

NOMINATION AND REMUNERATION POLICY

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1. Introduction:

In terms of Section 178 of the Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014 this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors vide its resolution dated February 26, 2015; amended by the Board of Directors time to time and further amended by the Board of Directors on 4th September, 2024 upon the recommendations of the Nomination and remuneration committee. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors and Key Managerial Personnel.

1.1. Objective of the Policy:

The policy is framed with the objective(s):

1. 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.
2. That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
3. That the remuneration to Directors, Key Managerial Personnel (KMP), of the Company 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.
4. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in the Key Managerial positions and to determine their remuneration.
5. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
6. To carry out evaluation of the performance of Directors, as well as Key Managerial and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company's operations;

7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage; and
8. To lay down criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management Personnel and evaluation of their performance.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee at its meeting held on February 26, 2015 and adopted by the Board of Directors on July 22, 2015, and further amended on 4th September, 2024 upon the recommendations of the Nomination and remuneration committee.

1.2. Effective Date:

This policy shall be effective from February 26, 2015.

1.3. DEFINITIONS:

In this Policy unless the context otherwise requires:

1. 'Act' means Companies Act, 2013 and rules thereunder
2. 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the directors of the Company
3. 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
4. Company means menon and menon limited
5. 'Directors' means Directors of the Company.
6. 'Executive Director' means a director who is in full time employment and involved in the day to day management of the company.
7. 'Non- Executive Director' means a director who is not in employment of the Company but is involved in policy making and planning exercises.
8. 'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013
9. 'Key Managerial Personnel' (KMP) means:
 - a. Chief Executive Officer, or Manager or Managing Director and in their absence a Whole-time Director
 - b. Chief Financial Officer
 - c. Company Secretary

e. Such other officer as may be prescribed

10. 'Ministry' means the Ministry of Corporate Affairs

11. 'Regulations' refers to and comprise of Companies Act, 2013, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 and such other rules and provisions as applicable to the matters dealt in by this Policy.

12. "Appointment Metrics" for this purpose shall mean appointment and remuneration of all directors including non-executive, Independent Directors and Executive Directors, KMPs in the company according to metrics and as per Companies Act, 2013, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 and such other rules and provisions as applicable to the matters dealt in by this Policy.

13. 'Key Management Personnel' (SMP) for this purpose shall mean employees of the company who are members of its core management team excluding Board of Directors i. e. Head- Operations, Head- Finance & Company and stated under companies' act, 2013 in the Company.

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.

2. NOMINATION AND REMUNERATION COMMITTEE

2.1. Guiding Principles for Constitution of Nomination and Remuneration Committee:

The Nomination and Remuneration Committee will consist of three or more non-executive directors, out of which at least one-half shall be independent director(s), provided that chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee.

The Committee will meet at such intervals as deems fit to carry out the objectives set out in the Policy.

A quorum of two members is required to be present for the proceedings to take place.

The Committee members may attend the meeting physically or via permitted audio-visual mode, subject to the provisions of the applicable Regulations.

The Committee shall have the authority to call such employee(s), senior official(s) and / or externals, as it may deem fit.

The Company Secretary shall act as Secretary to the Committee.

2.2. Committee Members:

The Nomination and Remuneration Committee comprises of the following Directors:

Name	Category	Designation
Mr. R. C. Nathan	Non-Executive Independent Director	Chairman
Mr. Girish Vanvari	Non-Executive Independent Director	Member
Mr. Leopold Mikulic	Non-Executive Independent Director	Member
Mr. Vijay Menon	Chairman and Managing Director	Member
Ms. Tejaswini Tate	Company Secretary	Secretary

2.3. Functions of the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee shall, inter-alia, perform the following functions:

1. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance
2. 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
3. Ensure that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors and also the Independent Directors
4. Devise framework to ensure that Directors are inducted through suitable familiarization process covering their roles, responsibility and liability
5. Decide / approve details of fixed components and performance linked incentives along with the performance criteria
6. Formulate the criteria for evaluation of Independent Directors and the Board.
7. The Nomination and Remuneration Committee shall, formulate the Remuneration Policy of the Company.
8. The Nomination and Remuneration Committee shall assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board and to senior management.

