

**MEHTA HOUSING FINANCE LIMITED**

**NOMINATION AND REMUNERATION POLICY OF DIRECTORS, KEY  
MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

## ❖ **INTRODUCTION:**

Mehta Housing Finance Limited (hereinafter referred as the 'Company') practices a corporate culture that is based on the doctrine of trusteeship, empowerment, accountability, control and ethical practices with transparency at its core for creation of maximum value for the stakeholders. The Company considers Human Resources as its invaluable assets.

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP) and other Employees has been formulated in terms of the provisions of the Section 178 of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable and any other applicable laws for the time being in force.

## ❖ **BRIEF OVERVIEW UNDER COMPANIES ACT, 2013:**

- Section 178 read with Companies [Meetings of Board and its Powers] Rules 2014
- Constitution of the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors.
- The Nomination and Remuneration Committee shall 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.
- 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 senior management personnel i.e. employees at one level below the Board including functional heads.
- The Nomination and Remuneration Committee shall, while formulating the policy ensure 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;
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - remuneration to directors, key managerial personnel and senior management 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.

❖ **BRIEF OVERVIEW UNDER (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**

SEBI has introduced new Listing Regulations on September 2, 2015 which became applicable from December 1, 2015. Your company does not fulfill the criteria for applicability of corporate governance provisions as specified in Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, your Company is exempted from complying with specified regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V.

However, pursuant to Regulation 15 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the provisions of the Companies Act, 2013, shall be applicable.

❖ **PRESENT POSITION OF DIRECTORS AND KMP OF THE COMPANY :**

The Company has constituted a Nomination and Remuneration Committee of the Board of Directors (Board).

At present there are total 4 (Four) directors on the Board of which 2 (Two) are Non-Executive and Independent, 1 (One) Non-Executive Director who is Non-Independent Director and 1 (One) Managing Director.

Chairman and Managing Director is Key Managerial Personnel (KMP).

❖ **TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE :**

- 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.
- Identify 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.
- Removal should be strictly in terms of the applicable law/s and in compliance of principles of natural justice.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on the Board diversity.

- Recommend to the Board, remuneration including salary, perquisite and commission to be paid to the Company's Executive Directors on an annual basis or as may be permissible by laws applicable.
- Recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits such as Commission, if any, payable to the Non- Executive Directors.
- Setting the overall Remuneration Policy and other terms of employment of Directors, wherever required.

❖ **POLICY RELATING TO REMUNERATION OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL:**

- To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.
- No director / KMP/ other employee is involved in deciding his or her own remuneration.
- The trend prevalent in the similar industry, nature and size of business is kept in view and given due weightage to arrive at a competitive quantum of remuneration.
- Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.

❖ **CRITERIA FOR DETERMINING THE FOLLOWING:**

**Qualifications for appointment of Directors (including Independent Directors):**

- Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- Their financial or business literacy/skills.
- Their industry experience.
- Appropriate other qualification/experience to meet the objectives of the Company.
- As per the applicable provisions of Companies Act 2013, Rules made there under.

- The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

**Positive attributes of Directors (including Independent Directors):**

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions.
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there under.

**For appointment of KMP/Senior Management:**

To possess the required qualifications, experience, skills and expertise to effectively discharge their duties and responsibilities.

To practice and encourage professionalism and transparent working environment.

To build teams and carry the team members along for achieving the goals/objectives and corporate mission.

To adhere code of conduct.

❖ **POLICY REVIEW:**

The policy shall be reviewed by the Nomination and Remuneration Committee and the Board, from time to time as may be necessary.

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