

## **POLICY FOR EVALUATION OF DIRECTORS PERFORMANCE**

### **INTRODUCTION**

- 1) This policy sets out the general process and criteria the Board will use in evaluating the performance of the Directors.
- 2) The Company has made this policy to comply with various provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also the formal annual evaluation made by the Board of Directors of its own performance (self-appraisals) and that of its committees and individual Directors as mentioned under the clause (p) of sub-section (3) of Section 134 of the Companies Act, 2013.

### **ROLES & RESPONSIBILITIES**

- 1) The Board will be responsible for approving the criteria for Board's evaluation of the Director(s), and all board members shall have an opportunity to provide input into the Director(s) evaluation.
- 2) The Nomination & Remuneration Committee shall evaluate the performance of the each Board of Director as per subsection (2) of Section 178 and based on the functions of the Board of Directors as indicated under Schedule IV (as per section 149) annexed to the Companies Act, 2013 and the Rules made there under.
- 3) The Nomination and Remuneration Committee is responsible for coordinating with the Directors.

### **EVALUATION FORMS & EVALUATION PERIOD**

The Directors performance evaluation shall be based on the 12 month period corresponding to the Financial Year, hereinafter referred to as the "Evaluation Period". The evaluation process is based upon the following forms, duly approved by the board of directors:

- A. Board Evaluation Form (BEF)
- B. Committee's Evaluation Form (CEF)
- C. Individual Evaluation Form

### **EVALUATION CRITERIA FOR BOARD MEMBERS**

- 1) Prior to each Evaluation Period, the Nomination and Remuneration Committee may meet with the Director(s), to review:
  - a) Evaluation criteria against which the Director(s), will be evaluated at the end of the Evaluation Period .
  - b) Any survey instruments to be used in the evaluation.
  - c) Other measures or tools for evaluating the criteria established above.

- 2) The Nomination and Remuneration Committee will recommend all performance evaluation criteria, and changes to the criteria, to the Board for approval. Once approved by the Board, said criteria will be communicated to the Director(s), prior to the commencement of the Evaluation Period to which they apply.
- 3) The evaluation criteria will include a range of criteria including:
  1. Attendance and contribution at Board and Committee meetings;
  2. Expertise, skills, behavior, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards;
  3. Knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes and Corporate Governance;
  4. Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency;
  5. Open channels of communication with management and other colleague on Board to maintain high standards of integrity;
  6. Recognize the role which he/she is expected to play, internal Board Relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board;
  7. Quality of decision making on source of raw material/procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc.
  8. Ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders;
  9. Contribution to enhance overall brand image of the Company.
- 4) In establishing criteria or outcomes, the Nomination and Remuneration Committee will attempt to ensure that:
  - a. Where possible the criteria or outcomes are objective and measurable.
  - b. The Directors, has a reasonable degree of control and authority over the outcomes and has the necessary human and capital resources to effectively manage them.
  - c. The criteria may include outcomes over which the Directors, can have a direct impact (e.g. stakeholder relations) and an indirect impact (e.g. member satisfaction).
- 5) Procedures for the performance evaluation are set out in Annexure-I.

**Annexure 1****PERFORMANCE EVALUATION PROCEDURES**

The Director(s) performance evaluation should commence immediately following the end of the Evaluation Period, and shall typically be completed within [three months]. The process shall include the following steps:

- 1) The Director(s), will provide the Nomination and Remuneration Committee with the Director(s) own assessment of his or her performance.
- 2) The Nomination and Remuneration Committee may request that the Director(s), other staff member, or an advisor provide them with data or information necessary to assess performance.
- 3) The Nomination and Remuneration Committee will administer a survey of all board members regarding the Director(s) performance. Accompanying the survey will be any other data or information that may help board members to effectively evaluate the Director(s).
- 4) The Nomination and Remuneration Committee may direct an advisor or other outside party to assist in tabulating the administration of any surveys, or to assist in the analysis of any data collected in the evaluation process.
- 5) Board member survey responses may not be submitted anonymously. When finalizing any summary report of the survey responses for submission to the Board, the Nomination and Remuneration Committee shall have the authority to summarize or modify any written comments submitted by board members only for purposes of clarification or reducing repetition. [Board members may request to know who provided specific comments or ratings if it is not evident in the report.
- 6) Based on the Director(s), self-assessment, the results of the evaluation survey, and any data pertaining to objective criteria that were established, the Nomination and Remuneration Committee will meet to arrive at an assessment of the Director(s), performance.
- 7) At a regular or special meeting of the Board, an executive session will be held at which the Chair of the Nomination and Remuneration Committee will present the Nomination and Remuneration Committee's assessment of the Director(s), performance, along with all necessary supporting data and analysis, for discussion and approval by the Board.
- 8) The Nomination and Remuneration Committee will be responsible for meeting with the Director(s), as soon as practical after the above meeting, to review the results of the Board's evaluation.
- 9) At the next regular meeting of the Board, the Director(s) will be provided an opportunity to address the Board on the results of the evaluation. The Said address may occur in executive session at the request of the Director(s).