

# **Elpro International Limited**

## **PERFORMANCE EVALUATION POLICY**

**Pursuant to the Companies Act, 2013 & Clause 49 of the Listing Agreement**

Regd. Office: Elpro International Limited, 'Nirmal', 17th Floor,  
Nariman Point, Mumbai 400021

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## **PERFORMANCE EVALUATION POLICY**

### **1. PREAMBLE**

The Company conducts its operations under the overall direction of the Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013; the Articles of Association, listing agreement with stock exchanges, internal code of conduct and policies formulated by the Company for its internal execution.

The Company's Board of Directors is dedicated to act in good faith; exercise their judgment on an informed basis and in the best interest of the company and its stakeholders. Accordingly, the present policy for performance evaluation is being put into place in accordance with the requirements of section 178 of the Companies Act, 2013 which provides that a policy is to be formulated and recommended to the Board, setting the criteria, based on which the performance of every director including the performance of the Board as a whole shall be assessed by the Board of Directors of the Company. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the directors and will ensure that they exercise their powers in a rational manner.

With an aim to maintain a proactive and effective Board, the Board is committed to a continuing process of recommending and laying down the criteria to evaluate the performance of the entire Board of the Company.

As one of the most important functions of the Board of Directors is to oversee the functioning of Company's top management, this Board Performance Evaluation process aims to ensure that individual directors ("Directors") and the Board of Directors of the Company ("Board") as a whole work efficiently and effectively in achieving Company's objectives. This policy aims at establishing a procedure for the Board to conduct periodic evaluation of its own performance and of its committees and individual directors. Hence

it is important that every individual Board Member effectively contributes in the Board deliberations.

## **2. EFFECTIVENESS OF THE BOARD**

The overall effectiveness of the Board shall be measured on the basis of the ratings obtained by each Director and accordingly the Board shall decide the Appointments, Re-appointments and Removal of the non-performing Directors of the Company. For this reason, based on the afore stated criteria of evaluation, the remuneration of the Directors and Key Managerial Personnel shall be determined and reviewed from time to time.

## **3. RESPONSIBILITY OF BOARD / INDEPENDENT DIRECTORS**

It shall be the duty of the Board, who shall be supported by the Management to organize the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the directors' and committees' effectiveness, to maximize their strength and to tackle their shortcomings.

### **The Board of Directors shall undertake the following activities on an annual basis:**

- I. Review the various strategies of the Company and accordingly set the performance objectives for directors, in consistency with varying nature and requirements of Company's business.
- II. The Board as a whole shall discuss and analyze its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.

In conformity with the requirement of the Act, the performance evaluation of all the directors shall be done by the entire Board of Directors, excluding the director being evaluated.

Independent Directors are duty bound to evaluate the performance of non - independent directors and Board as a whole. The independent directors of the Company shall hold at least one meeting in a year to review the performance of the non- independent directors, performance of Chairperson of the Company and Board as a whole, taking into account the views of executive directors and non-executive directors.

#### 4. EVALUATION FACTORS

The Board of Directors shall take into consideration the following parameters for the purpose of evaluating the performance of a particular director:

In respect of each of the evaluation parameters, various descriptors have been provided to assist with the evaluation process in respect of performance of Board itself, and of its committees and individual directors, as such evaluation factors may vary in accordance with their respective functions and duties. The evaluation scale is a simple three-point scale i.e. Below Expectations (1), Meets Expectations (2) and Surpasses Expectations (3).

Appraisal of each Director of the Company by the other Directors shall be based on the criteria as mentioned herein below.

