

HI-KLASS TRADING AND INVESTMENT LIMITED

NOMINATION AND REMUNERATION POLICY

Introduction

This policy has been formulated in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to the appointment and remuneration of the Directors, Key Managerial Personnel (KMP), Senior Management Personnel (SMP) and other employees and Board diversity and also to include provisions related to Staff Accountability, Claw Back/ Malus and Succession Planning.

Applicability

This policy is applicable to all Directors, Key Managerial Personnel (KMP), and Senior Management team and other Employees of the Company.

Effective Date:

The following policy has been formulated by the Nomination and Remuneration Committee and revised and reviewed by the Board of Directors. This policy shall be operational with immediate effect.

Objectives of the Committee:

- A To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- B To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- C To attract, retain and motivate the Senior Management including its Key Managerial Personnel, evaluation of their performance and provide necessary report to the Board for further evaluation.
- D To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- E To devise a policy on Board diversity.
- F The relationship of remuneration with performance is clear and meets appropriate performance benchmarks.
- G To promote and develop a high-performance workforce in line with the Company Strategy.
- H To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Director (Executive & Non- Executive/Independent/Nominee) and

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persons who may be appointed in Senior Management, Key Managerial Personnel and determine their remuneration.

I To develop a succession plan for the Board and to regularly review the plan.

Definitions:

- 1 “Applicable Laws” means the Companies Act, 2013 and Rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time.
- 2 “Board” means Board of Directors of the Company.
- 3 “Directors” mean Directors of the Company.
- 4 “Key Managerial Personnel” means
 - a) Chief Executive Officer or the Managing Director or the Manager,
 - b) Whole-time director;
 - c) Chief Financial Officer;
 - d) the Company Secretary; and
 - e) Such other officer, not more than one level below the Directors, who is in whole time employment and designated as KMP by the Board.
- 5 “Committee” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- 6 “Company” means “Hi-Klass Trading and Investment Limited”.
- 7 “Managerial Personnel” means Managerial Personnel or Persons, applicable under section 196 and other applicable provisions of the Companies Act, 2013.
- 8 “Independent Director” means a Director referred to in Section 149 (6) of the Companies Act, 2013.
- 9 “Senior Management Personnel” (SMP) means the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the Company and/or any other persons as may be defined as SMP under the applicable laws from time to time.

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Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Applicable Laws, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

Constitution of Nomination and Remuneration Committee:

The Nomination and Remuneration Committee will consist of three or more non-executive Directors, out of which at least one-half shall be independent director(s), provided that Chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee.

The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirements including the Listing Agreement.

At present, the Nomination and Remuneration Committee comprises of following Directors:

- Mr. Navin Kumar Jain Chairman (Non- Executive Independent Director).
- Ms. Sanskkrity Jaiin, Member (Non- Executive Independent Director).
- Mr. Dipak Sundarka, Member (Non- Executive Non - Independent Director).

The meeting of Committee shall be held at such regular intervals as may be required to carry out the objectives set out in the Policy.

DIVERSITY IN THE BOARD OF DIRECTORS

Diversity refers to the variety of attributes of diverse nature between people and encompasses acceptance, respect and an understanding that each individual is unique. These aspects can include age, gender, ethnicity, physical abilities, marital status, ideologies, background, knowledge and skills with a view to achieving a sustainable development, the Company shall aim to increase diversity at the Board level, as an essential element in terms of: Experience of diverse nature;

- Gender in having the right representation of female members to ensure compliance with applicable laws.
- Qualifications, Knowledge and core skills/expertise/competencies required of the Board of Directors in context of Company's business/sector.

Diversity at the Board level shall be used as a tool for supporting the attainment of the strategic objectives of the Company and also to drive business results. Accordingly, while designing the composition of the Board, diversity shall be considered on all aspects and all appointments shall be based on the above parameters.

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The Company is committed to meritocracy and shall respect diversity within the Board members and shall have an inclusive culture where all view shall be heard and all opinions respected.

REQUIREMENTS RELATING TO DIRECTORS

Appointment of Directors:

The Nomination and Remuneration Committee of the Board of Directors (NRC) shall evaluate the balance of skills, knowledge and experience on the Board and for this purpose, NRC shall also consider factors such as qualification and experience, positive attributes, disqualification, etc. Basis such evaluation, NRC may also prepare a description of the role and capabilities required for an ID

For the purpose of identifying suitable candidates for Independent Directorship, the NRC may:

- a. uses the services of an external agencies, if required;
- b. considers candidates from a wide range of backgrounds, having due regard to diversity; and
- c. considers the time commitments of the candidates

The Company shall, upon recommendation of NRC, appoint those persons as Directors who possess requisite qualifications & experience and positive attributes within overall framework of diversity as described in this Policy.

