



# BHAGYANAGAR INDIA LIMITED

(CIN- L27201TG1985PLC012449)

Regd .Off: Plot No.P-9/13/1 & P-9/14, IDA, Nacharam, Hyderabad – 500076

## PERFORMANCE EVALUATION POLICY OF BHAGYANAGAR INDIA LIMITED

### 1. INTRODUCTION:

As one of the most important functions of the Board of Directors is to oversee the functioning of Company's top management, 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 and every 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. In addition, the Nomination and Remuneration Committee shall carry out the evaluation of performance of every director, key managerial personnel in accordance with the criteria laid down.

### 2. OBJECTIVES:

This Policy aims to:

- The object of this policy is to formulate the procedures and also to prescribe and lay down the
- Criteria to evaluate the performance of the entire Board of the Company.
- Adopt best practices to manage the affairs of the Company in seamless manner.
- Achieve good corporate governance as well as sustained long-term value creation for Stakeholders.

### 3. DEFINITIONS:

- a. **“the Act”** The Act shall mean The Companies Act, 2013;
- b. **“the Company”** The Company shall mean “BHAGYANAR INDIA LIMITED”
- c. **“the Director” or “the Board”** The Director or the Board, in relation to the Company, shall mean and deemed to include the collective body of the Board of Directors of the Company including the Chairman of the Company.
- d. **“the Independent Director”** The Independent Director shall mean an Independent Director as defined under Section 2(47) to be read with section 149(5) of the Act.
- e. **“the Policy” or “this Policy”** The policy or this Policy shall mean the Policy for Evaluation of performance of Board of Directors of the Company.
- f. **“the Committee” or “this Committee”** The Committee or this Committee shall mean the Nomination and Remuneration Committee of the Board of Directors formed under the provisions of Section 178 of Companies Act, 2013.

### 4. RESPONSIBILITY:

#### (i) *Responsibility of the Board:*

It shall be the duty of the Chairman of the board, who shall be supported by a Company Secretary 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*:

- 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.
- Review performance evaluation reports of various committees along with their suggestions on improving the effectiveness of the committee. Also, the requirement of establishing any new committees shall be reviewed by the Board on an annual basis.
- Review the various strategies of the company and accordingly set the performance objectives for

directors.

- Ensure that adequate disclosure is made with regard to performance evaluation in the Board's Report.

***(ii) Responsibility of the Nomination and Remuneration Committee (NRC)***

- NRC shall formulate of criteria for evaluation of performance of independent directors and the Board of directors.
- NRC shall carry out evaluation of every director's performance.
- NRC shall determine 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.

***(iii) Responsibility of Independent Directors***

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 non-independent directors, performance of the Chairman of the Company and Board as a whole, taking into account the views of executive directors and non-executive directors.

*The independent directors at their separate meetings shall:*

- review the performance of non-independent directors and the Board as a whole;
- review the performance of the Chairman of the company, taking into account the views of executive directors and non-executive directors;
- 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;

***Evaluation of Independent Director shall be carried on by the entire Board of Directors of the Company except the Director getting evaluated.***

**5. POLICY REVIEW:**

Subject to the approval of Board of Directors, the "Nomination and Remuneration Committee" reserves its right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the company. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

**6. DISCLOSURE:**

In accordance with the requirement under the Act, disclosure regarding the manner in which the performance evaluation has been done by the Board of Directors of its own performance, performance of various committees of directors and individual director's performance will be made by the Board of Directors in the Board's Report.

**7. EVALUATION:**

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013, the evaluation of the Board involves multiple levels:

- Board as a whole
- Committees of the Board
- Individual Directors and Chairman (Managing Director, Independent Directors, Non-Independent Directors, etc.)

The Nomination and Remuneration Committee ("NRC") shall carry out the evaluation of performance of every Director. The evaluation of performance of the Independent Directors (IDs) shall also be carried out by the entire Board of Directors excluding the Director being evaluated in the same way as it is for the Executive Directors of the Company except the Director getting evaluated. Evaluation performance should be carried out at least once in a year.

While evaluating the performance of the Chairman, Managing Director/CEO the Nomination and Remuneration Committee shall always consider the appropriate benchmarks set as per industry standards, the performance of the individual and also of the Company. Evaluation of performance shall always consider the appropriate benchmarks set as per industry standards, the performance of the individual and also of the Company.

In respect of each of the evaluation factors, various aspects 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.