9. At any point of time, the Company revising its HR policy proposes to give sponsorship to extra ordinary students and the sponsored fees amount exceeds the limit of Rs. 10 Lakhs, the Committee shall review the agreement accordingly, discuss and recommend to the Board for approval.

The Chairman of the nomination and remuneration committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.

Provided that Nomination and Remuneration Committee shall set up mechanism to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and / or officers of the Company, as deemed necessary for proper and expeditious execution.

3. APPLICABILITY

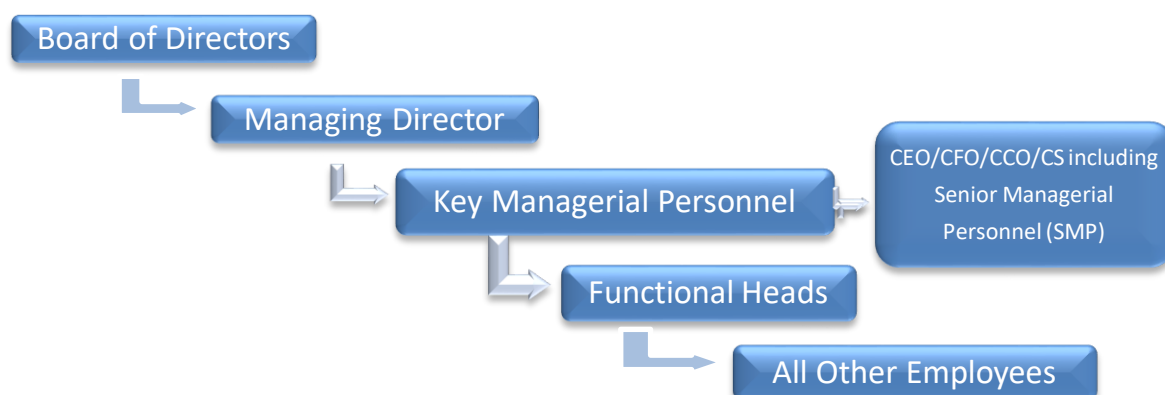
This Policy is applicable to:

1. Directors viz. Executive, Non-executive and Independent Directors;
2. Key Managerial Personnel;
3. Senior Management Personnel; and
4. Other Employees of the Company.

4. APPOINTMENT OF DIRECTORS AND KMP

I) KMP Metrics;

Below is KMP Metric for appointment and remuneration of all Directors, KMPs, Senior Managerial Personnel and other employees in the Company as per the Policy;



II. Appointment;

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Directors, KMP.
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. Appointment of Independent Directors is subject compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder
4. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director who 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.

5. TERM / TENURE:

5.1. Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as Managing Director or Executive 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.

5.2. Independent Director

Subject to the provisions of the applicable Regulations, 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(s) of such appointment in the Board's report.

Provided that a person who has already served as an independent director for five years or more in a company, shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

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.

6. TRAINING OF INDEPENDENT DIRECTORS:

Sections 203 of the Companies Act, 2013 read with rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 provides that every listed company and every other public company having a paid-up share capital

of ten crore rupees or more shall have whole-time key managerial personnel i.e. MD or CEO or Manager and in their absence a WTD, CS and CFO.

The company shall provide suitable training to independent directors to familiarize them with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc.

The details of such training imparted shall be disclosed in the Annual Report.

7. EVALUATION:

The Committee shall recommend to the Board on appropriate performance criteria for the directors. It shall also carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval.

