



## PACIFIC INDUSTRIES LIMITED

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

Email : [pacificinvestor@rediffmail.com](mailto:pacificinvestor@rediffmail.com) ; Website : [www.pacificindustriesltd.com](http://www.pacificindustriesltd.com)

CIN : L14101KA1989PLC062041

Tele : 91-8027723004 ; Fax : 91-8027723005

## POLICY ON NOMINATION AND REMUNERATION

### **I. Introduction**

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulations) the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee.

The Company constituted 'Nomination and Remuneration Committee' comprising of three non-executive Directors as required by the Companies Act, 2013 and the said Regulations. The Board has changed the nomenclature of the "Remuneration Committee" as "Nomination and Remuneration Committee" and reconstituted the Committee with three non-executive Directors.

This Committee has formulated the 'Nomination and Remuneration Policy' in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of the Regulations.

### **II. DEFINITIONS**

'Act' means the Companies Act, 2013 and rules thereunder, as amended from time to time.

"**Board**" means Board of Directors of the Company.

"Company" means "Pacific industries Limited."

“Regulations’ refers to and comprise of Companies Act, 2013, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and such other rules as amended from time to time and provisions as applicable to the matters dealt in by this Policy.

“Independent Director” means a director referred to in Section 149 (6) of the Companies Act, 2013.

“**Key Managerial Personnel**” (KMP) means

- (i) Chief Executive Officer or the Managing Director or the Manager,
- (ii) Company Secretary,
- (iii) Whole-time Director,
- (iv) Chief Financial Officer and
- (v) Such other officer as may be prescribed.

“Nomination and Remuneration Committee” means 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 Regulations.

“**Policy**” or “**This Policy**” means, “Nomination and Remuneration Policy.”

“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” mean personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

### **III. INTERPRETATION**

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Agreement and/or any other SEBI Regulation(s) as amended from time to time.

### **IV. OBJECTIVES OF THE POLICY**

The objectives of the Policy are:-

- To lay down the criteria for determining qualifications, positive attributes and independence of a director (s).
- To lay down the criteria and terms & conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company’s size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.

- To lay down the criteria for performance evaluation of Independent Directors.
- To carry out evaluation of the performance of Individual Directors.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To lay down the criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management Personnel.
- To devise a Policy on Board Diversity.

#### **V. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE**

- The board of directors shall constitute the nomination and remuneration committee as follows:
  - the committee shall comprise of at least three directors ;
  - all directors of the committee shall be Non-Executive directors; and
  - at least fifty percent of the directors shall be Independent directors.
- The Chairperson of the Nomination and Remuneration Committee shall be an Independent Director.
- The Chairperson of the Company, whether Executive or Non-Executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.
- The Chairperson of the Nomination and Remuneration Committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.
- The Committee will meet at such intervals as it deems fit to carry out the objectives set out in the Policy. Minimum two (2) members shall constitute a quorum for the Committee meeting.
- The Company Secretary shall act as Secretary to the Committee.

#### **VI. ROLE OF THE COMMITTEE**

The role of the Committee inter alia will be the following:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) Formulate criteria for evaluation of performance of Independent Directors and the Board of directors.
- c) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors and Senior Management.
- f) To recommend to the Board policy relating to remuneration for Directors,

Key Managerial Personnel and Senior Management.

- g) To devise a policy on Board diversity.
- h) 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.

## **VII. APPLICABILITY**

This policy is applicable to:

- a. Directors viz, Executive, Non-Executive and Independent
- b. Key Managerial Personnel
- c. Senior Management Personnel
- d. Other Employees of the Company, as may be decided by the Board of Directors of the Company

## **VIII. APPOINTMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

### **A. Appointment criteria and qualifications:**

1. 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 to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. Appointment of Independent Directors is subject to the compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder.

### **B. Term / Tenure:**

#### **1. Managing Director/Whole-time Director/Manager (Managerial Person):**

- The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years or as may be determined in accordance with Schedule V of the Companies Act, 2013 at a time. No re-appointment shall be made earlier than one year before the expiry of term.

#### **2. 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.
- 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.

**C. Evaluation:**

- The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).
- The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence.
- The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.
- Framework for performance evaluation of Independent Directors and the Board is as per “Annexure A” to this Policy.

**D. Removal:**

- Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under 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, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

**E. Retirement:**

- The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and/or prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**IX. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT**

- The remuneration /compensation / profit related commission etc. to the Whole-time Directors, Non-Executive Directors (including Independent Directors) will be determined by the Committee and recommended to the Board for approval.
- With respect to the remuneration of KMP, Senior Management Personnel and other employees, the determination shall be effected by way of annual presentation before the Committee by VP HR and / or by the Chief Financial Officer, which would have requisite details. The Committee shall peruse the same and approve accordingly.
- Increments to the existing remuneration / compensation structure shall be approved by the Committee. Increments to the Whole Time Director(s) should be within the slabs approved by the Shareholders.

- Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees 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.

**A. Remuneration to Whole-time / Executive / Managing Director**

- The Whole-time Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.
- If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of the Companies Act, 2013.
- If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013, he/ she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**B. Remuneration to Non-Executive / Independent Director:**

- Remuneration / Commission:  
The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- Sitting Fees:  
The Non- Executive / Independent Directors of the Company may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, or rules framed per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**C. Remuneration to KMP, Senior Management Personnel and Other Employees**

- The KMP except Managing Director and Whole Time Director, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and / or as maybe approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites

including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be as per the Company's HR policies.

- The VP HR and / or the Chief Financial Officer of the Company will make annual presentation(s) before the Committee which would have requisite details setting out the proposed performance bonus payouts for the current financial year as well as the proposed increments for the next financial year. The Committee shall peruse and approve the same unless required under relevant regulations, to refer the same to the Board of Directors and / or Shareholders of the Company.
- This Remuneration Policy shall apply to all future/ continuing employment / engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes.
- The remuneration for KMP and Senior Managerial Personnel and other employees of the Company shall be approved by the Committee based on the recommendation / presentation by the Principal – HR and / or the Chief Financial Officer of the Company. In case any of the relevant regulations require that remuneration of KMPs or any other officer is to be specifically approved by the Committee and / or the Board of Directors then such approval will be accordingly procured.

#### **X. MINUTES OF COMMITTEE MEETING**

- Proceedings of all meetings shall be recorded in Minutes Book and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

#### **XI. IMPLEMENTATION**

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- The Committee may Delegate any of its powers to one or more of its members.

#### **XII. AMENDMENTS 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 it deems 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 and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

**Framework for performance evaluation of Independent Directors and the Board**

In view of the Compliance of the provisions of the Companies Act, 2013 and Regulations 19 of the SEBI ( Listing Obligation and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee (the “Committee”) has laid down the process, format attributes and criteria for performance evaluation of the Board, Board Committee and Individual Directors including the Chairman and Managing Director,

Performance of the Board and Board Committees were evaluated on various parameters such as structure, composition, quality, diversity, experience, competencies, performance of specific duties and obligations, quality of decision-making and overall Board effectiveness. Performance of individual Directors was evaluated on parameters, such as meeting attendance, participation and contribution, responsibility towards stakeholders and independent judgement.

Chairman and MD & CEO were evaluated on certain additional parameters, such as performance of the Company, leadership, relationships and communications, recognition and awards to the Company.

Some of the performance indicators based on which Independent Directors were evaluated include:

- Devotion of sufficient time and attention towards professional obligations for independent decision and acting in the best interest of the Company.
- Provides strategic guidance to the Company and determine important policies with a view to ensure long-term viability and strength.
- Bringing external expertise and independent judgement that contributes to the objectivity of the Board's deliberation, particularly on issues of strategy, performance and conflict management.

The Committee has established the following processes for evaluation of performance of Independent Director and the Board:

1. Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organize the evaluation process and act on its outcome;
2. The Committee shall formulate evaluation criteria for the Board and the Independent Directors which shall be broadly based on:
  - 2.1 Knowledge to perform the role;
  - 2.2 Time and level of participation;
  - 2.3 Performance of duties and level of oversight; and
  - 2.4 Professional conduct and independence.
3. The Board /Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.
4. The formats for Performance Evaluation of the Board of Directors, Non-independent Directors, Chairman and Independent Directors are the part of the Policy.



**Pacific Industries Limited**  
**Performance Evaluation of the Board of Directors**

S. No.	Performance Criteria	Rating			Remarks
		1	2	3	
1	Understanding of the Role of Board of Directors in the Company				
2	Understanding of the Goals of the Company				
3	Adherence to the Code of Conduct for the Directors of the Company				
4	Adequate Deliberations on the agenda before taking decision				
5	Adherence to the Regulatory compliances regarding composition of the Board of Directors as Combination of Executive, Non-executive and Independent Directors in the Board				
6	Control and Monitoring of the working of the Company by Executive Directors				
7	Formulation of Policy and Strategies for better results of the company				
8	Constitution of Functional Committees as per Companies Act, 2013 and Listing Agreement				
9	Frequency of the Board Meetings in the year				
10	Integrity and Commitment Level of the Directors on the Board				
11	Disclosures by the Directors to the Board as per requirement of Companies Act, 2013				
12	Participation of the Directors in the Meetings of the Board and Committees				
13	Understanding of Key Risk Areas of the Company				

