

MEGAMONT LIMITED

(Formerly known as V.R.Woodart Limited)

(CIN:L46610MH1989PLC138292)

MEGAMONT LIMITED

Nomination and Remuneration Policy

As per the provisions of Section 178 of the Companies Act, 2013 and Regulation 19(4) read with Part D of Schedule II to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a listed entity 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 and to devise a policy on Board diversity.

In compliance with the Act and SEBI Listing Regulations, the Megamont Limited (the Company) has formulated the Nomination and Remuneration Policy to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages.

1. OBJECTIVES:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors and persons who may be appointed in Senior Management and Key Managerial positions.
- To determine remuneration based on the Company's size and financial position, cost of living, and trends and practices on remuneration prevailing in peer companies.
- To carry out evaluation of the performance of Directors as well as Key Managerial Personnel and Senior Management Personnel.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

2. DEFINITIONS:

For the purpose of the Policy the following terms shall have the meanings assigned to them hereunder:

- i. **"Act"** means the Companies Act, 2013;
- ii. **"Company"** means Megamont Limited;
- iii. **"Board"** means the board of directors of the Company;
- iv. **"Key Managerial Personnel" / "KMP"** means the key managerial personnel of the Company as defined under the Companies Act, 2013;
- v. **"Senior Management Personal or SMP"** shall mean officers/personnel of the Company who are members of its core management team excluding Board Of Directors and normally this shall comprise all members of management one level below the "chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

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Note for the above definition: Members of management one level below shall mean Business head(s) and Functional Heads reporting to Managing Director(s).

- vi. **“Policy”** shall mean this Nomination and Remuneration Policy of Megamont Limited as amended from time to time;
- vii. **“Committee”** means the Nomination and Remuneration Committee of the Board;
- viii. **“Director”** means a member of the Board;
- ix. **SEBI Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

Words and expressions used and not defined in this Policy but defined in the SEBI Listing Regulations, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation as the context may so require.

3. ROLE / TERMS OF REFERENCE OF COMMITTEE:

The Board of Directors of the Company (the Board) shall constitute the committee to be known as the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half are independent directors. The Chairman of the Committee is an Independent Director. However, the Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

The Committee constituted by the Board shall lead the process for appointment and remuneration of directors and KMP in accordance with the requirements of the Act, SEBI Listing Regulations and other applicable regulations / guidelines. All the board appointments are based on merits.

The role / terms of reference of the Committee identified by the Board are as follows:

- a) formulation of the 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;
- b) For every appointment of an 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:
 - o use the services of an external agencies, if required;
 - o consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - o consider the time commitments of the candidates
- c) formulation of criteria for evaluation of Independent Directors and the Board;
- d) devising a policy on Board diversity;

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- e) 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;
- f) 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;
- g) recommend to the board, all remuneration, in whatever form, payable to senior management;
- h) the chairperson or in his absence, any other member of the nomination and remuneration committee authorised by him in this behalf shall attend the general meetings of the Company to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries; and
- i) carrying out such other functions as may specified by the Board from time to time.

4. APPOINTMENT, RETIREMENT / REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:

4.1 Appointment criteria and qualifications:

The Committee shall inter-alia evaluate the potential candidates for appointment to the Board on the basis of highest level of personal and professional ethics, standing, integrity, values and character, appreciation of the Company's vision, mission, values, professional skill, knowledge and expertise, financial literacy and such other competencies and skills as may be considered necessary and accordingly recommend to the Board their appointment.

In addition to the above, the candidature of an independent director is also evaluated in terms of the criteria for determining independence as stipulated under Companies Act, 2013 and other applicable regulations or guidelines. The board re-assess determinations of independence when any new interests or relationships are disclosed by a director.

The Company shall not appoint or continue the employment of any person as Whole-time Director who is below the age of twenty one 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.

4.2 Identifying candidates who are qualified to become Directors, KMP & SMP:

The NRC shall assign the responsibility of identifying the candidate for a final interview to the following:

- i. To Chairman of the Board and Chairperson of NRC, in case of selection of Directors; and
- ii. To the MD & CEO or CFO, in case of selection of KMP & SMP.

The NRC shall identify member(s) of the Board who will interview the candidate recommended to the NRC as above.

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Upon selection of the candidate, the NRC shall make a recommendation to the Board for appointment of Director/ KMP/SMP. For discharging this duty the NRC may seek inputs from the persons responsible for identifying the candidates stated in Clause above.

The appointment of Directors and KMP shall be subject to the compliance of the applicable laws and the Articles of Association of the Company.

4.3 Term / Tenure:

The term of appointment of Directors shall be governed by the provisions of the applicable laws.

i. Managing Director / Whole Time Director

The Company shall not appoint or re-appoint any person as its Managing Director / Whole Time Director for a term exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

ii. 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.

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 or such other number as may be prescribed under the Act / SEBI Listing Regulations.

4.4 Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain any Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, in the best interest of the Company following the compliance with applicable laws.

The resultant vacancy caused by retirement of Director, KMP or SMP may be filled by the NRC in accordance with this Policy and the applicable laws.

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4.5 Removal:

The Removal of Director, KMP or SMP may be warranted due to reasons such as disqualification prescribed under the applicable Laws and / or disciplinary reasons.

Due to reasons for any disqualification mentioned in the Act or under any other applicable rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the act, rules and regulations.

The resultant vacancy caused by removal of Director, KMP or SMP may be filled by the NRC in accordance with this Policy and the applicable laws.

5. GUIDELINES RELATING TO REMUNERATION:

The policy represents the overarching approach of the Company to the remuneration of director, KMPs and other employees. Through the compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay.

The remuneration policy of the Company is aimed at rewarding the performance, based on review of achievements on a regular basis and is in consonance with the existing industry practice. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

5.1 Remuneration to Executive Director(s)

The Directors, Key Managerial Personnel and Senior Management shall be eligible for a monthly remuneration or at a specified percentage of the net profits of the company or at partly by one way and partly by the other.

The remuneration payable to Executive Director(s) shall be determined by the NRC and recommended to the Board for approval.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Directors & Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with such approvals as required under the Act.

If any Director including any Managing Director or Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction as may be required under the act, wherever required, he shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The

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Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

A Director may receive fees for attending meetings of Board or Committee thereof subject to the condition that the amount of such fees shall not exceed INR One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Such remuneration (including revisions thereof) shall be subject to the approval of the shareholders of the Company and/or Central Government, wherever required under the applicable laws and the Articles of Association of the Company.

The remuneration shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the applicable laws and the Articles of Association of the Company.

The remuneration shall comprise a mix of Fixed Remuneration and Variable remuneration in the form of performance incentive. The performance incentive shall be based on the prevailing policy of the Company.

Additionally, the Executive Director(s) may be entitled to Employee Stock Options granted under any Employee Stock Option Plan/Scheme(s), Stock Appreciation Rights granted under any Stock Appreciation Rights Plan/Scheme(s) of the Company and such other long term incentive schemes of the Company.

Annual revisions in the remuneration within the remuneration limits approved by the Board, shareholders/Central Government, shall be based on the prevailing policy of the Company and the same shall be recommended by the NRC to the Board. The Board shall approve such annual increases.

5.2 Remuneration to Non-Executive Directors (NED)

The remuneration (including revisions thereof) payable to the NED shall be in accordance with and subject to the ceiling limits and other conditions prescribed under the applicable laws, the Articles of Association of the Company and the approval of the shareholders of the Company accorded from time to time.

The NRC shall determine the remuneration to NED including the mode, quantum, recipients of the remuneration and the frequency of payment of such remuneration, and recommend the same to the Board for approval.

The remuneration of NED shall comprise the following:

- a) Remuneration/Commission; and
- b) Sitting fees for attending each meeting of the Board and its Committees.

The remuneration may be fixed as per the terms and conditions mentioned in the letter of appointment and as per the provisions of Companies Act, 2013 as decided by the NRC Committee.

