

CENTURY TEXTILES AND INDUSTRIES LIMITED

NOMINATION AND REMUNERATION POLICY

1. PREFACE

The Board of Directors of every listed Company pursuant to Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), shall constitute the Nomination and Remuneration Committee of the Board. The Company had already constituted a Remuneration Committee comprising of three non-executive Independent Directors as required under the provisions of the earlier Companies Act, 1956. In order to align itself with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board on 5th May 2014 changed the nomenclature of the "Remuneration Committee" to "Nomination and Remuneration Committee" and reconstituted the Committee with four non-executive Directors comprising of three Independent Directors and one Promoter Director (i.e. Chairperson of the Company) as Members of the Committee.

This Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules thereto and Listing Regulations.

2. OBJECTIVES AND PURPOSE OF THE POLICY

The key objectives and purpose of this policy are:

- 2.1.** To guide the Board in relation to the appointment and removal of the Directors, Key Managerial Personnel and Senior Management Personnel.
- 2.2** To lay down the criteria, positive attributes and terms and 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 and Key Managerial positions and to determine their remuneration.
- 2.3** To recommend to the Board the remuneration payable to the Directors, Key Managerial Personnel and Senior Management Personnel based on the Company's size,



financial position and trends and practices on remuneration prevailing in peer companies.

- 2.4. To evaluate the performance of the members of the Board as well as Key Managerial and Senior Management Personnel and submit a report to the Board, for their further evaluation and removal, by the Board.
- 2.5. To provide to Key Managerial Personnel and Senior Management Personnel rewards linked directly to their efforts, performance, dedication and achievement of predetermined targets relating to the Company's operations.
- 2.6. To attract, retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create a competitive advantage.
- 2.7. To evolve and strategise Board diversity i.e. the Board to consist of members from different fields viz. Management, Finance, Marketing etc. suitable to the needs of the Company.
- 2.8. To develop a succession plan for the Board and to regularly review the plan;
- 2.9. To consider any other matters as may be requested by the Board.

In the context of the aforesaid objectives, the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 4th February, 2015 and necessary changes were made to the policy as per approval of the Board dated 10th June, 2020 to make it in line with present laws/requirements.

3. DEFINITIONS

- 3.1 "**Act**" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 3.2 "**Board**" means Board of Directors of the Company.
- 3.3 "**Committee**" means the Nomination and Remuneration Committee of the Board of Directors of the Company as constituted or reconstituted by the Board in accordance with



the provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations.

- 3.4 “Company”** means Century Textiles and Industries Limited.
- 3.5 “Directors”** means the Directors of the Company.
- 3.6 “Independent Director”** means a director referred to in Section 149(6) of the Companies Act, 2013.
- 3.7 “Key Managerial Personnel” (KMP)** means-
- 3.7.1 CEO, the Managing Director or the Manager of the Company, if any
 - 3.7.2 Whole-time Director;
 - 3.7.3 Company Secretary;
 - 3.7.4 Chief Financial Officer;
 - 3.7.5 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;
 - 3.7.6 Such other officer as may be prescribed under the Act.
- 3.8 “Senior Management Personnel”** of the Company means persons who are members of its core management team excluding Board of Directors comprising all members of management one level below the Managing Director/Whole-time Director, including the Senior President/CEO of each of the Divisions of the Company.

4. INTERPRETATION

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act, Listing Regulations and/or any other SEBI Regulation(s) as may be amended from time to time, shall have the meaning respectively assigned to them therein.

5. APPLICABILITY

The Policy is applicable to –

- 5.1** Directors (Executive and Non-Executive)
- 5.2** Key Managerial Personnel
- 5.3** Senior Management Personnel

6.



6.1 Criteria for Determining Qualifications, Positive Attributes & Independence of Director

6.1.1 Qualifications of Independent Directors:-

- An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the Company's business.

6.1.2 Positive attributes of Independent Directors:-

- An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the Company in implementing the best corporate governance practices.

6.1.3.Independence of Independent Directors:-

- An Independent director should meet the requirements of the Companies Act, 2013 and the Listing Regulations concerning independence of directors.

6.2 POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL

6.2.1 Appointment criteria and qualifications:

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management Personnel and recommend to the Board his / her appointment.
- b. In selecting any person, no discrimination or distinction shall be made on the basis of his caste, religion, sex, origin or sexual orientation,



- c. It shall be the policy that:
- 1) such person should not have any active political affiliation;
 - 2) his personal conduct and integrity should be impeccable;
 - 3) he should not have been convicted of any offence whether involving moral turpitude or otherwise; and
 - 4) he should be medically fit to optimally carry out the duties and responsibilities associated with the position to which the proposed appointee is to be appointed;
- d. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether the qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- e. The Company shall normally not appoint or continue the employment of any person as Managing Director/Whole-time Director who has attained the age of seventy years, provided that in a case where the Managing Director/Whole-time Director is physically fit and in the opinion of the Committee, his appointment is in the interest of the Company, keeping in mind his experience, expertise and capability, the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders, by passing a special resolution.
- f. As a Policy the Company should not totally discourage employment of the persons who may be related to the key managerial personnel or senior management. However, care must be taken to ensure that such person possesses the requisite qualification and he is suitable for the post for which he is proposed to be considered. The Committee recognises that to develop loyalty to the Company it is advisable not to prohibit the employment of persons who may be related subject however to their meeting the requisite qualification and suitability criteria.

