

ASIT C. MEHTA FINANCIAL SERVICES LTD

CIN: L65900MH1984PLC091326

Registered Office: 'Nucleus House', Saki Vihar Road, Andheri (East), Mumbai: 400072

Tel: 28570781 / 28583333

NOMINATION AND REMUNERATION POLICY

1. Purpose

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of every listed company shall constitute the Nomination and Remuneration Committee, to guide the Board on various issues on appointment, evaluate performance, remuneration of Directors, Key Managerial Personnel and Senior Management.

2. Constitution of the Committee

The Board of Directors of Asit C. Mehta Financial Services Limited ("the Company") constituted the "Nomination and Remuneration Committee" at the Meeting held on February 3, 2015 with immediate effect, consisting of three (3) Non-Executive Directors of which majority are Independent Directors.

3. Objective

The objective of the policy is to ensure that

- a) 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;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- c) 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.
- d) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- e) To lay down the criteria for appointment, removal of directors, Key Managerial personnel and Senior Management personnel and evaluation of their performance.

4. Applicability

This Policy is applicable to:

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

5. Definitions

- a. 'Act' means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- b. 'Board' means Board of Directors of the Company

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- c. 'Independent Director'** means a director referred to in Section 149 (6) of the Companies Act, 2013
- d. 'Committee'** means Nomination and Remuneration Committee as constituted or re-constituted by the Board in accordance with the Act and applicable listing agreement/regulations
- e. 'Key Managerial Personnel' means**
1. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director,
 2. Chief Financial Officer
 3. Company Secretary, and
 4. Such other officer as may be prescribed in the regulatory provisions from time to time.
- f. 'Senior Management'** means the personnel of the company who are members of its core management team. The core management team means the functional heads of all departments

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act as may be amended from time to time shall have the meaning respectively assigned to them therein. Reference would also be made to the Listing Agreement entered into with BSE and as in force from time to time to arrive at the meaning of a particular word or expression.

6. Role of the Nomination and Remuneration Committee

The Committee shall deal with the following matters:

a. Size and Composition of the Board:

Periodically review the size and composition of the Board to ensure that it is structured to make appropriate decisions with a variety of perspective and skills, in the best interest of the Company as a whole.

b. Directors:

Formulate the criteria determining the qualifications, positive attributes and independence of a Director and identifying and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees

Identify the 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.

c. Succession plans:

Establishing and reviewing Board and Senior executive succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

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d. Evaluation of Performance:

Formulation of criteria for evaluation of Independent Directors and the Board

e. Board Diversity:

The Committee is to assist the Board in ensuring nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board in accordance with the Board Diversity policy.

f. Remuneration framework and policies:

The Committee is responsible for reviewing and making recommendations to the Board on:

- i. Remuneration of the Managing Director, Whole-time Directors and KMP's
- ii. The total level of remuneration of Non-Executive Directors and for individual remuneration for non-executive directors and the Chairman, including any additional fees payable for the membership of Board Committees.
- iii. The remuneration policies for all the employees including KMP's, senior management and other employees including base pay, incentive, payments, equity awards, retirement rights and service contracts.

7. Policy for Appointment and removal of Director, Key Managerial Person (KMP) and Senior Management

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person to be appointed as KMP, Director or senior management level 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. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. However, 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. A whole time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However the whole time KMP can be appointed as Director in any Company, with the permission of the Board of Directors of the Company.

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5. Term / Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, 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.

b) Independent Director:

An Independent Director will 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 of up to a maximum of 5 years each, 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 the 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.

c) Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, 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 said Act, rules and regulations, and the Company's prevailing policy.

d) Retirement

The Directors 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 the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company

8. Policy relating to the remuneration for Managing Director /Whole-time Director / Executive Director / KMP and Senior Management Personnel:

A. General Terms of Remuneration

- a) The remuneration/compensation/commission, etc. to be paid to the above mentioned will be determined by the Committee and recommended to the Board for approval.

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- b) The remuneration and commission to be paid to Managing Director/Whole-time Director/Manager shall be in accordance with the provisions of the Act.
- c) increments to existing remuneration and compensation structure maybe recommended by the Committee to the Board, which should be within the limits approved by the shareholders, in case of Managing Director/Whole-time Director/Manager.
- d) The total managerial remuneration payable to its Directors including Managing Director and Whole-time Director and Manager in any financial year shall not exceed 11 percent of its net profits of the company calculated as per the provisions of the act.

B. Remuneration to Managing Director /Whole-time Director / Executive Director / KMP and Senior Management Personnel:

1. Fixed Pay

The Whole-time Director/KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break- up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

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/Manager in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. Provisions for excess remuneration:

If any Managing Director/Whole-time Director/Manager 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 the prior sanction of the Central Government, where required, is not obtained, 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 it is approved by the Central Government.

C. Remuneration to Non- Executive/ Independent Directors

The Remuneration payable to each Non-Executive Director is based on the remuneration structure as determined by the Board, and is revised from time to time, depending upon individual contribution, Company's performance and the provisions of the Act.

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The remuneration/commission to the Non-Executive Director (including Independent Directors) maybe paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the company computed as per the applicable provisions of the Act.

The Non-Executive/Independent Directors may receive sitting fees for attending the Board/Committee Meetings as may be recommended by the Committee and approved by the Board.

9. Framework for performance evaluation of Independent Directors and the Board

As per the provisions of Clause 49 of the Listing Agreement, the Nomination and Remuneration Committee (the "Committee") shall lay down the evaluation criteria for performance evaluation of Independent Directors and the Board. Further, in terms of Clause 49, the Board is required to monitor and review Board Evaluation Framework. This Framework shall contain the details of Board's self-evaluation framework (including all Committees of the Board and individual directors).

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. The Committee shall establish the following processes for evaluation of performance of Independent Director and the Board:

1. Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organise the evaluation process and act on its outcome;
2. The Board / Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.
3. The evaluation scale is a simple three point scale as mentioned below:

Rating Scale Scale

Scale	Performance
3	<i>Surpasses Expectations</i>
2	<i>Meets Expectations</i>
1	<i>Below Expectations</i>

Evaluation Factors

The Board of Directors shall take into consideration the following parameters for the purpose of evaluating the performance of a particular director. The performance parameters includes, but not limited to the following:

1. Expertise;
2. Objectivity and Independence
3. Guidance and support in context of life stage of the Company;
4. Understanding of the Company's business;
5. Understanding and commitment to duties and responsibilities;

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6. Willingness to devote the time needed for effective contribution to Company;
7. Participation in discussions in effective and constructive manner;
8. Responsiveness in approach;
9. Ability to encourage and motivate the Management for continued performance and success;

Based on the above criteria each of the Directors has to be assessed by the other directors by giving a rating of Surpasses Expectations (3) or Meets Expectations (2) or Below Expectations (1).

The total of the ratings so awarded will be averaged over the number of persons who have awarded the rating.

Procedure to rate the performance:

Based on evaluation criteria, the Nomination & Remuneration Committee and the Board shall rate the performance of the each and every Director. The performance rating shall be given within minimum 1 and maximum 3 categories, the rating 1 being least effective and 3 being most effective. Based on the rating of performance the Board can decide the strategy to extend or continue the term of appointment or to introduce new candidate as a member of the Board or Retirement of the member based on his/her performance rating as to create and maintain the most effective and powerful top level management of the Company for its future growth, expansion, diversification and also to maximize the returns on investments to the stakeholders of the Company.

Review of the Policy:

This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and requirements of Clause 49 of the Listing Agreement with the stock exchanges. In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulation which makes any of the provisions in the policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the policy, and the provisions in the policy would be modified in due course to make it consistent with the law. This policy shall be reviewed by the nomination and remuneration committee as and when changes need to be incorporated in the policy due to changes in regulations or as may be felt appropriate by the committee. Any change or modification in the policy as recommended by the committee would be given for approval to the Board.