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#### Rating Scale

<b>Performance</b>	<b>Scale</b>
Surpasses Expectations	3
Meets Expectations	2
Below Expectations	1

The Company has chosen to adopt the following Board Performance Evaluation Process:

## 5. INDEPENDENT DIRECTORS

Some of the specific issues and questions that should be considered in a performance evaluation of Independent Director, in which the concerned director being evaluated shall not be included, are set out below:

*Name of Director being assessed:* \_\_\_\_\_

Sr. No.	Assessment Criteria	Rating	Remarks/ Comments
1.	Attendance and participations in the meetings		
2.	Raising of concerns to the Board		
3.	Safeguard of confidential information		
4.	Rendering independent, unbiased opinion and resolution of issues at meetings		
5.	Adherence to ethical standards & code of conduct of Company and disclosure of non - independence, as and when it exists and disclosure of interest		
6.	Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings		
7.	Interpersonal relations with other directors and management		
8.	Understanding of the Company and the external environment in which it operates and contribution to strategic direction		
9.	Initiative in terms of new ideas and planning for the Company		
10.	Safeguarding interest of whistle-blowers under vigil mechanism		
11.	Timely inputs on the minutes of the meetings of the Board and Committee's, if any		

### RECOMMENDATION

I, \_\_\_\_\_, Director, be and is hereby recommend to continue/extend the terms of appointment of Mr. \_\_\_\_\_, Independent Director.

Signature

Date:

## NON - INDEPENDENT DIRECTORS / EXECUTIVE DIRECTORS

Some of the specific issues and questions that should be considered in a performance evaluation of Chairperson/Non-Independent Director/Executive Director by Independent Directors, in which the concerned director being evaluated shall not be included, are set out below:

*Name of Director being assessed:* \_\_\_\_\_

<b>Sr. No.</b>	<b>Assessment Criteria</b>	<b>Rating</b>	<b>Remarks/ Comments</b>
1.	Attendance, participations in the Meetings		
2.	Contribution towards growth of the Company including actual vis-à-vis budgeted performance		
3.	Leadership initiative		
4.	Initiative in terms of new ideas and planning for the Company		
5.	Professional skills, problem solving, and decision-making		
6.	Compliance with policies of the Company, ethics, code of conduct, etc.		
7.	Reporting of frauds, violation etc.		
8.	Safeguarding of interest of whistle blowers under vigil mechanism		
9.	Timely inputs on the minutes of the meetings of the Board and Committee, if any		

## 6. BOARD OF DIRECTORS

Some of the specific issues and questions that should be considered in a performance evaluation of the entire Board by Independent Directors, are set out below:

<b>Sr. No.</b>	<b>Assessment Criteria</b>	<b>Rating</b>	<b>Remarks/ Comments</b>
1.	The Board of Directors of the company is effective in decision making.		
2.	The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities.		
3.	The Company's systems of control are effective for identifying material risks and reporting material violations of policies and law.		
4.	The Board reviews the organization's performance in carrying out the stated mission on a regular basis.		
5.	The Board of Directors is effective in providing necessary advice and suggestions to the company's management.		
6.	Is the Board as a whole up to date with latest developments in the regulatory environment and the market?		
7.	The information provided to directors prior to Board meetings meets your expectations in terms of length and level of detail.		
8.	Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.		
9.	The Board Chairman effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the board.		
10.	The Board appropriately considers internal audit reports, management's responses, and steps towards improvement.		
11.	The Board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate the independent auditor's qualifications and performance.		
12.	The Board considers the independent audit plan and		

Sr. No.	Assessment Criteria	Rating	Remarks/ Comments
	provides recommendations.		
13.	Company has necessary Committees which are required and these Committees are working effectively		

## 7. REVIEW

The duly completed statement is required to be submitted to the Company Secretary who will present the same before the Chairman of the Nomination and Remuneration Committee. On the basis of the report of the performance evaluation, the Nomination and Remuneration Committee shall decide to extend or continue the terms of appointment of the Independent Director.

The performance evaluation process will be reviewed annually by the "Nomination and Remuneration Committee".

Subject to the approval of Board of Directors, the Committee may amend the Policy, if required, to ascertain its appropriateness as per the needs of the Company.

## 8. DISCLOSURE

Company will disclose details of its Board Performance Evaluation processes in its Board's Report. The Board's report containing such statement shall indicate the manner in which formal evaluation has been made by the Board of its own performance and that of the committees of the Board and individual directors of the Company.

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