14	Compliance with Insider Trading Policy of the Company				
15	Maintaining confidentiality of the information of the Company by the Directors				
16	Adherence to Good Corporate Governance Practices				
17	Overall Performance of the Board				

**Key of Rating**

1. Exceeds Evaluation Parameter
2. Meets Evaluation Parameter
3. Does not meet Evaluation Parameter

**Pacific Industries Limited**

**Performance Evaluation of the Non-Independent Directors**

S. No.	Performance Criteria	Name of Director		
		1	2	3
1	Understanding of the Goals of the Company			
2	Adherence to the Code of Conduct of the Company			
3	Control and Monitoring of the working of the Company			
4	Pro-active approach			
5	Adherence to Policy and Strategies decided by the Board			
6	Participation in the working of the Functional Committees			
7	Integrity and Commitment Level of the Directors			
8	Disclosures by the Directors to the Board as per requirement of Companies Act, 2013			
9	Participation of the Directors in the Meetings of the Board and Committees			
10	Familiarity of the Business of the Company & its Subsidiaries			
11	Understanding of Key Risk Areas of the Company			
12	Compliance with Insider Trading Policy of the Company			
13	<i>Adherence to Good Corporate Governance Practices</i>			
14	Maintaining confidentiality of the information of the Company			
15	Exercised his/her duties with due & reasonable care, skill and diligence			
16	Overall Performance			

**Key of Rating**

1. Exceeds Evaluation Parameter
2. Meets Evaluation Parameter
3. Does not meet Evaluation Parameter

**Pacific Industries Limited**  
**Performance Evaluation of the Chairman**

S. No.	Performance Criteria	Rating			Remarks
		1	2	3	
1	Encourages Active Participation by the Directors in Decision making process				
2	Level of Credibility and Trust among Members of the Board				
3	Facilitating the Board Proceedings as per Schedule and orderly manner				
4	Ability to derive consensus in decision making process				
5	Level of Maturity in balancing between different point of view among the Board Members				
6	Follows best Corporate Governance Practices in letter and spirit				
7	Takes keen interest in promoting CSR activities				
8	Clarity of the Role of Board of Directors in the Company				
9	Understanding of the Goals of the Company				
10	Adherence to the Code of Conduct for the Directors of the Company				
11	Ensures Adequate Deliberations on the agenda before taking decision				
12	Control and Monitoring of the working of the Company				
13	Pro-active approach				
14	Adherence to the Policy and Strategies for better results of the company				
15	Regular Review of working of the Functional Committees				
16	Ensures Adequacy of the information in Agenda Papers for taking right decisions in the Board				
17	Ensures adequate Frequency of the Board Meetings in the year				
18	Ensures Timely circulations of the Minutes of the Board and Committees for review of Directors				
19	Disclosures by the Directors to the Board as per requirement of Companies Act, 2013				

20	Understanding of Key Risk Areas of the Company				
21	Performance evaluation of the Company – Budget vs. Actual				
22	Review of Remuneration and Terms & conditions of Executive Directors, Key Managerial Personnel and Senior Management				
23	Compliance with Insider Trading Policy of the Company				
24	Independence in decision making process				
25	Overall Performance				

**Key of Rating**

1. Exceeds Evaluation Parameter
2. Meets Evaluation Parameter
3. Does not meet Evaluation Parameter

**Pacific Industries Limited  
Performance Evaluation of the Independent Directors**

S. No.	Performance Criteria	Name of Director		
		1	2	3
1	Understanding of the Goals of the Company			
2	Adherence to the Code of Conduct of the Company			
3	Control and Monitoring of the working of the Company			
4	Pro-active approach			
5	Adherence to Policy and Strategies decided by the Board			
6	Participation in the working of the Functional Committees			
7	Integrity and Commitment Level of the Directors			
8	Disclosures by the Directors to the Board as per requirement of Companies Act, 2013			
9	Participation of the Directors in the Meetings of the Board and Committees			
10	Familiarity of the Business of the Company & its Subsidiaries			

11	Understanding of Key Risk Areas of the Company			
12	Compliance with Insider Trading Policy of the Company			
13	<i>Adherence to Good Corporate Governance Practices</i>			
14	Maintaining confidentiality of the information of the Company			
15	Exercised his/her duties with due & reasonable care, skill and diligence			
16	Overall Performance			

**Key of Rating**

1. Exceeds Evaluation Parameter
2. Meets Evaluation Parameter
3. Does not meet Evaluation Parameter