B. Qualifications & Experience:

(i) Any person to be appointed as a Director on the Board of Directors of the Company, including ID shall, in addition to a formal qualification, possess appropriate skills, experience and knowledge in one or more fields such as CEO / Senior Management Experience, General Management and Business Operations, Business Development, Strategy / M&A / Restructuring, Accounting / Finance / Legal, Risk Management, Public Policy, Human Resources Management, Corporate Governance, etc. or such other skills as may be identified by the Board of Directors, on recommendation from NRC, from time to time.

(ii) Any person to be appointed as a Director on the Board of the Company shall be such person who shall be able to provide policy directions to the Company, including directions on good corporate governance.

C. Positive attributes:

The person to be appointed as a Director of the Company shall, in addition to the formal qualifications and relevant experience described in this Policy, shall also possess the attributes such as integrity, leadership, business orientation, commitment, proven track record and such other attributes, which in the opinion of the NRC, are in the interest of the Company.

D. Disqualification:

Any person to be appointed as Director shall not possess the disqualifications prescribed under the Applicable Laws

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E. Evaluation:

The NRC shall facilitate the Board to undertake evaluation of performance of all Directors on yearly basis including making 4 recommendations to the Board on appropriate performance criteria for the Directors and formulating criteria and framework for evaluation of every Director's performance.

The Board shall evaluate, every year, the performance of the individual directors including Chairman, IDs, independence of IDs, its own performance and of its Committees.

NRC shall review the implementation and compliance of the manner in which evaluation is carried out.

Familiarization Programme:

The Company shall familiarise the IDs of the Company with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company through various programmes.

Term/ Tenure

a Managerial Personnel:

The Company shall appoint or re-appoint any person as its Managerial Personnel 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 reappointment 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.

The maximum tenure of Independent Directors shall also be in accordance with the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

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Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, 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 said Act, rules and regulations.

Remuneration of Managerial Personnel, KMP and Senior Management:

- 1 The Remuneration / Compensation / Profit linked Incentive etc. to Managerial Personnel, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The Remuneration / Compensation / Profit Linked Incentive etc. to be paid for Managerial Personnel shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- 2 The remuneration to the MD/WTD/CEO/Manager at the time of his/her appointment shall be recommended by the NRC and subsequently approved by the Board of Directors. Such remuneration shall be subject to approval of the shareholders of the Company or other necessary approvals, wherever required, and shall not exceed the limits mentioned under applicable laws.
- 3 NRC/ Board shall periodically review and consider the list of Directors/ senior managerial personnel due for retirement within the year. While considering the same the new vacancies that may arise because of business needs/upgradation of expansion or
- 4 If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
- 5 Where any insurance is taken by the Company on behalf of its Managerial Personnel, KMP and Senior Management for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.
6. Annual increment/ subsequent variation in remuneration to the MD/ WTD/CEO/Manager shall be recommended by NRC and approved by the Board of Directors, within the overall limits approved by the shareholders of the Company.

Remuneration to Non- Executive / Independent Director:

1 Remuneration / Profit Linked Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

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2 Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3 Limit of Remuneration /Profit Linked Commission:

Remuneration /profit linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1%/ 3% of the net profits of the Company respectively.

Terms of Reference of Nomination and Remuneration Committee. Responsibilities related to Board: -

1. To 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 to specify the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance;
2. For every appointment of an independent director, the Nomination and Remuneration 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:
 - a) uses the services of an external agencies, if required;
 - b) considers candidates from a wide range of backgrounds, having due regard to diversity; and
 - c) considers the time commitments of the candidates.
3. To recommend to the Board the appointment and removal of the Directors, including Independent Directors;
4. To formulate the criteria for effective evaluation of performance of Board of Directors, its Committees, Chairperson and individual Directors to be carried out either by the Board or by NRC or through an independent external agency and review its implementation and compliance;
5. To assess and recommend the compensation payable to Non-Executive Directors taking into account participation in board and committee meetings and the enhanced responsibilities they are expected to bear in the interest of higher level of excellence in corporate governance and in order to enable the Company to attract and retain professional non-executive directors;

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6. To lay down / formulate the evaluation criteria for performance evaluation of independent directors, non-independent directors and the Board;
7. 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, Responsibilities related to Executive Directors
8. To take into account financial position of the company, trend in the industry, appointee's qualifications, experience, past performance, past remuneration, etc., and bring about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders while approving the remuneration payable to managing director, whole time director or manager;
9. To recommend to the Board a policy relating to the remuneration for directors, including Managing Director(s) and Whole-time Director(s), Senior Management Personnel (SMP), Key Managerial Personnel (KMP) and other employees. While formulating the policy, the NRC shall 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.
10. To recommend to the Board, remuneration payable to Directors, KMPs and SMPs in accordance with the Nomination and Remuneration Policy;
11. To recommend provision of loans to Directors and/or senior employees in line as required under applicable RBI Master Directions.
12. To assist the Board in relation to succession plan for the executive and non-executive directors as well as for Senior Management.

