



**PACE DIGITEK LIMITED**

**NOMINATION AND REMUNERATION POLICY**

<b>Document version</b>	<b>Approved By</b>	<b>Date of approval</b>	<b>Date of Amendment</b>
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## 1. Introduction

Pursuant to Section 178(3) of the Companies Act, 2013 (the “**Act**”) and Regulation 19(4) read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”). The Board of Directors of the Pace Digitek Limited (“**the Company**”) at its meeting held on 01<sup>st</sup> February, 2025 constituted the Nomination and Remuneration Committee (“**Committee**”) and also stipulated terms of reference in line with the Companies Act, 2013. The Board has the authority to reconstitute this Committee from time to time.

The Company has formulated this Nomination and Remuneration Policy (“**the Policy**”) to formulate criteria to determine the qualifications, attributes and independence of Directors and recommend matters related to the remuneration of Directors, Senior Management, KMP and other employees and to achieve adequate diversity on the Board of the Company.

## 2. Objectives and purpose of the policy

The objectives and purpose of this policy are:

- a. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a Director (Executive / Non-Executive) and recommend to the Board policies relating to the remuneration of the Directors, Key Managerial Personnel, Senior Management and other employees;
- b. To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;
- c. To devise a policy on Board diversity;
- d. To lay out remuneration principles for employees linked to their effort, performance and achievement relating to the Company’s goals; and
- e. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modifications as may be applicable.

## 3. Definitions

‘**Act**’ means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.

‘**Applicable Laws**’ means applicable provisions of the Act and the SEBI Regulations.

‘**Board**’ means Board of Directors of the Company.

**'Committee'** means nomination and remuneration committee of the Board.

**'Company'** means Pace Digitek Limited.

**'Director'** means a member of the Board.

**'Independent Director'** means an Independent Director as defined under Section 2 (47) to be read with Section 149 (5) of the Act and Regulation 16(1)(d) of SEBI Listing Regulations.

**'Key Managerial Personnel (KMP)'** means as defined in the Act.

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

**"SEBI Listing Regulations"** means the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time.

**'Senior Management'** or **'Senior Management Personnel'** or **'SMP'** means as provided under Regulation 16(1)(d) of SEBI Listing Regulations.

Words and expressions used and not defined in this Policy shall have the meaning ascribed to them in the SEBI Listing Regulations, the Securities and Exchange Board of India Act, 1992, as amended, the Securities Contracts (Regulation) Act, 1956, as amended, the Depositories Act, 1996, as amended, or the Act and rules and regulations made thereunder.

## **General**

This Policy is divided in four parts:

**Part – A** covers the matters to be dealt with and recommended by the Committee to the Board;

**Part – B** covers the appointment and nomination;

**Part – C** covers remuneration and perquisites etc.;  
and

**Part – D** covers Familiarization Programme

**Part –A**

**Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

The following matters shall be dealt by the Committee:

**(a) Size and composition of the Board:**

Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company as a whole;

**(b) Director:**

- Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board, when circumstances warrant the appointment of a new Director, having regard to the range of skills, experience and expertise, on the Board and who will best complement the Board;
- To evaluate the balance of skills, knowledge and experience on the Board for every appointment of Independent Director 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. use the services of external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.

**(c) Succession plans:**

Establishing and reviewing Board and senior executive succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management;

**(d) Evaluation of performance:**

- Make recommendations to the Board on appropriate performance criteria for the Directors as and when required.
- Formulate the criteria and framework for evaluation of performance of every Director on

the Board of the Company.

- Identify training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the options of the business, the industry and their legal responsibilities and duties.
- To extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

**(e) Board diversity:**

The Board shall consist of such optimum number of Directors as per the requirements of the Act and SEBI Listing Regulations.

The Committee is to assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board, in accordance with the Board Diversity policy which is as under:

- The Committee is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions.
- The Committee will lead the process for Board appointments and forward its recommendations to the Board. All Board appointments will be based on the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective. The Committee shall address Board vacancies by actively considering candidates that bring a diversity of background and industry experience or related expertise. The candidates will be considered against objective criteria having due regard to the benefits of diversity on the Board.
- Additionally, the Committee may consider appointment of experts from various specialized fields such as finance, law, information technology, corporate strategy, marketing, business development, international business, operations management or any other professional area, so as to bring diversified skill sets on Board or succeed any outgoing Director with the same expertise.
- While all appointments to the Board will continue to be made on merit, the Committee will consider the benefits of diversity (including but not limited to the attributes listed above) in identifying and recommending persons for Board membership, as well as in evaluating the Board and its individual members.

Further, the Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation, or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member.

Accordingly, the Committee shall:

- assess the appropriate mix of diversity, skills, experience and expertise required on the Board and assess the extent to which the required skills are represented on the Board,
- make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience and expertise on the Board, and
- periodically review and report to the Board requirements, if any, in relation to diversity on the Board.

The Committee will review the Board Diversity Policy periodically and recommend appropriate revisions to the Board as Committee may deem fit.

**(f) Remuneration framework and policies:**

The Committee is responsible for reviewing and making recommendations to the Board on:

- the remuneration of the Managing Director, Whole-time Directors and KMPs
- the total level of remuneration of Non-Executive Directors and for individual remuneration for Non- Executive Directors and the Chairman, including any additional fees payable for membership of Board committees;
- the remuneration policies for all employees including KMPs, senior management and other employees including base pay, incentive payments, equity awards, retirement rights and service contracts having regard to the need to
  - (i) attract and motivate talent to pursue the Company's long term growth;
  - (ii) demonstrate a clear relationship between executive compensation and performance; and
  - (iii) be reasonable and fair, having regard to best governance practices and legal requirements.
- the Company's superannuation arrangements and compliance with relevant laws and regulations in relation to superannuation arrangements;

**PART – B**

**Policy for appointment and removal of Director, KMPs and Senior Management**

***Appointment criteria and qualifications:***

1. The Committee shall identify and ascertain the integrity, qualification, expertise, knowledge and experience of the person for appointment as Director, KMP or senior management level and recommend to the Board his / her appointment.
2. A person to be appointed as Director, KMP or Senior Management level 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 is sufficient / satisfactory for the concerned position.
3. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board members.
4. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.
5. The Company shall not appoint or continue the employment of any person as Whole-Time Director/Managing Director/Manager who has attained the age of 70 (seventy) years. Provided that the term of the person holding this position may be extended beyond the age of 70 (seventy) years with the approval of Shareholders by passing a Special Resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond 70 (seventy) years.
6. The appointment of Managing Director and Independent Director of the Company shall be strictly in accordance with the applicable provisions of the Companies Act, 2013 and any other applicable law for the time being in force.

***Term / Tenure***

**1. Managing Director / Whole-time Director**

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for such term as prescribed under the Companies Act, 2013 and other applicable laws and regulations.

**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. 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.

Also, the tenure for the Executive Directors, Non-Executive Directors and Independent Directors shall be governed by the terms defined in the Act and SEBI Listing Regulations.

### **Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations read with the SEBI Listing Regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

The removal of the Key Managerial Personnel shall be as per provisions of Companies Act, 2013 and Senior Management will be governed by general rules and regulations/ Policy governing Human resources /employees of the company.

### **Retirement**

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

**PART – C**

**Policy relating to the remuneration for Directors, KMPs and other employees**

**General**

1. The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
2. The remuneration and commission to be paid to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Where any insurance is taken by the Company on behalf of its Managing Director, 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. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**Remuneration to KMPs and other employees**

The policy on remuneration for KMPs and other employees is as below:

**Fixed pay**

The Committee would determine the remuneration of the Directors and formulate guidelines for remuneration payable to the KMPs, senior management personnel and other employees.

These guidelines are as under:

Annual remuneration refers to the annual compensation payable to the employees of the Company. This comprises two parts - a fixed component, and a performance-linked variable component based on the extent of achievement of the individual's objectives and performance of the business unit. Every employee is required to sign a performance contract which clearly articulates the key performance measures for that particular defined role. The performance-linked variable pay will be directly linked to the performance on individual components of the performance contract and the overall performance of the business. An employee's variable pay would, therefore, be directly dependent on key performance measures that represent the best interests of shareholders.

The objective is to set the total remuneration at levels to attract, motivate, and retain high-caliber, and high potential personnel in a competitive global market. The total remuneration level is to be reset annually based on a comparison with the relevant peer group globally, established through independent compensation surveys, from time to time.

