

# **"POLICY ON PERFORMANCE EVALUATION OF BOARD OF DIRECTORS, COMMITTEES AND INDEPENDENT DIRECTORS OF THE COMPANY"**

## **1. INTRODUCTION**

**Alankit Limited** (the "**Company**") believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour, in consonance with the Company's Code of Conduct for Board and Senior Management Personnel

Therefore, the Company has formulated this Policy to comply with various provisions under the Companies Act, 2013 ("**Act**") and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and also the formal annual evaluation made by the Board 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 Act. The Committee shall evaluate the performance of each of the director as per sub section (2) of Section 178 of the Act and based on the functions of the Independent Directors as indicated under Schedule IV (as per Section 149) annexed to the Act.

## **2. OBJECTIVE**

The object of this Policy is to set out criteria to evaluate the performance of each of the director of the Company, Independent Directors, Board as a whole on individual basis and the committees constituted in compliance of Companies Act and SEBI (listing Obligations & Disclosure Requirements) Regulations, 2015

Further, to adopt best practices to manage the affairs of the Company in a seamless manner and ensure long term value creation for stakeholders by achieving good corporate governance.

## **3. LEGAL BACKGROUND**

### **PROVISIONS CONTAINED IN COMPANIES ACT, 2013**

As per **Section 149(8)** of Companies Act, 2013, The Company and Independent Directors shall abide by the provisions specified in Schedule IV i.e. "Code for Independent Directors".

Part II of **Schedule IV** specifies the roles and functions of Independent Directors to include:

- Independent directors shall bring an objective view in the evaluation of the performance of Board and Management.
- Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

Part VII of Schedule IV stipulates that 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 meeting shall:

- (a) review the performance of non-independent directors and the Board as a whole;
- (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (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.

Further clause (p) of sub-section (3) of Section 134 of the Companies act, 2013 prescribes that every listed Company shall include a statement in its Directors Report indicating the manner in which formal annual evaluation of the performance of the Board, its Committees and of individual Directors has been made.

#### **PROVISIONS CONTAINED IN SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

Regulation 4(2)(f) of Chapter II of SEBI (LODR), 2015 states that it is key function of Board of Directors to Monitor and review Board of Director's evaluation framework.

Regulation 17(10) of Chapter IV of SEBI (LODR), 2015, states that:-

The evaluation of independent directors shall be done by the entire board of directors which shall include -

- (a) performance of the directors; and
- (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management:

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

**Regulation 25** provide for the obligations regarding separate meeting of Independent directors exactly in line with the requirements specified under Companies Act, 2013.

PART D of **Schedule II of SEBI (LODR), 2015** prescribes the Role of Nomination & Remuneration Committee to include formulation of the criteria for evaluation of performance of independent directors and the board of directors.

**Schedule V of SEBI (LODR), 2015** requires disclosures regarding performance evaluation criteria for independent directors to be made in the Annual Report of the Company.

#### **4. EVALUATIONS TO BE COVERED UNDER THIS POLICY:**

##### **COMMITTEES OF THE BOARD**

This Policy is to ensure that the Committees, to whom the Board has delegated responsibilities, are performing efficiently and effectively in accordance with the legal requirement.

The evaluation of Committees shall be carry out by the **Board of Directors** of the Company.

##### **INDEPENDENT DIRECTORS**

The performance evaluation of Non-Executive Independent Director's ("NEID") shall be done by the entire **Board of Directors** of the Company, excluding the director being evaluated.

Independent directors have key roles to perform namely in the areas of governance, guiding in strategy formulation, ensuring statutory compliances and such other key matters which could be of importance to the Company.

##### **INDIVIDUAL DIRECTOR OF BOARD**

**Nomination and Remuneration Committee** shall carry out evaluation of every director's performance on the basis of qualifications, experience, knowledge and competency, fulfilment of functions, initiativeness, attendance and other relevant criterias.

Further the evaluation of each Non Independent Director shall be carried out by the **Independent Directors** as well in their separate meeting.

##### **EVALUATION OF PERFORMANCE OF BOARD**

In the meeting of **Independent Directors** of the company (without the attendance of non-independent directors and management), such Independent Directors shall review the performance of non-independent directors and the Board as a whole.

The independent directors of the company shall hold at least one meeting in a year, for this purpose.

**Nomination and Remuneration Committee** shall carry out the evaluation of the Board as whole.

#### **5. EVALUATION METHODOLOGY**

The Board evaluation process comprises of both assessment and review. This includes analysis of how the Board and its committees are functioning, the time spent by the Board considering matters and whether the terms of reference of the Board committees have been met besides compliance of the provisions of the Act.