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Commission may also be paid within the monetary limit approved by shareholders, subject to the limits as per the applicable provisions of the Companies Act, 2013.

The Non- Executive Directors/Independent Directors may receive fees for attending meetings of Board or Committee thereof. Provided further that for Independent Directors, the sitting fees payable to them shall not be less than the sitting fees payable to other directors.

The remuneration of NED (including revisions thereof) shall be based on certain financial parameters like the performance of the Company, its market capitalization, etc., industry benchmarks, role of the Director and such other relevant factors.

Independent Directors shall not be entitled to any stock option or stock appreciation rights of the Company.

The NRC shall determine the periodicity at which such remuneration shall be reviewed and revised.

The Independent Directors may charge reimbursement of expenses for participation in the Board Meeting and for conducting separate meetings of the Independent Directors.

5.3 Remuneration to KMP & SMP

For appointments to the office of KMP, the NRC shall review the remuneration and recommend the same to the Board for its approval.

The NRC shall review the annual revision in the remuneration of KMP and recommend such revisions to the Board for its approval.

5.4 Factors to be considered while determining the remuneration to Directors, KMP

While determining the remuneration to Directors, KMP and SMP, the NRC shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and SMP to deliver the quality required to run the Company successfully.

6. EVALUATION MECHANISM:

The Board is committed to assessing the performance of the Board in order to identify its strengths and areas in which it may improve its functioning. Towards this end, the NRC shall establish the criteria and processes for evaluation of performance of Individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board and recommend the same to the Board.

The Independent Directors shall review the performance of non-independent directors and the Board as a whole and also review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors.

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The Committee shall carry out evaluation of every director's performance. The Board shall carry out evaluation of its own performance and the performance evaluation of directors including independent directors and the committees of the Board.

The evaluation of the Independent Directors shall also include evaluation of the fulfilment of the independence criteria as specified under the applicable laws and their independence from the Management.

The Board is responsible for:

- a) Monitoring and reviewing of the Board Evaluation framework;
- b) Carrying out evaluation of the performance of the Board, its Committees and individual directors, wherein the director subject to evaluation shall not participate; and
- c) Evaluating the fulfilment of independence criteria of the Independent Directors as per the applicable laws and review their independence from the management.

The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

Meeting of Independent Directors:

The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management.

Such meeting shall:

- a) Review the performance of Non-independent Directors and the Board as a whole;
- b) Review the performance of the Chairperson of the Company, taking into account the views of Executive Director(s) and Non-executive Directors;
- c) Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- d) Discuss such other matters as the Independent Directors may deem fit;

The Independent Directors may call such meeting(s) at any point of time as desired.

Letter of Appointment to Independent Directors:

The appointment of Independent Directors shall be formalized through a letter of appointment to be issued by the Company in accordance with the applicable Laws.

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7. AMENDMENTS TO THE POLICY:

The Board on the recommendations of the NRC reserves the right to modify and/or amend the Policy at any time subject to the provisions of SEBI Listing Regulations and the Companies Act, 2013 and Rules framed thereunder.

8. PLACEMENT OF THE CODE ON WEBSITE:

Pursuant to the Act & SEBI Regulations, this code and any amendment thereto shall be posted on the website of the Company.

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Policy on Board Diversity

The Company believes in and embraces the benefit of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of the differences in the skills, regional and industry experience, background, gender and other distinctions between Directors.

These distinctions would be considered in determining the optimum composition of the Board and when possible would be balanced appropriately.

At a minimum, the Board of the Company shall consist of at least one woman Director. All Board appointments are made on merit, in context of the knowledge, skills, experience, independence and integrity which are required to make the Board as a whole effective.

In reviewing the Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment for the Board, the committee will consider candidates on merit against objective criteria and due regard for the benefits of diversity on the Board.

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee will consider the balance of skills, experience, independence and knowledge of the Board and the diversity representation of the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

This policy will be reviewed by the NRC as it deems necessary.