**Remuneration to Executive Director**

1. The compensation paid to the executive directors (including managing director and /or whole time director(s)) will be within the scale approved by the shareholders. The elements of the total compensation, approved by the NRC will be within the overall limits specified under the Act.
2. The Committee will determine the annual variable pay compensation in the form of annual incentive and annual increment for the executive director based on Company's and individual's performance as against the pre-agreed objectives for the year.
3. The executive directors, except for a promoter director, will also be eligible for ESOPs as per the ESOP scheme in force from time to time. Grants under the ESOP scheme shall be approved by the NRC.
4. In case of inadequacy of profit in any financial year, the remuneration payable to the executive director shall be further subject to the relevant provisions of the Act.
5. Executive directors will not be paid sitting fees for any Board / committee meetings attended by them.
6. The remuneration payable by the Company to the executive directors shall be subject to the conditions specified in the Act and the SEBI Listing Regulations including in terms of monetary limits, approval requirements and disclosure requirements.

**Remuneration to Non-Executive / Independent Directors**

1. Non-Executive and Independent Directors ("NEDs") will be paid remuneration by way of sitting fees and commission. The remuneration / commission / compensation to the NEDs will be determined by the Nomination and Remuneration Committee ("NRC") and recommended to the Board for its approval subject to the provisions of the Act.
2. The payment of the commission to the NEDs will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and NRC meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically and aligned to comparable best in class companies.
3. The commission payable to each Non-Executive Director may be revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder.
4. The Independent Directors shall not be entitled to any stock option of the Company.

**Interest of the Members**

- i. A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.
- ii. The NRC may invite such executives, as it considers appropriate, to be present at the meetings of the NRC.

**Part – D**

**Familiarization Programs**

As per Regulation 25 (7) of the Regulations, the Committee shall familiarize the Independent Directors through various programs about the Company, including the following:

- nature of the industry in which the Company operates;
- business model of the Company;
- roles, rights, responsibilities of Independent Directors; and
- any other relevant information.

**Familiarisation Process**

The members of the Board of Directors have complete access to information within the Company. The Company from time to time updates the Board members about their roles and responsibilities in the following manner:

- At the time of joining, an Appointment letter is issued to the Independent Directors, which broadly outlines their statutory duties, roles, responsibilities as an Independent Director. The Independent Directors are also informed of the important policies of the Company including the Directors and Officers Liability and Company Insurance policy, Code of Conduct for Directors and Senior Management Personnel, Code of Conduct for Prevention of Insider Trading and obligations on disclosures.
- At the time of inducting a newly appointed Director, including Independent Director, a presentation is made by the Senior Executives of the Company including the Managing Directors, CFO & Company Secretary to familiarize the Director with the business model, operational aspects, management structure and other information about the Company. The new inductee is also apprised on the ongoing discussions at the Board meetings to enable him/ her to effectively participate at the Board meetings.
- The Company keeps all its Directors updated on the operations of the Company and key developments which may impact the Company, its performance and its human resources through presentations made at the meetings of Board or otherwise by the Managing Director of the Company from time to time. Such presentations, inter alia, include details of the industry in which company operates, performance of the Company, updates on products of the Company, Company plans and strategies budgets, risk management mechanism, investments, funds flows, operations of subsidiaries and associates, HR policies, management succession planning and such other information as may be required by them.
- Business / Functional Heads and Company Executives are invited at Board or Committee Meetings as and when required, to provide a platform for interaction with the Company's key executives with the Directors and also to enable them to better understand the business and

operations of the Company.

- The Board members are updated on various regulatory and other amendments and developments either by way of presentations by external experts /consultants or by internal experts. The Independent Directors were also given a detailed overview of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards notified by Ministry of Corporate Affairs.
- The Company encourages and recommends its Independent Directors participation at various programmes being conducted by professional bodies and organizations to stay apprised on various changes and amendments in laws in the changing regulatory environment.

During every financial year, the Independent Directors and the Board of Directors cumulatively spend considerable time in activities relating to familiarization sessions.

### **Review of the Policy**

This policy is framed based on the provisions of the Act and SEBI Listing Regulations.

In case of any subsequent changes in the provisions of the Act or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Nomination and Remuneration Committee 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 Committee. Any changes or modification to the policy as recommended by the Committee would be subject to the approval of the Board of Directors.

**Note: This policy has been approved by the Board of Directors of the Company at their meeting held on 01<sup>st</sup> February, 2025 and shall be effective from 01<sup>st</sup> February, 2025.**

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