



KUSHAL TRADELINK LIMITED

Nomination, Remuneration & Performance Evaluation Policy



KUSHAL TRADELINK LTD.



I. PREFACE

This Nomination, Remuneration & Performance Evaluation Policy has been formulated in terms of provisions of Section 178 of the Companies Act, 2013 and amended in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This policy on nomination and remuneration of Directors, Key Managerial Personnel, Senior Management and other employees and on performance evaluation of each Director, the Board and its Committees has formulated/amended by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

II. DEFINITIONS

1. “Act” means Companies Act, 2013
2. “Company” means Kushal Tradelink Limited or KTL.
3. “Nomination and Remuneration Committee” means the Committee of the Board constituted by the Board of Directors of “KTL” in accordance with provisions of Section 178 of the Companies Act 2013 and rules made thereon read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
4. Board means Board of Directors of Kushal Tradelink Limited
5. Directors means Directors of KTL
6. Key Managerial Personnel (KMP) means:
 - a. Managing director or Chief Executive Officer or manager or whole-time director
 - b. Company secretary; and
 - c. Chief Financial Officer;
 - d. Such other officer as may be prescribed under the applicable statutory provisions / regulations
7. *Independent Directors*

Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In order to be independent, the person in question should be a non-executive director, other than a managing director or a whole-time director or a nominee director of the company:

- who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience.
 - (a) who is or was not a promoter of the company or its holding, subsidiary or associate company;



- (b) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
 - none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
 - who, neither himself nor any of his relatives —
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
 - (iv) is a material supplier, service provider or customer or a lessor or lessee of the company;
 - who is not less than 21 years of age.
8. Senior Managerial Personnel mean 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 Functional heads.
9. "Policy" means this Policy, as amended from time to time.



10. Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and/or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

III). Objective of this Policy:

The Objective and purpose of this Policy are:

- To establish a framework for the remuneration of directors, key managerial personnel and other employees.
- To lay down criteria for identifying persons who are qualified to become directors and who may be appointed as KMP and senior management in accordance with the criteria laid down and recommending to the Board their appointment and removal.
- To determine criteria for evaluation by Board of its own performance and that of its committees and individual directors.
- To attract, retain and motivate the Directors, KMPs and Senior Management Personnel.

IV). Constitution of the Nomination and Remuneration Committee:

The Board has re-constituted the “Nomination and Remuneration Committee” on 30th September, 2014, in line with the requirements under the Companies Act, 2013 (“Act”).

The board has authority to reconstitute this Committee from time to time.

V). Role of the Committee:

The Committee shall:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- b) Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy.
- c) Lay down the evaluation criteria for performance evaluation of Independent Director and the Board;
- d) Recommend to the Board, appointment, remuneration and removal of Director, KMP and Senior Management;
- e) To devise a Policy on Board diversity.
- f) The Committee shall, while formulating the policy under Section 178(3) ensure that—
 - (i). 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;
 - (ii). relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - iii). 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.
- g) Any other responsibility as determined by the Board.



- h) To carry out additional functions and adopt additional policies and procedures as may be required or appropriate in light of changing business, legislative, regulatory, legal or other conditions.

VI. General:

This Policy is divided in three parts:

Part – A: Appointment & Remuneration

Part – B: Performance Evaluation

Part – C: Framework for Separate meeting of Independent Directors

PART – A- APPOINTMENT & REMUNERATION

1. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT.

I). Appointment criteria and Qualifications:

- a) 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 his / her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) Appointment of Directors, KMP's and Senior Management Personnel are subject to compliance of provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as amended from time to time.
- d) While appointing Independent Directors, the Committee shall ensure that the person proposed to be appointed possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales & marketing, administration, research, corporate governance, technical operations, other disciplines related to the Company's business and such other criteria as may be specified by any law amended from time to time.
- e) It shall also ensure that Directors proposed to be appointed are not disqualified under criteria of independence as laid down by the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as amended from time to time.
- f) The appointment as recommended by the Nomination and Remuneration Committee further requires the approval of the Board.

II). Term/ Tenure

a). Managing Director/ Whole-Time Director

The Company shall appoint or re-appoint any person as its Managing Director/CEO or WholeTime 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 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 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 Companies in which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed company as an Independent Director in case such person is serving as a Whole-Time (Executive) Director of a listed company.

III). Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

IV). Retirement

The Whole-time Directors, KMP and senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013.

2. REMUNERATION TO EXECUTIVE DIRECTORS, KMPs, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES OF THE COMPANY

- a) The Executive Directors, KMPs and Senior Management Personnel shall be eligible for monthly remuneration as may be approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- b) The Managing Director of the Company may decide the remuneration of KMP (other than Managing / Whole time Director) and Senior Management based on the standard market practice and prevailing HR policies of the Company.
- c) If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Director/KMPs in accordance with the provisions of Schedule V to the Companies Act, 2013 or prior approval of the Central Government as the case may be.
- d) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- e) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund etc. as decided from to time.



- f) The Incentive pay may be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

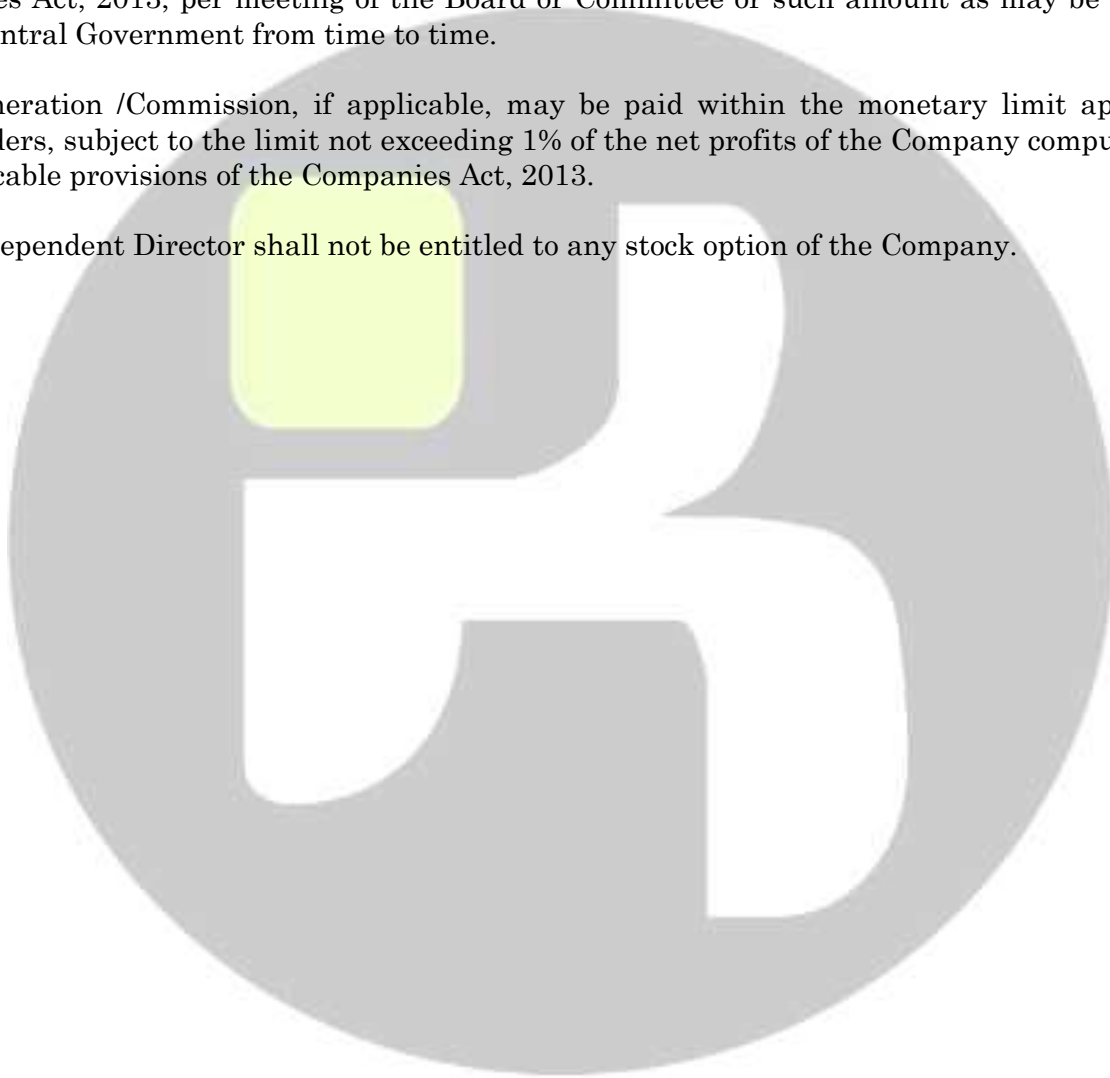
3). REMUNERATION TO NON- EXECUTIVE / INDEPENDENT DIRECTORS:

- a) The Non- Executive / Independent Director may receive sitting fees for attending meetings of Board or Committee thereof as may be approved by the board.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

- c) Remuneration /Commission, if applicable, may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

- d) An Independent Director shall not be entitled to any stock option of the Company.



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PART B. PERFORMANCE EVALUATION

I). Framework for Performance Evaluation of Board, Committees & Independent Directors

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

- i. The Committee and the entire board of directors (excluding the director being evaluated) shall carry out evaluation of performance of each Director, the board and its committee yearly or at such intervals as may be considered necessary. The Chairperson will meet with the directors either collectively or separately, as he may deem fit, seeking input in relation to the performance of the Board, each Board Committee, other Whole time Directors and his own performance.
- ii. The Chairperson will collect the input and provide an overview report for discussion by the Board.
- iii. The Board as a whole will discuss and analyze the performance collectively of each director individually and its own performance during the year including suggestions for change or improvement, as well as any skills, education or development required over the forthcoming year.
- iv. The Board / Independent Directors shall be asked to complete the evaluation forms (As designed by the Committee from time to time) and submit the same to the Chairman.
- v. In terms of Section 134 of the Act, the Directors' Report should include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.

II). Criteria for Evaluation of Performance:

A). The following parameters will be considered in the assessment and evaluation of performance of each of the Directors (including Independent Directors):

- Attendance and Participation at the Board and Committee Meetings.
- Integrity and Maintaining Confidentiality
- Effective deployment of Knowledge and Expertise
- Interpersonal Relationships with other Directors and Management
- Acting in good faith and interest of Company as a Whole.
- Assist the Company in implementing the good corporate governance practices.
- protect the interests of all stakeholders and balance the conflicting interest of the stakeholders



- Contributes to strategy and relevant aspects impacting company's performance and such other factors as deemed appropriate by the committee.

B). The following parameters will be considered in the assessment and evaluation of performance the board and its committees:

- Size, structure and expertise of the Board.
- Frequency of Meetings
- Effective discharge of functions and duties by Board and Committee prescribed under the law and as per terms of reference.
- Ensuring the integrity of the company's accounting and financial reporting systems, independent audit, internal audit and risk management systems (for Board and Audit Committee).
- Working in the interests of all the stakeholders of the company and such other factors as deemed appropriate by the committee.

The Nomination and Remuneration Committee shall have the authority to include any other parameters in addition to the above mentioned criterion for evaluation of performance of the Board its Committees and Directors. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

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PART C - FRAMEWORK FOR SEPARATE MEETING OF INDEPENDENT DIRECTORS

a) As required by the provisions of Schedule IV to the Act, 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.

b) The meeting shall:

i. review the performance of Non-independent Directors and the Board as a whole;

ii. review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-executive Directors;

iii. 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.

This meeting could be held prior or after the Board Meeting. The Independent Directors are free to call such meeting at any point of time, as desired.

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VII). REVIEW/ AMENDMENTS

Subject to the approval of Board of Directors, the “Nomination and Remuneration Committee” reserves its right to review and amend this Policy or replace the Policy entirely with a new Policy, if required, to ascertain its appropriateness as per the needs of the Company. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force. All such amendments/modifications shall take effect from the date stated therein.

VIII). DISCLOSURE

In accordance with the requirement under the Companies Act, 2013, Rules made thereunder and SEBI (LODR) Regulations, 2015, disclosures will be made in the Board Report regarding the manner in which the performance evaluation has been done by the Board of Directors of its own performance, performance of various Committees of Directors and individual Directors.

This Policy shall be hosted on the website of the Company

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