

# **POLICY FOR EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES, INDIVIDUAL DIRECTORS & CHAIRPERSON**

## **1. PREAMBLE**

The Company conducts its operations under the overall direction of the Board of Directors within the framework laid down by various statutes, more particularly the Companies Act, 2013 (Act), the Articles of Association of the Company, Listing Agreement with the Stock Exchanges.

The Company's Board of Directors is dedicated to act in good faith, exercise their judgment on an informed basis and in the best interest of the Company and its stakeholders. Section 178 of the Act provides that a policy is to be formulated by the Nomination and Remuneration Committee ("NRC") and recommend to the Board, setting the criteria based on which the performance of every Director including the performance of the Board as a whole shall be assessed by the Board of Directors of the Company.

The Act, under clause VIII of Schedule IV, casts an obligation on part of the Board of Directors for evaluating the performance of Independent Directors. All the Directors on the Board of a Company, except the Independent Director whose performance is being evaluated, will assess the performance of the Independent Directors. Accordingly, performance evaluation of each Independent Director of the company would determine whether to extend or continue the term of appointment of the concerned Independent Director or not.

Board evaluation contributes significantly to improve performance at three levels - organizational, Board and individual Board member level. It also improves the leadership, teamwork, accountability, decision-making, communication and efficiency of the board. The Board evaluation sets the standards of performance and improves the culture of collective action by Board.

In order to comply with the above requirement and on the recommendations of Nomination & Remuneration Committee, this policy on performance evaluation is put into place and approved by the Board at its meeting held on 11.02.2017.

## **2. OBJECTIVES OF BOARD EVALUATION**

The objective of this policy is to formulate the procedures and also to prescribe and lay down the criteria to evaluate the performance of the entire Board of the Company.

The objectives of the Board evaluation can be enumerated as under:

- Improving the performance of Board towards corporate goals and objectives.
- Assessing the balance of skills, knowledge and experience on the Board.
- Identifying the areas of concern and areas to be focused for improvement.
- Identifying and creating awareness about the role of Directors individually and collectively as Board.
- Building Team work among Board members.
- Effective Coordination between Board and Management.
- Overall growth of the organisation.

### 3. RESPONSIBILITY OF BOARD / INDEPENDENT DIRECTORS

It shall be the duty of the Board, who shall be supported by the Management to organize the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the directors' and committees' effectiveness, to maximize their strength and to tackle their shortcomings.

#### **The Board of Directors shall undertake the following activities on an annual basis:**

- I. Review the various strategies of the Company and accordingly set the performance objectives for directors, in consistency with varying nature and requirements of Company's business.
- II. The Board as a whole shall discuss and analyze its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.

In conformity with the requirement of the Act, the performance evaluation of all the directors shall be done by the entire Board of Directors, excluding the director being evaluated.

Independent Directors are duty bound to evaluate the performance of non - independent directors and board as a whole. The independent directors of the Company shall hold at least one meeting in a year to review the performance of the non- independent directors, performance of chairperson of the Company and board as a whole, taking into account the views of executive directors and non-executive directors.

### 4. CRITERIA FOR EVALUATION

The Nomination & Remuneration Committee will set out and review the criteria for evaluation at every level depending on the functions, responsibilities, competencies required, nature of business etc.

#### **INDICATIVE CRITERIA FOR EVALUATION**

<b>BOARD AS A WHOLE</b>	<b>COMMITTEES OF THE BOARD</b>	<b>INDIVIDUAL DIRECTORS &amp; CHAIRPERSONS</b> (Including Chairman, MD&CEO, Independent Directors, Non-Independent Directors, etc)
<ol style="list-style-type: none"> <li>1. Structure of the Board</li> <li>2. Meetings of the Board</li> <li>3. Functions of the Board</li> <li>4. Board &amp; Management</li> <li>5. Professional Development</li> </ol>	<ol style="list-style-type: none"> <li>1. Mandate &amp; Composition</li> <li>2. Effectiveness of the Committee</li> <li>3. Structure of the Committee &amp; Meetings</li> <li>4. Independence of the Committee from the Board</li> <li>5. Contribution to the decisions of the Board</li> </ol>	<p><b><u>General Criteria</u></b></p> <ol style="list-style-type: none"> <li>1. Qualifications</li> <li>2. Experience</li> <li>3. Knowledge &amp; Competency</li> <li>4. Fulfillment of Functions</li> <li>5. Ability to function as a team</li> <li>6. Initiative</li> <li>7. Availability &amp; Attendance</li> <li>8. Commitment</li> <li>9. Contribution</li> <li>10. Integrity</li> </ol> <p><b><u>Additional Criteria for Independent Directors</u></b></p> <ol style="list-style-type: none"> <li>1. Independence ie. No Conflict of Interest</li> <li>2. Independent views &amp; judgment</li> </ol> <p><b><u>Additional Criteria for Chairperson</u></b></p> <ol style="list-style-type: none"> <li>1. Effectiveness of leadership &amp; ability to steer the meetings.</li> <li>2. Impartiality</li> <li>3. Commitment</li> <li>4. Ability to keep shareholders interest in mind.</li> </ol>

**5. METHOD OF EVALUATION & ASSESSMENT**

A questionnaire containing the criteria for evaluation may be circulated to individual Directors, Committees, Board etc, if deemed fit, the questionnaire may enable written answers to be submitted on a confidential basis. If due to various reasons, members are not willing to provide written inputs, the Chairperson or any other person may take initiative and obtain views of such members on confidential basis. The Board or Committee thereof may engage independent external consultants periodically to provide strategic advices and assistance in the evaluation process. However, it must be ensured that the external assessor is not a related party or conflicted due to closeness of the Board to ensure impartiality.

**6. FEEDBACK**

On collation of all responses feedback may be provided to individual Directors, the Board, Committees in one or more ways:

- a. Orally given by Chairman, external assessor, if any, or any other suitable person to
  - i. Each Members separately
  - ii. To the entire Board
  - iii. To the Committees
  
- b. A written assessment to every members, Board & Committee.

**7. POLICY REVIEW**

Subject to the approval of Board of Directors, the “Nomination and Remuneration Committee” reserves its right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the company. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

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