POLICY ON PERFORMANCE EVALUATION

1. Introduction

The evaluation of performance of the Board of Directors, its committees and individual directors is vital for improving performance of the Board of Directors 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 of Directors increases its effectiveness and accountability. The Board of Directors demonstrates through performance evaluation process that the Board of Directors as a collegium, its committees and each of its members are accountable for their performance to its stakeholders. Evaluation process will lead to good corporate governance and transparency.

2. Objective

The purpose 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 and the Chairperson of the Company (collectively called "Performance Evaluation"). The Performance Evaluation process aims to constructively improve the effectiveness of the Board of Directors, its committee and individual Directors (including Chairperson of the Company), maximise their strengths and confront their weaknesses. The distinctive competencies of each of the Directors should complement in achieving the objectives of the Company as the Board of Directors have a shared leadership role. The performance of Board of Directors as a group is what counts.

3. Scope

The scope of this Policy includes Performance Evaluation of the following:-

a. The Board of Directors of the Company;
b. The Committees of the Board of Directors;
c. Individual Directors.
d. Chairperson of the Company.

4. Performance Evaluation Process

The Performance Evaluation shall be carried out annually. The Performance Evaluation process involves the following steps:-

i. Identification of areas for Performance Evaluation;
ii. Formulating questionnaire(s) and other parameters, if any, for Performance Evaluation;
iii. Obtaining responses of individual directors to the questionnaire(s) on a rating scale;
iv. Analysing the responses to the questionnaire(s); and
v. Reporting the findings to the Board.

The Director being evaluated shall not participate in his / her own evaluation. The Board shall review the reports and findings of the above process and give its suggestions and comments, if any.

5. Performance Evaluation

5.1 Performance Evaluation by Independent Directors

a) 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. Each Independent Director as an evaluator will consider the parameters set out in respective evaluation forms.
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 Chairperson of the Nomination and Remuneration Committee, who is an Independent Director.
c) The Chairperson of the Nomination and Remuneration Committee shall get the responses 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 (i) maximum possible score for each question in such form, (ii) number of directors evaluating; and (iii) total number of questions therein. Based on this calculation, percentage would be computed which would reflect the respective score of the Board of Directors, Chairperson of the Company and Non-Independent Directors.
d) While evaluating the performance of Chairperson of the Company, the views of Executive Directors and Non-Executive Directors shall also be taken into account.
e) The Chairperson of the Nomination and Remuneration Committee will prepare separate reports of evaluation of each category and submit the reports in the meeting of Independent Directors.
f) The Independent Directors in their separate meeting shall discuss the reports alongwith other parameters of evaluation, if any, and give their suggestions and comments, if any. The Chairperson of the Nomination and Remuneration Committee will brief the Board of Directors about such performance evaluation.

5.2 Performance Evaluation of Board Committees by the Board

a) The Board of Directors of the Company shall evaluate the performance of each of its Committees. Each Director, as an evaluator, will consider the parameters set out in evaluation form for this purpose.
b) 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.
c) 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 (i) maximum possible score for each question in such form, (ii) number of Directors evaluating; and (iii) total number of questions therein. Based on this calculation,

percentage would be computed which would reflect the score of each Committee of the Board.

d) The reports of evaluation of each Committee will be submitted by the Chairperson of the Company before the Board of Directors for discussion in its meeting.
e) The Board of Directors shall discuss the reports alongwith other parameters of evaluation, if any, give its suggestions and comments, if any.

5.3 Performance Evaluation by the Board

a) The Board of Directors shall evaluate the performance of the following:
(i) its own performance as a body
(ii) each Independent Director
(iii) each Non-Independent Director

The evaluation of Independent Directors by the Board of Directors shall include: (i) performance of the Independent Directors; and (ii) fulfillment of the independence criteria as specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and their independence from the management.

b) Each member of the Board of Directors as an evaluator will consider the parameters set out in respective evaluation forms for this purpose.
c) The Director will assign score (on scale of 1 to 5) to each of the questions in the respective evaluation forms and provide the completed evaluation forms to Chairperson of the Company.
d) The Chairperson will then get the responses of each Director collated and summarized. The aggregate of scores assigned by all Directors to all questions in each form will then be divided by the product of (i) maximum score for each question, (ii) number of Directors evaluating; and (iii) total number of questions therein. Based on this calculation, percentage would be computed which would reflect the respective score of each Director of the Company and the Board of Directors.
e) The reports of evaluation of each Director of the Company and the Board of Directors as a body will be placed before the Board of Directors.
f) The Board shall discuss the reports alongwith other parameters of evaluation, if any, and give its suggestions and comments, if any.

6. External Consultants

The Nomination and Remuneration Committee may, if it considers necessary, engage an independent external agency for performance evaluation process to bring more objectivity to the process.