## **6. CRITERIAS FOR EVALUATION**

### **FOR COMMITTEES:**

- Whether the mandate, composition and working procedures of committees of the board of directors is clearly defined and disclosed.
- Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable
- Whether the Committees have been structure properly and regular meetings are being held
- Whether adequate independence of the Committee is ensured from the Board.
- Whether the Committee's recommendations contribute effectively to decisions of the Board.

### **FOR INDEPENDENT DIRECTORS:**

Evaluation of Independent Director shall be carried on by the entire Board which shall include –

- Performance of the Directors; and
- Fulfilment of the independence criteria as specified in the Listing Regulations and their independence from the management.

The Directors who are subject to evaluation shall not be allowed to participate.

### **FOR INDIVIDUAL MEMBER OF BOARD OF DIRECTORS:**

- Attendance and contribution at Board and Committee meetings.
- His / her stature, appropriate mix of expertise, skills, behaviour, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.
- Effective decision making ability to respond positively and constructively to implement the same to encourage more transparency.
- Open channels of communication with executive management and other colleagues on Board to maintain high standards of integrity and probity.
- His / her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.
- Quality of decision making on the company's business, human resources , understanding financial statements and business performance, raising of finance, , working capital requirement, forex dealings, geopolitics, etc.
- His / her contribution to enhance overall brand image of the Company.

Criteria to be considered for evaluation of Non Independent Directors by Independent Directors:

- 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.
- Timely inputs on the minutes of the meetings.
- Contribution towards growth of the Company including actual vis-a-vis budgeted performance.

**FOR BOARD AS A WHOLE:**

- Whether the Structure of the Board is in compliance with the requirement stated under Companies Act and SEBI(LODR) Regulations
- Whether the meetings of the Board are held in compliance with the requirement stated under Companies Act and SEBI(LODR) Regulations
- Whether transparent board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, age and gender
- Whether the Board facilitates the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors and any criticism by such directors is taken constructively.

**7. PROCESS FOR EVALUATION**

An annual evaluation of performance of the Board, Board level Statutory Committees and all Independent Directors shall be carried out at least once in each financial year in the following manner:-

1. A detailed Questionnaire shall be forwarded to all the Directors by the Company Secretary before the meeting in accordance of which evaluation shall be carried out.
2. Every Director would be required to return the duly filled up Questionnaire form for all the Directors (except his/her own), Statutory Committees and Board as a whole to the Company Secretary within 7 days of receipt of such questionnaire.
3. To ensure fair and unprejudiced evaluation, the Company Secretary shall maintain complete secrecy of reports and names of evaluating Directors shall not be disclosed in annual report or to any person through any written, verbal or other means of communication.

4. A Board Meeting, a Separate Meeting of Independent Directors and an NRC meeting shall be convened within 15 days of receipt of Performance Evaluation questionnaire from all the Directors, to inter alia carry out the Annual Performance Evaluation as under:-
  - a. The performance evaluation of the Board (as a whole) shall be carried out in Separate Meeting of Independent Directors and also in the Board Meeting as per criteria & format prescribed.
  - b. The performance evaluation of Statutory Committees shall be carried out by the entire Board.
  - c. The performance evaluation of Independent Directors shall be carried out by the entire Board.
5. Based on the evaluation of performance the Board can decide the strategy to extend or continue the term of appointment or to introduce new candidate as a member of the Board or Retirement of the member based on his/her performance evaluation as to create and maintain the most effective and powerful top level management of the Company for its future growth, expansion, diversification and also to maximize the returns on investments to the stakeholders of the Company.

## **8. REVIEW**

### **(a) Annual Reviews:**

There will be an annual evaluation of the performance of Board, Board Level Committees, of Independent Directors and individual directors. The purpose of the evaluation is to determine how effectively the Board, Directors and the Committees are fulfilling their role and duties.

### **(b) Outcome of Reviews:**

There shall be an open discussion by the Board or Nomination and Remuneration Committee (whatever the case may be) of the results of the evaluations and to decide any changes which are required to be made by the Board to address any lack of performance and to agree the goals for the Board and, separately, for its Committees for the ensuing year.

## **9. DISCLOSURE**

The Company will disclose details of its Board Performance Evaluation processes in its Board's Report in the corporate governance statement contained in the annual report of the Company.

Further, the Board's report containing such statement will be made available to shareholders at the general meeting of the Company. The Policy will be available in the public domain i.e. on the website of the Company.

## **10. REVIEW AND AMENDMENT OF POLICY**

Chairman/ Managing Director is authorized to review and amend this policy from time to time in accordance with and for the purpose of compliance with any law of the land in force or Government Direction under intimation to the Board.

Note: In case of any ambiguity arising in any matter shall be dealt with by the committee and appropriate decision will be taken.