8. DISQUALIFICATIONS FOR APPOINTMENT OF DIRECTORS:

1. Pursuant to section 164 of the Companies Act, 2013, a person shall not be eligible for appointment as a director of a company if:

- a. He is of unsound mind and stands so declared by a competent court;
- b. He is an un-discharged insolvent;
- c. He has applied to be adjudicated as an insolvent and his application is pending;
- d. He has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:
- e. An order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
- f. He has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
- g. He has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
- h. He has not complied with sub-section (3) of section 152.i.e. allotment of DIN

2. No person who is or has been a director of a company which:

- a. Has not filed financial statements or annual returns for any continuous period of three financial years; or
- b. Has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any

dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company.

9. REMOVAL:

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Directors, KMPs subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

10. RETIREMENT:

The Directors and KMPs shall retire as per the applicable provisions of the Regulations and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

11. MATTERS RELATING TO THE REMUNERATION, PERQUISITES FOR THE WHOLE-TIME DIRECTOR, KMP/ SENIOR MANAGEMENT PERSONNEL:

1. The remuneration / compensation / profit-linked commission etc. to the Whole-time Director, Directors and Independent Directors will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / profit-linked commission etc. shall be in accordance with the percentage / slabs / conditions laid down by the Act and shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required

2. As regards the remuneration of KMP, the determination shall be effected by way of annual presentation before the Committee by Principal – HR and / or by the Chief Financial Officer, which would have requisite details. The Committee shall peruse the same and approve accordingly.

3. Increments to the existing remuneration / compensation structure shall be approved by the Committee. Increments to the Managing director/ Executive Director(s) should be within the slabs approved by the Shareholders.

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

12. REMUNERATION TO WHOLE-TIME/ EXECUTIVE/ MANAGING DIRECTOR:

12.1. Remuneration

The Managing Director/Whole-time Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to Provident Fund, Pension Scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

12.2. 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 the Companies Act, 2013 and if it is not able to comply with such provisions, then with the previous approval of the Central Government or through Company shareholder's approval as per the provisions of the Companies Act, 2013.

12.3. Provisions for excess remuneration

If any Managing Director/Whole-time 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, 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.

13. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR:

13.1. Sitting Fees

The Non-Executive Independent Directors of the Company shall be paid sitting fees as per the applicable Regulations. The quantum of sitting fees will be determined as per the recommendation of Nomination and Remuneration Committee and approved by the Board of Directors of the Company. Further the boarding and lodging expenses shall be reimbursed to the Directors based out of Kolhapur.

13.2. Profit-linked Commission

The profit-linked Commission shall be paid within the monetary limit approved by the shareholders of the Company which shall be computed as per the applicable provisions of the Regulations.

13.3 Minimum Remuneration

The Board to note that the Ministry of Corporate Affairs vide notification dated 18th March, 2021 has made some effective amendments to Section 197(3) and Section 149(9) to deal with remuneration to NEDs and IDs in case of no profits or

inadequate profits. Accordingly, if, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Non-Executive Directors including Independent Directors in accordance with the provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the previous approval of Shareholders.

14. REMUNERATION TO KMPs OTHER THAN MANAGING DIRECTOR/WHOLETIME DIRECTOR:

The KMPs other than Managing Director/Whole-time Director/Executive Director of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as may be approved by the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to Provident Fund, Pension Scheme, medical expenses, club fees etc. shall be as per the Company's HR policies.

The Principal – HR and / or the Chief Financial Officer of the Company, will make annual presentation(s) before the Committee which would have requisite details setting out the proposed performance bonus payouts for the current financial year as well as the proposed increments for the next financial year. The Committee shall peruse and approve the same unless required under relevant regulations, to refer the same to the Board of Directors and / or Shareholders of the Company.

This Remuneration Policy shall apply to all future / continuing employment / engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes.

The remuneration for KMP the Company shall be approved by the Committee based on the recommendation / presentation by the Principal – HR and / or the Chief Financial Officer of the Company. In case any of the relevant regulations require that remuneration of KMPs or any other officer is to be specifically approved by the Committee and / or the Board of Directors then such approval will be procured accordingly.