B. NEDs:

- (i) NEDs shall be entitled to such sitting fees as may be decided by the Board of Directors from time to time for attending the meeting of the Board and of the Committee thereof.
- (ii) NEDs shall also be entitled for payment of remuneration (including commission) as recommended by NRC and approved by the Board of Directors and wherever required approval of the shareholders shall be obtained in accordance with applicable laws.

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(iii) IDs shall not be eligible for any Stock Options, pursuant to any Stock Option Plan adopted by the Company.

(iv) The NEDs shall be eligible for remuneration of such professional services rendered if in the opinion of the NRC, the NED possesses the requisite qualification for rendering such professional services in accordance with applicable laws.

Nomination Duties:

The duties of the Committee in relation to nomination matters include:

- 1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 3 Identifying and recommending Directors who are to be put forward for retirement by rotation.
- 4 Determining the appropriate size, diversity and composition of the Board;
- 5 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 6 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- 7 Recommend any necessary changes to the Board; and
- 8 Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 9 Considering any other matters, as may be requested by the Board.

Remuneration Duties:

The duties of the Committee in relation to remuneration matters include:

- 1 To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

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- 2 To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company.
- 3 To consider any other matters as may be requested by the Board.

Director And Officers Liability Insurance:

(i) The Company shall provide an insurance cover to Directors, KMPs & SMPs for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust and the premium paid on the same shall not be treated as a part of remuneration paid to them.

(ii) The premium for such insurance cover, called for Directors and Officers Liability Insurance Policy, taken for the above purpose shall be paid by the Company without any charge to the Directors, KMPs and SMPs.

Minutes of Committee Meeting:

Proceedings of all meetings must be minute and signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting. Minutes of the Committee meeting will be circulated at the subsequent Board meeting for noting.

Succession Planning

NRC/ Board shall periodically review and consider the list of Directors/ senior managerial personnel due for retirement within the year. While considering the same the new vacancies that may arise because of business needs/ upgradation of expansion or diversion can also be considered/ Considering the above, the NRC/ Board shall assess the availability of suitable candidates for the Company's future growth and development.

The appointment/ re-appointment/ removal and tenure of Directors/ KMP/ SMP shall be governed by the provisions of the Nomination and Remuneration Policy for Directors and Senior Management read with applicable laws.

Amendment to the Policy:

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder

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and this Policy shall stand amended accordingly from the effective date a said down under such amendment(s), Clarification, circular(s) etc.

Staff Accountability and Claw Back/Malus

Malus & Claw back provisions enable the Company to reduce or cancel all or part of the variable pay (deferred or non-deferred) in certain situations, viz. Subdued or Negative Financial Performance of the Company, Fraud, employee Misconduct or any other parameter as may be determined by the Board of Directors.

The Board of Directors may invoke the malus and clawback clauses in following situations that may be applicable on entire or part of the variable pay/ deferred compensation payable to the Key Managerial Personnel and senior management:

- a) Wilful Misconduct
- b) Nonadherence to Systems and procedures including internal guidelines / policies
- c) Breach of Contract / violation of non-disclosure agreement
- d) Gross negligence and Integrity breach
- e) Misuse of official powers
- f) Unjust enrichment
- g) Non-disclosure in case of conflict of interest
- h) Failure / lapses in regulatory compliance
- i) Any other parameter as may be determined by the Board.

While considering the above, the **Principles of Accountability shall be exercised by WTD/ MD/ Manager/KMP/SMP:**

- **Fairness:** Bona fide decisions taken in line with approved policy shall not be penalized.
- **Time-bound Review:** Accountability reviews shall be conducted annually or in case of any emergence of a loss event within three months
- **Proportionality:** Actions taken reflect the severity and impact of the lapse.
- **Documentation:** All decisions and justifications shall be appropriately documented and reviewed.

Disclosure:

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein or alternatively the same may be put up on the Company's website and reference drawn thereto in the Annual Report

Review:

This Policy shall be reviewed once in two years or as required based on regulatory changes and it is reviewed on 29.05.2026.