



BOARD EVALUATION POLICY

Version – 1.2¹

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BOARD OF DIRECTORS' EVALUATION POLICY

1. INTRODUCTION

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") contain broad provisions on Board Evaluation i.e., evaluation of the performance of: (i) the Board as a whole, (ii) individual directors (including independent directors and Chairperson) and (iii) various Committees of the Board. The provisions also specify responsibilities of various persons / committees for conduct of such evaluation and certain disclosure requirements as a part of the listed entity's corporate governance obligations.

This Policy has been formulated to comply with various provisions under the Companies Act, the SEBI Listing Regulations and the formal annual evaluation made by the Board of its own performance and that of its Committees and individual Directors.

2. RATIONALE BEHIND EVALUATION:

Evaluation provides the Board and its Committees with the opportunity to consider how group culture, cohesiveness, composition, leadership, meetings information processes and governance policies influence performance. Board Evaluation helps to identify areas for potential adjustment and provides an opportunity to remind directors of the importance of group dynamics and effective Board and Committee processes in fulfilling their responsibilities.

Board Evaluation contributes significantly to improved performance at three levels- Organizational, Board, and Individual level. It sets the standards of performance and improves the culture of collective action by Board.

3. OBJECTIVE:

The purpose of the Board Evaluation Framework is enumerated below:

- i. To ensure corporate governance standards are maintained
- ii. To facilitate the identification of the areas of concern and the areas to be focused upon for enhancing the functioning of the Board.
- iii. To create awareness about the role of Directors individually, and collectively as a Board.
- iv. To steer the Board in direction of achieving the Company's Mission and Vision.
- v. To assess the balance of skills, knowledge and experience on the Board.

4. STATUTORY/REGULATORY REQUIREMENTS:

The Companies Act, 2013 and SEBI LODR Regulations mandates that the performance evaluation. The main terms of provisions are annexed hereto as "**Annexure A**".

5. EVALUATION PROCEDURE:

The evaluation process shall be initiated once at the end of Financial Year. At the Board's discretion, the Company Secretary or any other person designated by the Board, will co-ordinate the Board self- evaluation or an external consultant may be appointed to assist with this process.

As required under SEBI LODR Regulations and Companies Act, the following will be evaluated:

- I. Board as a whole;
- II. Committees of the Board;
- III. Individual Directors and Chairperson (including Chairperson, Independent Directors, Non-independent directors, etc.)

Role of the NRC:

- I. NRC shall formulate criteria for evaluation of performance of independent directors and the board of directors.
- II. NRC will carry out evaluation of every director's performance.
- III. NRC will recommend to the Board whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- IV. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal

6. REVIEW OF THE POLICY:

The Nomination and Remuneration Committee subject to the approval of the Board shall have the right to review and amend this Policy, if required, to ascertain its appropriateness as per the Company's need.

7. DISCLOSURE:

In accordance with the requirement under the Act, the Board of Directors will disclose the manner in which it has evaluated its own performance, the performance of various committees, and the performance of individual directors in the Board's Report.

8. AMENDMENTS:

The Board shall approve any changes in the Policy. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Act or the rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy from the effective date as specified in such amendment(s).

Annexure A

Main provisions under Companies Act, 2013 with respect to Board Evaluation:

Section 134(3): There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors, which shall include –

(p) in case of a listed company and every other public company having such paid-up share capital as may prescribed, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

Section 178(2): 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 to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

Schedule IV: Code for Independent Directors

II. Role and functions:

(2) The Independent Directors shall bring an objective view in the evaluation of the performance of Board and Management.

V. Re-Appointment:

The re-appointment of independent director shall be based on report of performance evaluation.

VII. Separate Meetings:

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.
- (2) All the independent directors of the company shall strive to be present at such meeting.
- (3) The meeting shall:
 - (a) review the performance of non-independent directors and the Board as a whole.
 - (b) review the performance of the Chairman of the company, considering the views of executive directors and non-executive directors.
 - (c) 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 perform their duties.

VII. Evaluation Mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Rule 8 (4) of the Companies (Accounts) Rules, 2014

Every listed company and every other public company having paid-up share capital of twenty-five crore (25 crore) or more calculated at the end of the preceding financial year shall include, in the report by its Board of Directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

Main provisions under SEBI LODR Regulations with respect to Board Evaluation

CHAPTER II:

4(2)(f)(ii): Key functions of the board of directors- (9) Monitoring and reviewing board of director's evaluation framework.

Chapter IV:

17(10): The evaluation of independent directors shall be done by the entire board of directors which shall include-

- (a) performance of the directors; and
- (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management:

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

25: (3) The independent directors of the listed entity shall hold at least one meeting in a financial year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.

(4) The independent directors in the meeting referred in sub-regulation (3) shall, inter-alia:

- (a) review the performance of non-independent directors and the board of directors as a whole.
- (b) review the performance of the chairperson of the listed entity, considering the views of executive directors and non-executive directors.
- (c) assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

Schedule II (Part D) (A) Role of Nomination and Remuneration Committee:

Role of committee shall, inter-alia, include the following:

- (1)** Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (1A)** For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board 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 an 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.
- (2)** Formulation of criteria for evaluation of performance of independent directors and the board of directors.
- (3)** Devising a policy on diversity of board of directors
- (4)** Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
- (5)** Whether to extend or continue the term of appointment of the independent director, based on the report of performance evaluation of independent directors.

Schedule V: Corporate Governance Report.

The following disclosures shall be made in the section on the corporate governance of the annual report.

(4) Nomination and Remuneration Committee:

(d) Performance evaluation criteria for independent directors.