

PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS

The Companies Act, 2013 and SEBI Listing Obligation and Disclosure Regulations has enabled an evaluation mechanism to appraise the performance of the Independent Directors.

Criteria for evaluation shall be laid by Nomination and Remuneration Committee and the criteria shall be disclosed in the Annual Report of the Company.

The performance of Independent Directors shall be done by the entire Board of Directors (excluding the Director being evaluated).

On the basis of evaluation, it shall be determined whether to extend or continue the terms of appointment of the said Director.

Points to Note:

The Nomination and Remuneration Committee should lay down the evaluation criteria which will be adopted by the Board.

Suggestion:

It is hereby suggested that the criteria for evaluation of the Independent Directors may be on the following parameters:

- **Personal Traits/ General Criteria:**
- Highest personal and professional ethics, integrity and values ;
- Inquisitive and objective perspective, practical wisdom and mature judgment;
- Demonstrated intelligence, maturity, wisdom and independent Judgment
- Self-confidence to contribute to board deliberations, and stature such that other board members will respect his or her view;
- The willingness and commitment to devote the extensive time necessary to fulfill his/her duties;
- The ability to communicate effectively and collaborate with other board members to contribute effectively to the diversity of perspectives that enhances Board and Committee deliberations, including a willingness to listen and respect the views of others; and
- The skills, knowledge and expertise relevant to the Company's business, with extensive experience at a senior leadership level in a comparable company or organization, including, but not limited to relevant experience in manufacturing, international operations, public service, finance, accounting, strategic planning, supply chain, technology and marketing.

- **Specific Criteria :**
- Participation and contribution by a Director;
- Commitment , including guidance provided to the Senior Management outside of Board/ Committee Meetings;
- Effective deployment of knowledge and expertise;
- Effective management of relationship with various stakeholders;
- Independence of behavior and judgment.
- Maintenance of confidentiality of critical issues.
- Further the Committee/Board shall be authorized to modify the criteria as it may deem fit and necessary.

Conclusion:

The Committee may devise a criteria based on the above mentioned parameters and the same will be approved/adopted by the Board. Performance Evaluation Format is Attached.

PERFORMANCE MEASUREMENT OF INDEPENDENT DIRECTORS

The Nomination and Remuneration Committee of the Board shall authorize the evaluation criteria and the criteria shall be disclosed in the Annual Report of the Company.

The evaluation shall be undertaken by the Board facilitated by an Independent external agency to ensure objectivity and equity.

Evaluation criteria

Factor Attributes

Role & Accountability

- Understanding of nature and role of independent directors' position
- Understanding of risks associated with the business
- Application of knowledge for rendering advice to Management for resolution of business issues
- Offer constructive challenge to Management strategies and proposals
- Active engagement with the Management and attentiveness to progress of decisions taken

Objectivity

- Non-partisan appraisal of issues
- Own recommendations given professionally without tending to majority or popular views

Leadership & Initiative

- Heading Board Sub Committees
- Driving any function or identified initiative based on domain knowledge and experience

Personal attributes

- Commitment to role & fiduciary responsibilities as a board member
- Attendance and active participation and not done perfunctorily
- Proactive, strategic and lateral thinking