



# **CENTURY ENKA LIMITED**

## **NOMINATION, REMUNERATION & SUCCESSION POLICY**

## **DOCUMENT CONTROL**

### **Document version:**

This policy named as 'Nomination, Remuneration & Succession Policy' is version 1.1.

### **Preparation/Revision History:**

<b>SR. No.</b>	<b>Date of preparation / modification</b>	<b>Version No.</b>	<b>Modified by</b>	<b>Reviewed by</b>	<b>Approved by</b>
1	4 <sup>th</sup> February 2015	Ref: SECR/01 was considered as version 1.0	Company Secretary	Nomination and Remuneration Committee	Board of Directors
2	22 <sup>nd</sup> September 2022	1.1	Company Secretary	Nomination and Remuneration Committee	Board of Directors
3	8 <sup>th</sup> August 2023	1.2	Company Secretary	Nomination and Remuneration Committee	Board of Directors

### **Issuing Authority:**

This policy document is approved by the Board of the Company.

### **Author and Responsible Official:**

This policy document is to be maintained and updated by way of additions, deletions and modifications, only by the Legal and Secretarial Department subject to review of Managing Director and presented before the Nomination and Remuneration Committee for review & recommendation to the Board for their approval.

Every time the policy document is edited, the version increases by one unit and the version is to be mentioned in the Document Control section.

### **Applicability and Usage:**

This policy document applies to Directors, Key Managerial Personnel, Senior Management personnel and employees of the Company.

## **PREFACE**

Pursuant to Section 178 of the Companies Act 2013 & Rules made thereunder and Regulation 19 read with Para A of Part D of Schedule II of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Nomination and Remuneration Committee of the Board shall formulate the criteria for determining qualifications, positive attributes & independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

Further, the Nomination and Remuneration Committee shall 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 shall specify the manner for effective evaluation of performance of Board, its committees and individual Directors.

## **OBJECTIVES**

The main objectives of this Policy are as follows:

- a) To lay down criteria for identification of persons who are qualified to become Directors, Key Managerial Personnel and Senior Management Personnel.
- b) To lay down criteria for determining qualifications, positive attributes and independence of a director.
- c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage for the Company.
- d) To determine criteria for remuneration of Directors, Key Managerial Personnel, Senior Management Personnel & other employees.
- e) To formulate criteria for evaluation of the performance of the Board, Committees and individual Directors and recommend to the board, all remuneration, in whatever form, payable to senior management.

## **DEFINITIONS**

- a) **'Act'** means Companies Act, 2013 and includes notifications, circulars & clarifications as issued/amended by the Ministry of Corporate Affairs, from time to time.
- b) **'Board'** means the Board of Directors of Century Enka Limited.
- c) **'Company'** means Century Enka Limited unless the context otherwise provides.

- d) 'Director'** means a director appointed to the Board of the Company.
- e) 'Key Managerial Personnel (KMP)'** in relation to a company means:
- a) the Chief Executive Officer or the Managing Director or the Manager;
  - b) the Company Secretary;
  - c) the Whole-time Director;
  - d) the Chief Financial Officer;
  - e) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board and
  - f) any other person appointed by the Board of Directors as Key Managerial Personnel.
- f) 'Listing Regulations'** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 includes Standard Operating Procedures (SOPs), notifications, circulars & clarifications as issued/amended by the Securities and Exchange Board of India, from time to time.
- g) 'Nomination and Remuneration Committee' or 'the Committee' or 'the NRC'** means the Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with Section 178 of the Act read with Regulation 19 of the Listing Regulations.
- h) 'Policy' or 'this policy'** means 'Nomination, Remuneration & Succession Policy'.
- i) '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.
- j) 'Senior Management'** shall mean the officers and personnel of the listed entity 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 Company Secretary and the Chief Financial Officer.

The term 'one level below the Board' & functional head as mentioned in the definition of 'senior management', generally would comprise of personnel who has been delegated substantial functional powers to deliver the results and is accountable to the Board of Directors of a company.

## **CRITERIA FOR NOMINATION, QUALIFICATION, POSITIVE ATTRIBUTES, AND INDEPENDENCE**

The Company recognizes the importance of a truly diverse Board with an optimum combination of Executive, Non-Executive, Independent and Women Directors that brings diversity of thought, knowledge, experience & expertise and believes that it is indispensable for stronger financial performance, better corporate governance, strategic planning, growth prospects and improved brand value & reputation.

The factors to be considered by the Committee while evaluating a person for appointment as a Director, KMP or Senior Management Personnel are as under:

- a) qualified to be appointed pursuant to the provisions prescribed under the Act, Listing Regulations and other applicable laws, if any.
- b) educational & professional background
- c) relevant experience and expertise in relevant fields viz. accounts, finance, taxation, company secretarial, legal, technology, marketing or such other discipline as relevant to the present and prospective operations
- c) industry experience and expertise
- d) integrity, competency, and leadership skill & ability
- g) such other factors as committee may consider relevant for the position at given point of time

In case a person to be appointed as an Independent Director shall meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

The Committee, for the purpose of identification of suitable candidates, may use the services of an external agencies, if required.

