



***POLICY ON EVALUATION OF  
PERFORMANCE OF DIRECTORS AND  
THE BOARD***



## 1. INTRODUCTION

In an endeavour to safeguard the interest of the Company and as prescribed under section 178 of the read along with Schedule IV of the Companies Act, 2013 ('Act') based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors ("the Board") of Aanchal Ispat Limited ("the Company" or "AIL") has formulated a policy setting out the criteria for the performance of directors including the performance of the Board as a whole. Based on the performance evaluation to be carried out by the Board, remuneration of directors, key managerial personnel and employees shall be determined. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the directors. This policy aims at establishing a procedure for conducting periodical evaluation of directors' performance and formulating the criteria for determining qualification, positive attribute and independence of each director of the Company in order to effectively determine issues relating to remuneration of every director, key managerial personnel and other employees of the Company. This policy further aims at ensuring that the committees to which the Board of Directors has delegated specific responsibilities are performing efficiently in conformity with the prescribed functions and duties. For this purpose, the Nomination and Remuneration Committee shall be responsible to identify the persons who are qualified to become directors and who may be appointed in the senior management of the Company and recommend to the Board, their appointment and removal. In addition, the Nomination and Remuneration Committee shall carry out the evaluation of performance of every director, key managerial personnel and other employees in accordance with the criteria contained herein, based on which their remuneration shall be determined.

## 2. DEFINITIONS

- **"the Act"** means the Companies Act, 2013 and the rules made thereunder;
- **"the Company"** means **Aanchal Ispat Limited**;
- **"the Director" or "the Board"**, in relation to the Company, means and deemed to include the collective body of the Board of Directors of the Company including the Chairman of the Company;
- **"the Independent Director"** means an Independent Director as defined under section 2 (47) to be read with section 149 (5) of the Act.
- **"the Policy" or "this Policy"** means the Policy for evaluation of performance of the Directors, Chairperson, entire Board and Committees thereof and Key Managerial Personnel and Senior Executives of the Company as per the requirements of the Act and Regulation 19(4) of the SEBI (Listing Obligations and Disclosure Requirements), 2015.
- **"the Committee" or "this Committee"** means the Nomination and Remuneration Committee of the Board of Directors formed under the provisions of Section 178 of Companies Act, 2013.



➤ **‘Key Managerial Personnel’ (KMP)** means:

- a) Chief Executive Officer and / or Managing Director and / or Manager;
- b) Whole-time Director;
- c) Chief Financial Officer;
- d) Company Secretary;
- e) Such other officer as may be prescribed.

### **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 pay regards to the following parameters for the purpose of evaluating the performance of a particular director:

- a) Participation in the meetings and contribution by a director,
- b) Commitment (including guidance provided to senior management outside of Board / Committee meetings),
- c) Effective deployment of qualification, knowledge and expertise,
- d) Effective management of relationship with stakeholders,
- e) Integrity and maintenance of confidentiality,



- f) Independence of behaviour and judgment and,
- g) Impact and influence.

The Nomination and Remuneration Committee shall have the authority to include any other parameters in addition to the above mentioned criterion for evaluation of performance of the Board its Committees and Directors. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

The Board on the basis of the Performance Evaluation Policy of the company would evaluate the performance of Independent Directors (excluding the director being evaluated). The Nomination and Remuneration Committee shall also identify the persons who are qualified to become director and who may be appointed in senior management accordance with the criteria laid down, and recommend to the board their appointment and removal. While recommending to the board the appointment of directors, the nomination and remuneration committee shall select the candidate from Institute of Directors, Indian Institute of Corporate Affairs, Institute of Company Secretaries of India and such other sources as it may deems fit.

## 5. EVALUATION PROCESS

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

### **Rating Scale:**

Performance	Rating
Satisfactory	1
Not Satisfactory	0

## 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:** \_\_\_\_\_

S. 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		



S. No.	Assessment Criteria	Rating	Remarks/ Comments
4.	Rendering independent, unbiased opinion and resolution of issues at meetings		
5.	Initiative in terms of new ideas and planning for the Company		
6.	Safeguarding interest of whistle-blowers under vigil mechanism		
7.	Timely inputs on the minutes of the meetings of the Board and Committee's, if any		

### 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:* \_\_\_\_\_

S. No.	Assessment Criteria	Rating	Remarks/ Comments
1.	Leadership initiative		
2.	Initiative in terms of new ideas and planning for the Company		
3.	Professional skills, problem solving, and decision-making		
4.	Compliance with policies of the Company, ethics, code of conduct, etc.		
5.	Reporting of frauds, violation etc.		
6.	Safeguarding of interest of whistle blowers under vigil mechanism		
7.	Timely inputs on the minutes of the meetings of the Board and Committee, if any		



## 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:

S. No.	Assessment Criteria	Rating	Remarks / Comments
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 fulfil 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 provides recommendations.		



## COMMITTEES OF BOARD

The Board has constituted the following committees:

1. Audit Committee;
2. Nomination and Remuneration Committee; and
3. Stake holders Relationship Committee.

For evaluating the performance of each committee, the Board of Directors shall pay regards to the following aspects as set out in the annexure below:

S. No	<u>Audit Committee (for Audit Committee members only)</u>	Rating	Remarks/ Comments
1.	Committee meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues		
2.	Timely inputs on the minutes of the meetings		

S. No.	<u>Nomination and Remuneration Committee (For Nomination and Remuneration Committee members only)</u>	Rating	Remarks/ Comments
1.	Committee meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.		
2.	Timely inputs on the minutes of the meetings		

S. No.	<u>Stakeholders Relationship Committee (For Stakeholder Committee members only)</u>	Rating	Remarks/ Comments
1.	Committee meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.		
2.	Timely inputs on the minutes of the meetings		



## KEY MANAGERIAL PERSONNEL AND SENIOR EXECUTIVES

For evaluating the performance of Key Managerial Personnel and other Senior Executives, the Board of Directors shall pay regards to the following aspects as set out below:

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

S. No.	Assessment Criteria	Rating	Remarks/Comments
1.	Abidance and behavior in accordance with ethical standards & code of conduct of Company		
2.	Interpersonal and communication skills		
3.	Compliance with policies of the Company, ethics, code of conduct, etc.		
4.	Safeguarding interest of whistle-blowers under vigil mechanism		
5.	Team work attributes		
6.	Safeguard of confidential information		

### 6. REVIEW

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.

### 7. 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.

\*\*\*\*\*