

POLICY ON REMUNERATION OF DIRECTORS (INCLUDING MD/WTD) , KEY MANAGERIAL PERSONNEL (KMP) AND OTHER EMPLOYEES

1. Introduction

This Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 (“the Act”) read along with the applicable rules thereto and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This policy has been formulated by the Nomination and Remuneration Committee (“NRC”) of **Castle Traders Limited** (“the Company”) and has been approved by the Board of Directors upon recommendation of NRC.

2. Definitions

“**Director**” means a director appointed to the Board of the Company.

“**Independent Director**” means an independent director referred to in sub-section (5) of Section 149 of the Act read with rules thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”).

“**Key Managerial Personnel**” means:

- i. Managing Director or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Company Secretary;
- iii. Chief Financial Officer and
- iv. such other officer as may be prescribed.

“**Nomination and Remuneration Committee**” means the committee constituted by the Company in accordance with the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”).

“**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

“**Senior Management**” shall mean officers/personnel of the Listed entity 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.

3. Objective

The objective of the policy is –

- i. To ensure that Whole Time Directors, Managing Directors, KMP and other employees of high caliber are attracted and retained and are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications and positive attributes of the employees.
- ii. To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down herein after.
- iii. To evaluate the performance of the Whole time Directors, KMP and other employees.
- iv. To recommend to the Board on Remuneration payable to the Whole time Directors, Managing Directors KMP and other employees.
- v. To formulate the criteria for determining qualifications, positive attributes and independence of a directors and recommend to the Board a policy, relating to the remuneration for the Whole time Directors, KMP and other employees.
- vi. To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- vii. To ensure that remuneration 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. Scope

This Policy sets out the guiding principles for the NRC for recommending to the board of Directors of the Company (“Board”) the remuneration of the Directors, KMP and other employees of the Company.

5. Policy Statement

The Policy is largely based on industry benchmarks, the Company’s performance vis-a-vis the industry, peer group comparison, factors like inflation rate in the country and performance of the employees.

There are various factors to ascertain the remuneration of Whole time Directors, Managing Directors, KMP and other Senior Executives, which are highlighted here below:

- i. Qualification
- ii. Experience

- iii. Length of Service
- iv. Self-driven
- v. Potential
- vi. Self-motivation

a. For the Whole Time Directors/ Managing Director/Executive Directors :

- ✓ The Board on the recommendation of the NRC shall review and approve the Remuneration payable to Whole-time Directors/ Managing Directors /Executive Directors.
- ✓ The Remuneration to be paid to Managing Director / Whole-time Directors/Executive Directors etc. shall be governed as per provisions of the Act and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- ✓ The Remuneration Structure may include basic salary, perquisites and allowances (both fixed and variable component), stock options, retirement benefits, annual performance bonus to its Whole time Directors/ Managing Directors.
- ✓ Perquisites, retirement benefits and annual performance bonus shall be paid according to the Company policy and applicable laws and regulations. Annual Performance Bonus will be approved by NRC based on achievements against the Annual Plan and Objectives.
- ✓ They are also entitled to customary non-monetary benefits such as company car and company health care, telephone & accommodation on case to case to basis.

b. For the Independent Non-Executive Directors:

- ✓ Independent Non-Executive Directors shall receive sitting fees for attending the Meeting of the Board and Committees of the Board.
- ✓ The sitting fees paid to the Independent Non-Executive directors is determined periodically & reviewed based on the industry benchmarks and as per provisions of the Act.
- ✓ Independent Non-Executive Directors are appointed for their professional expertise and skills in their individual capacity as independent professionals.
- ✓ An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company as per regulatory provisions.

- ✓ The Non-executive Directors may also be entitled to profit related commission in addition to the sitting fees, as may be decided by the shareholders of the Company, from time to time depending on the profits of the Company in each financial year.
- ✓ Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied: i) The Services are rendered by such Director in his capacity as the professional; and ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

c. For the KMP, Senior Management and other Employees:

- ✓ The Board on the recommendation of the NRC shall review and approve the Remuneration payable to KMP, Senior Management and other employees.
- ✓ The remuneration of other KMP, Senior Management and other employees largely consists of basic salary, perquisites, and allowances (both fixed and variable). Perquisites and retirement benefits are paid according to the Company policy.
- ✓ The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience/merits, performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry and its peer group.
- ✓ Employees are assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration is determined within the appropriate grade and is based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

6. Policy Review & Future Amendment

This policy shall remain in force unless modified by the NRC on the approval of Board. This policy shall be reviewed by NRC as and when any changes are to be incorporated in the Policy due to changes in Regulations or as may be felt appropriate by the NRC. Any changes or modifications in the Policy as recommended by the Committee would be given for approval for Board of Directors.

7. Disclosures

Necessary disclosures of this policy shall be made in the Annual Report of the Company in terms of Section 178 of the Act and SEBI LODR.