## **CRITERIA FOR REMUNERATION**

The following criteria shall be considered while determining the remuneration of Directors, KMP, Senior Management Personnel & other employees:

- 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; and
- 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.

The overall limit of remuneration of the Directors is governed by the applicable provisions of the Act, Listing Regulations, agreements, resolutions, and other laws applicable to the Company.

The Board may determine different remuneration for different Directors on the basis of their duties, respective roles, responsibilities, industry related expertise & experience, time commitment etc.

**(A) Non-Executive Directors (including Independent Directors)**

Non-Executive Directors may be paid sitting fees, for attending the meetings of the Board & of committees of which they are members, as approved by the Board within the regulatory limits.

Further, Non-Executive Directors may be paid commission as approved by the shareholders of the Company on the recommendation of the Board of Directors subject to the regulatory limits.

In addition to the sitting fees and commission, the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board / Committees meetings, General Meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organized by the Company for directors) and obtaining professional advice in furtherance of his/her duties as a director.

**(B) Executive Directors, Key Managerial Personnel, Senior Management Personnel and Other Employees**

The Committee shall recommend to the Board, all remuneration, in whatever form, payable to the Key Managerial Personnel & Senior Management.

The Committee shall ensure, while recommending remuneration for the Executive Director, that the proposed remuneration is in compliance with the provisions of Section 197 read with Schedule V of the Act, the Listing Regulations and other applicable laws to the Company.

The remuneration of Key Managerial Personnel (other than those covered above), Senior Management Personnel and other employees should be:

- a) individual's role driven
- b) sufficient to attract & retain talented
- c) in accordance with the Company's HR Policies/Practices and
- d) align with the regulatory requirements, if any.

The remuneration may consist of the following:

- (a) fixed pay, which is payable monthly and includes basic pay, contributions to retirement benefits, house rent allowances and such other allowances as per the Company's policy.
- (b) variable pay, linked to the performance of the individual targets, unit targets and the overall performance of the Company.
- (c) such other incentives or perquisites or facilities in lieu of remuneration, as may be decided by the Committee or as per the policies of the Company.

## **PERFORMANCE EVALUATION CRITERIA**

Section 178(2), Para VII & Para VIII of Schedule IV, Section 134(3)(p) of the Act read with Rule 8(4) of the Companies (Accounts) Rules, 2014 and Regulation 4(2)(f)(ii), Regulation 17(10), Regulation 19 read with Part D of Schedule II, Regulation 25(4), Part C of Schedule V of the Listing Regulations, provides for manner of performance evaluation of the Board as a whole, its committees, Chairperson, individual directors including independent directors and related disclosures.

The NRC of the Company laid down the manner of formal annual evaluation of the performance of the Board as a whole, its Committees and Individual Directors including Independent Directors. The Committee has devised templates for performance evaluation of Directors including Independent Directors, Chairperson, the Board of Directors and Board Committees. Further, the Committee is empowered to modify the manner of performance evaluation including templates to align with the amendments made in the Act, Listing Regulations or in conformity with the guidance note issued by the Securities Exchange Board of India or any other authorities.

## **SUCCESSION PLAN**

Regulation 17(4) of the Listing Regulations mandates the Board of Directors of the listed entity to satisfy itself that plans are in place for orderly succession for appointment to the Board of Directors and Senior Management.

Further, as per Regulation 4(2)(f)(ii)(3) of the Listing Regulations, one of the key functions of the Board is to select, compensate, monitor and, when necessary, replace key managerial personnel and oversee succession planning.

The Company recognises the importance of Succession Planning for the continuous smooth functioning and effective performance of the organisation. Strategic and proactive succession planning is a critical component for the successful transition of the Company's key executives.

The objective of this plan shall, inter-alia, include the following:

- to assist the NRC and the Board to ensure the orderly identification and selection of new members to the Board or Senior Management Personnel in the event of an anticipated or unanticipated vacancy
- to identify the competency requirements of critical & key positions

The Committee will review periodically the status of the Board to anticipate any upcoming vacancy in the Board considering retirement & resignation of Board members and Human Resource Department ('HRD') will periodically review the status of Senior Management to anticipate any upcoming vacancy and shall identify and recommend to the Committee candidature of persons who are qualified for such position.

The HRD and the NRC shall administer, monitor and review the process of skill development and/or identify the training requirements for Senior Management Personnel and Directors respectively.

## **DISSEMINATION**

This Policy shall be placed on the website of the Company and the salient features and changes, therein, if any, along with web address of the Policy, shall be disclosed in the Board's Report of the Company.



## **INTERPRETATION AND MODIFICATION OF POLICY**

The Board on recommendation of the Committee shall have authority to amend or modify this policy to align with any amendments made to the Act and rules made thereunder or listing Regulations or such other circulars, SOP's, guidelines or regulations issued by the SEBI, Stock Exchanges(s) or any other statutory authority.

In the event of inconsistency of this policy with any statutory provisions issued by the relevant authorities, then the relevant provisions of such applicable law shall prevail upon the provisions of this Policy.