



PACIFIC INDUSTRIES LIMITED

Regd. Office : Survey No. 13, N.h. 48, Kempalinganahalli Village,
Nelamangala Taluk, Bangalore-Karnataka 562123

Email : pacificinvestor@rediffmail.com ; Website :

www.pacificindustriesltd.com

CIN : L14101KA1989PLC062041

Tele : 91-8027723004 ; Fax : 91-8027723005

Criteria for making payment to Non-Executive Directors

With the drastic changes in the Corporate Governance norms brought by the Companies Act, 2013 as well as the Equity Listing Agreement entered into with the Stock Exchange, the role of Non-Executive Directors (NEDs) and the degree and quality of their engagement with the Board and the Company has undergone significant changes over a period of time. The NEDs bring in a wider perspective in the deliberations and decision-making of the Board which adds value to the Company. They also play a crucial role in the Independent functioning of the Board. The level of remuneration to Directors is determined such that they attract, motivate and retain Directors of quality and ability to run the Company successfully.

The Regulation 49(2(f)) of SEBI(LODR)Regulations, 2015 requires every Company to publish its criteria of making payments to NEDs in its annual report. Alternatively, this may be posted on the website of the Company and the reference drawn thereto in the Annual Report. Section 197 of the Companies Act, 2013 and require prior approval of the shareholders for all fees and compensation, if any, paid to NEDs of the Company.

Keeping in view of the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:



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Sitting Fees:

Such Directors may receive remuneration by way of sitting fees for attending meetings of the Board and Committees thereof or any other meeting as required by Companies Act, 2013, Regulation 49(2(f)) of SEBI(LODR)Regulations, 2015 and other applicable laws or for any other purpose as may be decided by the Board within the parameters prescribed by law.

The Company is however paying sitting fees to the Non-Executive Directors of the Company subject to periodical review by the Board and the Nomination and Remuneration of the Company.

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 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.

The Company is not paying commission to the NEDs of the Company.

Reimbursement of actual expenses incurred:

NEDs may also be paid / reimbursed such sums either as fixed allowance and /or actual for travel, incidental and /or actual out of pocket expenses incurred by such Director / Member for attending Board/ Committee Meetings.

The Company is reimbursing all the travel, hotel and other incidental expenses incurred by the Non-Executive Directors of the Company in the performance of their role and duties.



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Remuneration for extra service rendered:

The NED's may be paid an extra amount by way of fees/remuneration for rendering extra services to the Company, if the services so rendered are of professional nature and in the opinion of the Nomination and Remuneration Committee, the said Director possesses the requisite qualification for the practice of the said profession. The same shall, however be paid in compliance with the provisions of Companies Act, 2013 and SEBI(LODR)Regulations, 2015.

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 Companies Act, 2013 and other applicable laws, rules and regulations applicable hereto.

AMENDMENT

The Board of Directors or a duly authorized Board Committee would amend in align with the statutory provisions and Regulations.
