

## Policy on Evaluation of Directors and the Board

### 1. Scope

- 1.1 This Policy on Evaluation of directors and the Board (**Evaluation Policy**) sets out the criteria for evaluating the performance of directors, the board of directors of the Company (**Board**) and committees of the Board, as required by the provisions of the Companies Act, 2013 (**Act**), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**SEBI Regulations**) and other applicable laws, rules and guidelines.
- 1.2 This Evaluation Policy applies to and covers directors, the Board and Board committees, but does not cover other key or senior management of the Company. The evaluation of key and senior management shall be carried out in accordance with the prevailing HR policies of the Company.
- 1.3 The Nomination and Remuneration Committee (**NRC**) shall have the right to review this Evaluation Policy from time to time and make suitable modifications, subject to approval of the Board.

### 2 Responsibility of NRC and Board

- 2.1 Based on the criteria set out in this Evaluation Policy, the Chairmen of NRC and the Board shall initiate the process to carry out the performance evaluations of directors, Board committees and the Board as a whole on an annual basis in accordance with the criteria set out this policy by following such method as they deem appropriate considering the provisions of the Act and SEBI LODR Regulations. The Chairman of Board shall initiate the process to carry out the performance evaluations of the Chairman of NRC. Similarly, the Chairman of NRC shall initiate the process to carry out the performance evaluations of the Chairman of Board.
- 2.2 The Chairmen of NRC and the Board shall prepare evaluation report and forward the same to all Board Members on or before April 20 in every financial year for the preceding financial year.
- 2.3 On receipt of the performance evaluation report, the Board shall undertake the following:
  - a) Review the said performance evaluation report together with any suggestions on improving the effectiveness of the Board, its committees and directors;
  - b) Set performance objectives for directors, consistent with the varying nature and requirements of the Company's business and strategies, as deemed applicable or relevant;
  - d) Approve payment of commission payable to eligible directors of the Company based on the said performance evaluation report; and
  - e) Recommend appointment / reappointment of directors to the shareholders.
  - f) 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
- 2.4 The performance evaluation shall be conducted in a fair, transparent and objective manner. In case of evaluation of individual directors, the concerned director who is being evaluated shall be excluded from the relevant evaluation team of the Board or NRC, as the case may be.
- 2.5 Without prejudice to the foregoing, as required by Section ..... of the Act, Independent Directors of the Company shall:
  - a) review the performance of non-independent directors and the Board as a whole;
  - b) review the performance of the Chairman of the Board, taking into account the views of executive directors and non-executive directors; and
  - 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 and reasonably perform their duties.

### 4 Evaluation Factors

- 4.1 The following broad parameters shall be considered for the purposes of evaluating the performance of each director and the Board and its committees.

A. Parameters for evaluating the performance of the Board

- Development of suitable strategies and business plans at appropriate time and its effectiveness;
- Implementation of robust policies and procedures;
- Size, structure and expertise of the Board;
- Oversight of the Financial Reporting Process, including Internal Controls;
- Willingness to spend time and effort to learn about the Company and its business; and
- Awareness about the latest developments in the areas such as corporate governance framework, financial reporting, industry and market conditions.

B. Parameters for evaluating the performance of the Committee(s)

- Discharge of its functions and duties as per its terms of reference;
- Process and procedures followed for discharging its functions;
- Effectiveness of suggestion and recommendation received;
- Size, structure and expertise of the Committee; and
- Conduct of its meetings and procedures followed in this regard.

C. Parameters for evaluating the performance of the Director(s)

- Participation at the Board / Committee meetings;
- Commitment (including guidance provided to senior management outside of Board/ Committee meetings);
- Effective deployment of knowledge and expertise;
- Effective management of relationship with stakeholders;
- Integrity and maintenance of confidentiality;
- Independence of behaviour and judgment; and
- Impact and influence.

In addition to the above parameters, which shall be common for evaluation to both Independent and Non- executive directors, an Independent director shall also be evaluated on the following parameters:

- Exercise of objective independent judgment in the best interest of Company;
- Ability to contribute to and monitor corporate governance practice; and
- Adherence to the code of conduct for independent directors.

D. Parameters for evaluating the performance of the Chairman of the Board

- Managing relationship with the members of the Board, management and other stakeholders;
- Demonstration of leadership qualities;
- Relationship and communication within the Board;
- Ease of raising of issues and concerns by the Board members; and
- Personal attributes i.e. Integrity, Honesty, knowledge etc.

In addition to the above parameters, the performance of the Chairman shall be evaluated on the evaluation parameters applicable to both Independent and Non- executive directors.

E. Parameters for evaluating the performance of the Managing Director / Executive Director

- Achievement of financial/business targets prescribed by the Board;
- Developing and managing / executing business plans, operational plans, risk management, and financial affairs of the organization;
- Display of leadership qualities i.e. correctly anticipating business trends, opportunities, and priorities affecting the Company's prosperity and operations;
- Development of clear mission / vision statements, policies, and strategic plans that harmoniously balance the needs of shareholders, clients, employees, and other stakeholders;
- Establishment of an effective organization structure to ensure that there is management focus on key functions necessary for the organization to align with its mission; and
- Managing relationships with the Board, management team, regulators, bankers, industry representatives and other stakeholders.

3.2 Rating Scale: The ratings shall be based on the scales as may be decided by the Chairmen of the Board and NRC.