms and conditions, if any and the same shall be approved by the Board in consonance to the provision of the Companies Act, 2013 and applicable Regulations of the Listing Regulations and any amendments thereto.

4.2 Executive directors, key managerial personnel and senior management employees shall enter into a contract with the Company or a Letter of Appointment shall be issued by the Company clearly setting out the terms and conditions of the remuneration package for such person. The contract of employment/Letter of Appointment may set out the expectations for the performance, the key performance indicators, measures and criteria for assessment or evaluation of performance.

4.3 The Committee and the Board shall approve the contracts of employment/letter of appointment of directors and Key Managerial Personnel. For senior management employees, such appointments shall be considered and approved either by the Executive Chairman or by the Managing Director of the Company and brief particulars of such appointment(s) made by the Executive Chairman or by the Managing Director shall be placed before the Committee at regular intervals for its noting and ratification.

The Board shall disclose the terms and conditions of any contract of employment / letter of appointment in accordance with the law.

5. REMUNERATION STRUCTURE

5.1 REMUNERATION TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board shall, in consultation with the Committee approve and finalize the forms of remuneration to be offered to directors and key managerial personnel. The remuneration package shall be composed of amounts that are fixed and variable and the endeavour of the Board and the Committee shall be to strike a balance between the fixed and variable components and thereby promote sustainable value for the Company and its shareholders over time.

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5.1.1 Fixed Remuneration

The contract of employment / letter of appointment entered into by the executive directors / key managerial personnel with the Company shall demarcate the cost to the Company, fixed gross salary or base salary payable to the employee. The fixed remuneration or salary shall be determined according to complexities of the position and role of the executive directors / key managerial personnel, the relevant laws and regulations, conditions prevalent in the labour market and the scale of the business relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the Company.

5.1.2 Performance Based Remuneration or Incentive-Based Payments

The performance-based or incentive-based payments may form part of the variable component of the salary payable to the executive directors / key managerial personnel. In addition to the fixed remuneration, the Company shall implement a system of bonuses and incentives reflecting short and long term performance objectives appropriate to the working of the Company and designed to lay emphasis on the direct relationship between performance and remuneration. Performance based remuneration shall be proportionate to and contingent upon the attainment of specific performance targets by executive directors / key managerial personnel in the Company. Incentive-based payments take into account factors such as performance of the executive directors / key managerial personnel, his conduct, responsibilities, position and role and shall be calculated as a percentage of the fixed remuneration.

5.1.3 Severance Fees or Termination Benefits

Each contract of employment / letter of appointment entered into by the executive directors and key managerial personnel with the Company may demarcate in advance the entitlement to payment upon termination of employment for each employee. Making of such payments shall be approved by the Board and the Committee and shall be in consonance with the Nomination and Remuneration Policy of the Company.

5.1.4 Employee Benefits

The Company shall comply with all legal and industrial obligations in determining the benefits available with employees, namely short-term benefits such as salaries, social security contributions, profit

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sharing and bonuses, post-employment benefits such as gratuity, pension retirement benefits, post-employment life insurance and post-employment medical care; other long-term employee benefits, including long-service leave, long-term disability benefits and termination benefits.

5.2 REMUNERATION TO NON-EXECUTIVE DIRECTORS

The Non-executive directors shall be paid sitting fees for attending each of the Meetings of the Board of Directors and Committees as may be approved by the Board of Directors from time to time. The Non-executive directors may be paid commissions and other benefits as may be prescribed by the Board of Directors in conformity of the applicable provisions of the Companies Act, 2013 and rules notified thereunder from time to time.

6. DISCLOSURES

6.1 The Nomination and Remuneration Policy shall be disclosed in the Board's report of the Company prepared in accordance with sub-section (3) of section 134 of the Companies Act, 2013.

6.2 The Nomination and Remuneration Policy and the criteria for evaluation of performance or evaluation criteria as laid down by the Committee shall be disclosed in the Annual Report of the Company.

6.3 Payments to non-executive directors shall be either disclosed in the Annual Report of the Company or put up on the website of the Company and reference drawn thereto in the Annual Report. Further, the number of shares and convertible instruments held by non-executive directors shall be disclosed by the Company in its Annual Report.

6.4 With regard to payment of remuneration, the section on the corporate governance of the Annual Report of the Company shall contain the following disclosures, namely :

6.4.1 All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc;

6.4.2 Details of fixed component and performance linked incentives, along with the performance criteria;

6.4.3 Service contracts, notice period, severance fees; and

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6.4.4 Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.

7. REVIEW AND IMPLEMENTATION

7.1 The Executive Chairman or the Managing Director shall conduct an evaluation of performance for senior management employees on an annual basis to monitor and review, and if necessary, revise the appropriateness of each remuneration package.

7.2 The Committee shall be responsible for monitoring the implementation of the Nomination and Remuneration Policy, conducting a review of the same from time to time and advising the Board on the mode of revision of the policy such as inclusion of long-term incentives that would contribute towards creating a sustainable value for shareholders of the Company.

8. AMENDMENT

The Board of Directors reserves the right to amend or modify the Nomination and Remuneration Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the employees, key managerial personnel and senior management employees unless the same is notified to them in writing.

BOARD DIVERSITY POLICY

1. PURPOSE

This Board Diversity Policy ('Policy') sets out the approach to diversity on the Board of Directors ('Board') of Mandhana Industries Limited ('MIL'/the Company').

2. SCOPE

This Policy applies to the Board. It does not apply to employees generally.

3. POLICY STATEMENT

MIL recognizes and embraces the importance of a diverse Board in its success. MIL believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will ensure that the Company retains its competitive advantage.

MIL believes that a diverse Board will contribute to the achievement of its strategic and commercial objectives, including to:

- Drive business results;
- Make corporate governance more effective;
- Enhance quality and responsible decision making capability;
- Ensure sustainable development; and
- Enhance the reputation of the Company.

The Nomination and Remuneration Committee ('Committee') is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions.

While all appointments to the Board will continue to be made on merit, the Committee will consider the benefits of diversity (including but not limited to the attributes listed above) in identifying and recommending persons for Board membership, as well as in evaluating the Board and its individual members.

Further, the Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation, or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.

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Accordingly, the Committee shall:

- Assess the appropriate mix of diversity, skills, experience and expertise required on the Board and assess the extent to which the required skills are represented on the Board;
- Make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience and expertise on the Board, and
- Periodically review and report to the Board requirements, if any, in relation to diversity on the Board.

The Board shall have an optimum combination of executive, non-executive and independent directors in accordance with requirements of the Articles of Association of the Company, the Companies Act, 2013, Listing Regulations and the statutory, regulatory and contractual obligations of the Company.

The effective implementation of this Policy requires that shareholders are able to judge for themselves whether the Board as constituted is adequately diverse. To this end, MIL shall continue to provide sufficient information to shareholders about the size, qualifications and characteristics of each Board member.

4. RESPONSIBILITY AND REVIEW

The Committee will review this Policy periodically and recommend appropriate revisions to the Board.