6.2.2 Term / Tenure:

- a. Wholetime Director / Managing Director / Manager

The Company shall appoint or re-appoint any person as its Managing Director/Whole-time Director or Executive Director for a term not exceeding five years at a time. No re-



appointment shall be made earlier than one year before the expiry of the term.

b. 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 the 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 the 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. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of the 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 Managing Director/Whole-time Director of a listed company or such other number as may be prescribed under the Act or Listing Regulations.

6.2.3 Evaluation:

- The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at yearly interval, i.e. at a meeting held after the year is over.

6.3 Criteria for performance evaluation of each of the Directors including Independent Directors and the Board

6.3.1. Purpose

The Board is ultimately responsible for the sound and prudential management of Century Textiles and Industries Limited. As such, the



Board is committed to a continuing process of Board renewal and formal procedures for assessing the performance of the Board, the aim being to maintain an energised, proactive and effective Board.

This policy sets out the guidelines that the Board has agreed they will follow regarding:

- Board renewal; and
- Board performance evaluations.

6.3.2. Performance Evaluation of Directors including Independent Directors and Board

The evaluation process shall be conducted within the policy framework.

The framework used to evaluate the performance of the directors is based on the expectation that they are performing their duties in a manner which should create and continue to build sustainable value for the shareholders, and in accordance with the duties and obligations imposed upon them.

- Annual review - On an annual basis or more frequently if appropriate, the Committee will review each of the Directors specifically addressing the performance criteria including compliance with the Directors' Code of Conduct. The Committee will provide a report to the Board on the outcome of these meetings.

6.3.3 In addition, the Nomination and Remuneration Committee may review and consider findings from the following:

- Board and Committee questionnaire - The Committee may require each Director, including Independent Directors to complete and return a questionnaire to the Chairman of the Nomination and Remuneration Committee. The questionnaire will cover one or more of the following topics:
 - The role of the Board and the Chairman;
 - Board leadership, teamwork and management relationships;
 - Board procedures and practices;
 - Board knowledge and access to information;
 - Board committees.



The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent director.

The Chairman of the Nomination and Remuneration Committee will present these findings to the Nomination and Remuneration Committee.

The above evaluation and policy are subject to review by the Nomination & Remuneration Committee and the Board of Directors of the Company.

6.4 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, or on discovery of any material fact which shows that the provisions of this Policy are violated, the Committee may recommend, to the Board with reasons recorded in writing, the removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, Rules and Regulations.

6.5 Retirement:

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

6.6 Succession Policy

- The management should encourage the key managerial personnel and the senior management to try to identify and groom the successors to ensure that there is no disruption in the working of the Company if for any reason the service of any key managerial personnel or senior management person ceases to be available to the Company.

7. POLICY RELATING TO THE REMUNERATION FOR THE MANAGING DIRECTOR,WHOLE-TIME DIRECTOR, NON-



EXECUTIVE/INDEPENDENT DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

7.1 General:

- a. The remuneration / compensation / commission etc. to the Managing Director, Whole-time Director, Non-Executive / Independent Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the 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.
- b. The remuneration and commission to be paid to the Managing Director and Whole-time Director shall be in accordance with the percentage / slabs / conditions as per the provisions of the Companies Act, 2013, and the Rules made thereunder.
- c. Increments to the existing remuneration / compensation structure linked to performance, should be clear and meet appropriate performance benchmarks and may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director and Whole-time Director.
- d. The Committee does not propose to fix the actual amounts of remuneration that may be payable to each individual key managerial personnel or senior management personnel. However, the management, whilst fixing the remuneration of any such key personnel must consider the following:
 1. The Industry practice for the same level of employment/office.
 2. Past performance/seniority of the concerned appointee.
 3. The nature of duties and responsibilities cast upon such person by reason of his holding that office.
 4. The remuneration should be such that it provides adequate incentive to the person to give his best to the Company and feel essence of high satisfaction with his employment.
 5. The perquisites to be given to Managing Director, Whole-time Director/s, KMP & Senior Management Personnel will be as



per industry practice and as may be recommended by the Committee to the Board.

7.2 Remuneration to Managing Director, Whole-time Director, KMP and Senior Management Personnel:

The Managing Director, Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be 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 decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required, reflecting the short and long term performance objectives appropriate to the working of the Company and its goals.

7.3 Remuneration to Non- Executive / Independent Director:

a. Remuneration / Commission:

The Committee noted that in the past the Company has paid remuneration to Non-Executive Directors by way of commission and if the Company's net profits computed for the purpose under the applicable provisions of the Companies Act, 2013 so permits in future, that practice should be restored.

Commission may be paid within the monetary limit fixed and approved by the Board subject to the overall limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

b. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committees thereof as may be recommended by the Committee and approved by the Board provided that the amount of such fees shall not exceed amount prescribed in this behalf by the Central Government from time to time. So far as the Sitting Fees are concerned, presently, for meetings of the various Committees, the same are at par for all the Committees. It should be suitably modified in due course keeping in mind the time and work involved for each of the Committees and the industry practice.

