POLICY FOR EVALUATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

BACKGROUND

As per Section 178 of the Companies Act, 2013 every listed Company is required to Constitute a Nomination and Remuneration Committee comprising of atleast three directors all of whom shall be non-executive directors and atleast half shall be Independent and the Chairman of the Nomination and Remuneration Committee shall be an Independent Director. The said Nomination and Remuneration Committee shall set a policy to formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees, criteria for evaluation of Independent Directors and the Board and policy for Board diversity.

QUALIFICATIONS FOR APPOINTMENT OF DIRECTORS:

Subject of the Companies Act, 2013 and all other applicable laws the Company while appointing its Directors shall consider the following:

- Whether the person to be appointed as Director is qualified to be appointed as directors?
- Whether the person to be appointed as Director is Person of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- Whether the person to be appointed as Director of the Company possess requisite business literacy/skill.
- Whether the person to be appointed as Director possess the requisite qualifications to perform his role and to meet the objectives of the Company.
- Whether the person to be appointed as Director be able to adapt to changes in their industry and quickly make adjustments to operations if need be.
- Whether the person to be appointed as Director possess requisite communication skills to execute his task as Director.
- Whether the person to be appointed as Director possess effective leadership qualities.
- Whether the person to be appointed as Director possess strong ethics and kindness to treat people with respect.

Additional requirements for Independent Directors:

- in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- is or was not a promoter of the company or its holding, subsidiary or associate company;
- is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- apart from receiving director's remuneration, he should not have any material pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

- None of his relatives shall have any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- neither he nor his relative shall hold the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
- neither he nor his relative has been an employee or proprietor or a partner of a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed.
- He along with his relatives should not hold two per cent or more of the total voting power of the company.
- neither he nor his relative should be a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company
- Neither he nor his relative should be a material supplier, service provider or customer or a lessor or lessee of the company.

POSITIVE ATTRIBUTES OF DIRECTORS

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions.
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.

CRITERIA FOR APPOINTMENT OF KMP/SENIOR MANAGEMENT:

- Should possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities.
- Should practice and encourage professionalism and transparent working environment.

- Should build teams and carry the team members along for achieving the goals/objectives and corporate mission.
- Should adhere strictly to code of conduct laid down by the Company.

CRITERIA FOR EVALUATION OF INDEPENDENT DIRECTORS AND BOARD:

INDEPENDENT DIRECTORS:

- How well prepared and well informed the Independent directors for board meetings?
- Is the attendance of Independent directors at meetings satisfactory?
- Do the Independent directors show willingness to spend time and effort learning about the company and its business?
- Do the Independent directors willing to participate in events outside board meetings such as site visits?
- What has been the quality and value of Independent director's contributions at board meetings?
- What has been their contribution to the development of (i) Strategy and (ii) risk management?
- How successfully the Independent directors brought their knowledge and experience to bear in the consideration of strategy?
- How effectively the Independent directors probed to test assumptions?
- Where necessary, how resolute are they in holding to their views and resisting pressure from others?
- How effectively have they followed up matters about which they have expressed concern?
- How good are their relationship with other board members, the company secretary and senior management?
- How actively and successfully do they refresh their knowledge and skill?
- Are they up-to-date with the latest developments in areas such as the corporate governance framework and financial reporting and in the industry and market conditions?
- How well do they communicate with other board members, senior management and others?
- Can they present their views convincingly, yet diplomatically?
- Do they listen to the views of others?

BOARD OF DIRECTORS:

- How well has the board performed against any objective that was set?
- What has been the contribution of the board to the development strategy?
- What has been the contribution of the board to ensuring robust and effective risk management?
- Is the composition of the board and its committees appropriate?
- Do these have the right balance of knowledge and skills to maximize performance?
- Are relationships inside and outside the board working effectively?
- How has the board responded to any problems or crises that arose?
- Could / should these have been foreseen?
- Are the matters specifically reserved for the board the right ones?

- How well does the board communicate with the management team, employees and others?
- How effective is its use of the Annual General Meeting and the annual report?
- Is the board as a whole up to date with the latest developments in the regulatory environment and the market?
- How effective are the board's committees (for example, in their role, their composition and their interaction with the board)?
- Does the board receive the right amount and quality of timely information?
- How well does management respond to request from the board for clarification or additional information?
- Do the board and the board committees hold enough meetings of suitable length to get through their business properly?
- Is time used effectively?
- Is board procedure flexible and is the conducive to effective performance?

EVALUATION OF PERFORMANCE:

The performance evaluation of independent directors shall be done by the entire Board of Directors (excluding the director being evaluated).

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. All the independent directors of the company shall strive to be present at such meeting.

The independent directors in the meeting shall, inter-alia:

i. review the performance of non-independent directors and the Board as a whole;

ii. review the performance of the Chairperson of the company, taking into account the views of executive directors 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.

DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

REVIEW OF THIS POLICY

The Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy.