

PERFORMANCE EVALUATION POLICY OF BOARD OF DIRECTORS

1. INTRODUCTION

The evaluation of the Board of Directors, its Committees and individual Directors is vital for improving Board performance irrespective of the size, status and type of the company. Quality of Board of Directors is very important from the perspective of Company's key stakeholders. There has been significant rise in stakeholders' expectations from the management of the companies. Well managed evaluation of the Board increases its effectiveness and accountability.

The Companies Act, 2013 ("Act") mandates board and director evaluation, but also requires the evaluation to be formal, regular and transparent.

Section 134 (3) (p) of the Act requires that the Board of Directors shall conduct formal annual evaluation of its own performance and that of the Committees and individual Directors.

Section 178 (2) requires that the Evaluation of each Director of the Board is to be done by the Nomination and Remuneration Committee (NRC) of the Board. (Section 178 (2))

Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, NRC shall do the evaluation of the independent Directors (except director being evaluated) and entire board.

2. PURPOSE & SCOPE:

The purpose and Scope of this policy is to establish the process for effective evaluation of performance of Board of Directors of the Company, the Committees thereof and individual Directors including the Chairman of the Board of Directors (collectively called "Performance Evaluation").

The Board performance evaluation is designed to:

- (a) review the pre-determined role of the Board and individual Directors
- (b) annually assess how well directors are discharging their responsibilities; collectively by assessing the Board's effectiveness; and individually by assessing the quality of a Director's contribution to board discussions, business proposals and corporate governance responsibilities;
- (c) Annually assess the performance of directors in discharging their responsibilities.
- (d) evaluate the Directors' confidence in the integrity of the company, the quality of the discussions at Board meetings, the credibility of the reports and information they receive, the level of interpersonal cohesion between Board members and the degree of Board knowledge;

3. PERFORMANCE EVALUATION PROCESS

The Performance Evaluation shall be carried out annually against the parameters indicated in the respective questionnaires. The Performance Evaluation process involves the following steps:-

- i. Identification of areas for performance evaluation;
- ii. Formulating a questionnaire on the areas for performance evaluation;
- iii. Obtaining responses of individual directors to the questionnaire on a rating scale;
- iv. Analysing the responses to the questionnaire;
- v. Reporting the findings to the Board.

The Board shall review the reports and findings of the above process and develop an action plan for implementation.

4. PERFORMANCE EVALUATION BY INDEPENDENT DIRECTORS

- a) All Independent Directors in its separate meeting shall nominate one of them as lead Independent Director. Evaluation of the Board of Directors as a whole, Chairperson of the Company and Non Independent Directors will be carried out by all Independent Directors. The Independent Director as an evaluator will consider the parameters set out in respective evaluation forms. The Board evaluation form, Chairperson's evaluation form and that of Non Independent Directors are attached herewith as Annexure A, B and C respectively.
- b) Each Independent Director will assign score (on scale of 1 to 5) to each of the questions in the respective evaluation forms and give the completed evaluation forms to lead Independent Director.
- c) The lead Independent Director will then get the responses of Independent Directors collated and summarized. The aggregate of scores assigned by all Independent Directors to all questions in each form will then be divided by the product of (maximum possible score for each question in such form, number of directors evaluating and total number of questions therein). Based on this, percentage would be computed which would reflect the respective score of the Board, Chairperson and Non Independent Directors.
- d) In case of evaluation of Chairperson of Company, the views of Executive and Non-Executive Directors shall also be taken into account.
- e) Lead Independent Director will prepare separate reports of evaluation of each category and submit the reports in the meeting of Independent Directors for discussion. The meeting
 - i) shall review the performance of non-independent directors and the Board as a whole
 - ii) review the performance of the Chairman of the company taking into account the view of executive and non-executive directors

- iii) assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- f) After Independent Directors have finalised the evaluation reports, lead Independent Director will submit the evaluation reports to Chairperson of the Board.
- g) The Board shall review the reports and develop an action plan for implementation.

4.1 PERFORMANCE EVALUATION OF BOARD COMMITTEES

- i. The Board of Directors of the Company shall evaluate the performance of each of its Committees.
- ii. Each Director, as an evaluator, will consider the parameters set out in evaluation form attached herewith as Annexure D.
- iii. Each Director, will assign score (on scale of 1 to 5) to each of the questions in the evaluation form for each Committee and give the completed evaluation forms to the Chairperson of the Company.
- iv. The Chairperson of the Company will then get the responses of each Director with respect to each Committee collated and summarized. The aggregate of scores assigned by each Director to all questions in the evaluation form of the respective Committees will then be divided by the product of (maximum possible score for each question in such form, number of Directors evaluating and total number of questions therein). Based on this, percentage would be computed which would reflect the score of each Committee of the Board.
- v. The Chairperson of the Company will prepare reports of evaluation of each Committee and the reports will be submitted to the Board for discussion in its meeting.
- vi. The Board shall review the reports and develop an action plan for each Committee.

4.2 PERFORMANCE EVALUATION OF INDIVIDUAL DIRECTORS

- i. Nomination and Remuneration Committee (“NRC”) shall evaluate the performance of each Director.
- ii. Each member of NRC, as an evaluator, will consider the parameters set out in respective evaluation forms attached herewith as Annexure C (for Non Independent Directors) and Annexure E (for Independent Directors).
- iii. Each member of NRC will assign score (on scale of 1 to 5) to each of the questions in the evaluation forms and give the completed evaluation forms to Chairperson of NRC.
- iv. The Chairperson of NRC will then get the responses of each member of NRC collated and summarized. The aggregate of scores assigned by all such members to all questions in the form will then be divided by the product of (maximum possible score for each question in such form, number of members evaluating and total number of questions therein). Based on this, percentage would be computed which would reflect the score of each Director of the Company.

- v. Chairperson of NRC will prepare report of evaluation of each Director of the Company and the report will be submitted to the Committee for discussion in its meeting.
- vi. After NRC has finalised the evaluation report, the Chairperson of NRC will submit the evaluation report to Chairperson of the Board.
- vii. The Board shall review the report and develop an action plan for individual Director.

4.3 PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS

- i. The Board of Directors (excluding the Director being evaluated) shall evaluate the performance of each Independent Director.
- ii. Each member of the Board excluding the Director being evaluated (“Participating Director”), as an evaluator, will consider the parameters set out in respective evaluation form attached herewith as Annexure E.
- iii. Participating Director will assign score (on scale of 1 to 5) to each of the questions in the evaluation form and give the completed evaluation form to Chairperson of the Board.
- iv. The Chairperson of Board will then get the responses of each Participating Director collated and summarized. The aggregate of scores assigned by all Participating Directors to all questions in the form will then be divided by the product of (maximum possible score for each question in such form, number of Participating Directors evaluating and total number of questions therein). Based on this, percentage would be computed which would reflect the score of each Independent Director of the Company.
- v. Chairperson of the Board will prepare report of evaluation of each Independent Director of the Company and the report will be placed before the Board.
- vi. The Board shall review the report and develop an action plan for individual Independent Director.
- vii. On the basis of report of performance evaluation, the Board shall determine whether to extend or continue the term of appointment of the independent director.

5. EXTERNAL CONSULTANTS

The Board may decide to use an external consultant at any stage of the performance evaluation process, to bring objectivity to the process.

The Board may revise; amend; change the policy from time to time.