

# HI-KLASS TRADING & INVESTMENT LTD.

Regd. Off. :24, Veer Nariman Road, Rehman Building, 2<sup>nd</sup> Floor, Office No.15, Fort, Mumbai – 400 001.

Tel.: 2287 4084, 2287 4085 \* Email : info@hiklass.co.in  
CIN-L51900MH1992PLCO66262

## **HI-KLASS TRADING AND INVESTMENT LIMITED** **Criteria of making payments to Non-Executive Directors**

(Amended by Board of Directors w.e.f August 08, 2024)

### **PREAMBLE:**

With changes in the corporate governance norms brought by the Companies Act, 2013 as well as the SEBI (Listing Obligation Disclosure Requirement) Regulation 2015, the role of Non-Executive Directors (NED) and the degree and quality of their engagement with the Board and the Company has undergone significant changes over a period of time. The Company is being hugely benefited from the expertise, advice and inputs provided by the NEDs. They devote their valuable time in deliberating on the strategic and critical issues in the course of the Board and Committee meetings of the Company and give their valuable advice, suggestion and guidance to the management of the Company from time to time. Levels of remuneration to the NEDs are determined such that they attract, retain and motivate directors of the quality and ability required to run the Company successfully.

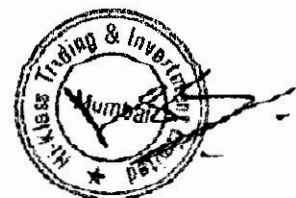
Under the SEBI (Listing Obligation Disclosure Requirement) Regulation 2015, requires every Company to publish its criteria of making payments to NEDs in its annual report. Alternatively, this may be put up on the Company's website and reference may be drawn thereto in its annual report. Section 197 of the Companies Act, 2013 and Regulation 17(6)(a) of SEBI (Listing Obligation Disclosure Requirement) Regulation 2015 require the prior approval of the shareholders of a Company for making payment to its NEDs.

### **DEFINITIONS**

- **"Board"** means Board of Directors of the Company. **"Company"** means "Hi-Klass Trading and Investment limited",
- **"Employees Stock Option"** means the option given to the directors, officers or employees of a Company or of its holding Company or subsidiary Company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the Company at a future date at a pre-determined price.
- **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013 and in Chapter IV of the Listing Regulations, 2015;
- **"Nomination and Remuneration Committee"** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.
- **"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.

### **PROVISIONS RELATING TO REMUNERATION**

The remuneration / compensation / commission etc. to Managing Director, Executive / Whole Time Directors, KMP and Senior Management Personnel will be determined by the Remuneration Committee and recommended to the



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Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

## **Criteria of making payment of Remuneration to Non-Executive / Independent Director**

Overall remuneration should be based upon the size of the Company, complexity of the sector/ industry/ Company's operations and profitability and status of the cash flow of the Company. The Company may upon recommendations of the Remuneration Committee and the Board may pay the following kind of remuneration to its' Non-executive / Independent Directors :

- **Sitting Fee:** Such director(s) may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or any other meeting as required by Companies Act, 2013, SEBI (Listing Obligation Disclosure Requirement) Regulation 2015 or other applicable law or for any other purpose whatsoever as may be decided by the Board;
- **Commission:** Under the Companies Act, 2013, Section 197 allows a Company to pay remuneration to its NEDs either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other. Further, the section also states that where the Company has either managing director or whole-time director or manager, then a maximum of 1% of its net profits can be paid as remuneration to its NEDs. In case there is no managing director or whole-time director or manager, then a maximum of 3% of net profit can be paid. Thus, the basis of payment to the NEDs is the net profit of the Company. The Company is however not obligated to remunerate its NEDs.
- **Refund of excess remuneration paid:** If any such director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it.
- **Reimbursement of actual expenses incurred:** NEDs may also be paid/reimbursed such sums either as fixed allowance and /or actual as fair compensation for travel, Boarding and lodging and incidental and /or actual out of pocket expenses incurred by such member for attending Board/Committee Meetings. The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of NEDs.
- **Payment to independent directors:** An independent director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit related commission up to a certain percentage of net profits in such proportion, as may be permissible under the applicable law.

## **AMENDMENT / REVISION**

Any policy including Remuneration Policy is dynamic concept. Hence it will be reviewed periodically & bring changes/ amendment as and when required based on business need, benchmark with comparable Industries and any other factors relevant in the context of formulation of Remuneration policy that has direct linkage between business growth & attract, retain & motivate people on sustainable basis.