15. APPOINTMENT AND REMUNERATION OF SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES:

The appointment and remuneration of the below one level KMPs including Senior Management Personnel and other employees of the Company shall be as per the Company's HR policy. The appointment and remuneration of the one level below KMPs and SMPs i.e. Functional Heads and Other employees be appointed by Mr. Vijay Menon, being Chairman and Managing Director of the company.

16. DISCLOSURE(S) IN BOARD'S REPORT:

Unless otherwise provided under the Regulations, the Board's report shall include a statement showing the name of every employee of the Company, who:

- i. If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;
- ii. If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;
- iii. If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.

3. The statement referred to in sub-clause (2) shall also indicate

- i. Designation of the employee;
- ii. Remuneration received;
- iii. Nature of employment, whether contractual or otherwise;
- iv. Qualifications and experience of the employee;
- v. Date of commencement of employment;
- vi. The age of such employee;
- vii. The last employment held by such employee before joining the company;
- viii. The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-clause (2) above; and
- ix. Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:

Provided that the particulars of employees posted and working in a country outside India, not being directors or their relatives, drawing more than sixty lakh rupees per financial year or five lakh rupees per month, as the case may be, as may be decided by the Board, shall not be circulated to the members in the Board's report, but such particulars shall be filed with the Registrar of Companies while filing the financial statement and Board Reports.

In addition to the disclosures required under the Companies Act, 2013, the following disclosures on the remuneration of directors shall be made in the section on the corporate governance of the Annual Report:

- a. All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.
- b. Details of fixed component and performance linked incentives, along with the performance criteria
- c. Service contracts, notice period, severance fees

The Company shall publish its criteria of making payments to non-executive directors in its annual report. Alternatively, this may be put up on the company's website and reference drawn thereto in the annual report

The company shall disclose the number of shares and convertible instruments held by non-executive directors in the annual report. All pecuniary relationship or transactions of the non-executive directors vis-à-vis the company shall be disclosed in the Annual Report.

Non-executive directors shall be required to disclose their shareholding (Both own or held by / for other persons on a beneficial basis) in the listed company in which they are proposed to be appointed as directors, prior to their appointment. These details should be disclosed in the notice to the general meeting called for appointment of such director

17. SUCCESSION PLANNING FOR DIRECTORS AND KMP:

The Committee shall periodically review and determine if there is reason to believe that one or more director's slots/ senior management's position shall become vacant within the next twelve months and accordingly report its finding to the Board.

a) Assessment of candidates:

The Committee shall make an initial assessment of potential candidates for the vacancy. It shall select from such pool, candidates for an initial interview by one or more members of the Committee. When the Committee identifies individuals that it believes meet the criteria mentioned in the Nomination and Remuneration Policy of the Company, it shall recommend them to the Board for selection.

b) Procedure:

i. If the Committee anticipates that a Director/ senior management position shall become vacant within the next twelve months (whether by reason of an announced intent to retire or otherwise), or if such position suddenly becomes vacant (whether by death or otherwise), the Committee shall as soon as reasonably practicable recommend to the Board, sufficient number of candidates for selection.

ii. While identifying candidates for nomination as Director or senior management, the Committee may consult whatever sources it deems appropriate, including, but not limited to, referrals from existing Directors or senior management, recommendations from third-party search firms etc.

iii. The Committee shall have the authority to engage whatever advisors (including attorneys and search firms) it believe appropriate in its efforts to identify and evaluation potential candidates.

iv. The Committee shall also periodically review the list of high performer employees within the Company that may be potential candidates for elevation to the position of senior management position.

c) Emergency Succession:

If a director's slot /senior management's position suddenly becomes vacant by reason of death or other unanticipated occurrence, the Committee shall convene a special meeting as early as possible to implement the process described herein.

18. DISSEMINATION:

The details of the Policy and the evaluation criteria as applicable shall be published on Company's website and accordingly disclosed in the Annual Report as part of Board's report therein.

19. AMENDMENTS TO THE POLICY:

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, 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.