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

***Rating Scale:***

<b>PERFORMANCE</b>	<b>RATINGS</b>
Outstanding	5
Exceeds Expectation	4
Meets Expectation	3
Needs Improvement	2
Poor	1

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

**A) INDIVIDUAL DIRECTORS AND CHAIRMAN (INCLUDING MANAGING DIRECTOR, CEO, INDEPENDENT DIRECTORS AND NON-EXECUTIVE DIRECTORS):**

➤ **NON-EXECUTIVE AND INDEPENDENT DIRECTORS:**

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

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

*Category: Independent/ Non-Executive*

<i>Sl. No.</i>	<i>Assessment Criteria</i>	<i>Rating</i>	<i>Remarks/Comments</i>
1.	Director comes well prepared for the Board/Committee meeting(s).		
2.	Director demonstrates a willingness to devote time and effort to understand the Company and its business and a readiness to participate in events outside the meeting room, such as site visits.		
3.	Attendance and participations in the meetings.		
4.	Director has ability to remain focused at a governance level in Board/ Committee meetings.		
5.	Director's performance and behavior promotes mutual trust and respect within the Board / Committee.		
6.	Director understands governance, regulatory, financial, fiduciary and ethical requirements of the Board/Committee.		
7.	Director has maintained high standard of ethics and integrity.		
8.	Director exercises independent judgment in the best interest of Company. (Applicable for independent directors only)		
9.	Director maintains high level of confidentiality		
10.	Director adheres to the applicable code of conduct for independent directors. (Applicable for independent directors only)		

Please suggest three things that could improve Non-Executive/Independent Director's performance.

i) \_\_\_\_\_

ii) \_\_\_\_\_

iii) \_\_\_\_\_

Name of Director:

Signature:

Date:

➤ **EXECUTIVE DIRECTORS**

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

*Category: Managing Director/CEO*

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

	Committee, if any.		
9.	The MD/CEO has exercised good judgment in managing the financial affairs and budgets of the organization.		
10.	The MD/CEO has built strong working relationships with Board members and has worked closely and cooperatively with the board in developing the mission, and short, medium and long-term strategic plans.		
11.	The MD/CEO has served as an effective Company's representative in communicating with all stakeholders.		
12.	The MD/CEO has created and maintained an organizational culture and climate which attracts, keeps and motivates staff to carry out the Company's mission, strategic directions and organizational goals.		
13.	The MD/CEO has demonstrated a thorough knowledge and understanding about key aspects of the Company's products and services.		
14.	The MD/CEO has attained an image that reflects positively on the company, as well as demonstrated a personality, outlook, and attitude that wins trust and support from all stakeholders.		

Please suggest three things that could improve Executive Director's performance.

- i) \_\_\_\_\_  
ii) \_\_\_\_\_  
iii) \_\_\_\_\_

Name of Director:  
Signature:  
Date:

➤ **CHAIRMAN:**

Name of Chairman: \_\_\_\_\_

<i>Sl. No.</i>	<i>Assessment Criteria</i>	<i>Rating</i>	<i>Remarks/Comments</i>
1.	The Chairman actively manages shareholder, board, management and employee relationships and interests.		
2.	The Chairman manages meetings effectively and promotes a sense of participation in all the Board meetings.		
3.	The Chairman is an effective leader		
4.	The Chairman promotes effective participation of all Board members in the decision making.		
5.	The Chairman promotes the positive image of the Company.		
6.	The Chairman promotes continuing training and development of directors.		

Please suggest three things that could improve Chairman's performance.

- i) \_\_\_\_\_  
ii) \_\_\_\_\_  
iii) \_\_\_\_\_

Name of Director:  
Signature:  
Date:

**B) BOARD AS A WHOLE:**

<b>Sr. no.</b>	<b>Assessment Criteria</b>	<b>Rating</b>	<b>Remarks/Comments</b>
1.	The Board has appropriate expertise and experience to meet the best interests of the company.		
2.	The board has appropriate combination of industry knowledge and diversity (gender, experience, background).		
3.	The Board has the proper number of committees as required by legislation and guidelines, with well-defined terms of reference and reporting requirements.		
4.	Frequency of Board Meetings is adequate.		
5.	Appropriateness of the Induction Program given to the new board members.		
6.	The amount of time spent on discussions on strategic and general issues is sufficient.		
7.	The Board has developed a strategic plan/ policies and the same would meet the future requirement of the Company.		
8.	Monitoring the implementation of the long term strategic goals.		
9.	Monitoring the company's internal controls and compliance with applicable laws and regulations.		
10.	The Board is well informed on all issues (short and long-term) being faced by the Company.		
11.	The Board adequately reviews proposed departures from the long-and short- term business plans of the Company before they take place.		
12.	The Board appropriately considers internal audit reports, management's responses, and steps towards improvement.		
13.	The Board of Directors of the Company is effective in decision making.		
14.	Is the Board as a whole is up to date with latest developments in the regulatory environment and the market and ensures compliance with the applicable regulatory compliances?		

Please suggest three things that could improve Board's performance.

- i) \_\_\_\_\_
- ii) \_\_\_\_\_
- iii) \_\_\_\_\_

Signature:  
Name of Director:  
Date:

**C) COMMITTEES OF THE BOARD:**

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:

Sr. no.	Assessment Criteria	Rating	Remarks/Comments
1.	The Committees are appropriately constituted.		
2.	The terms of reference for the committees are appropriate with clear defined roles and responsibilities.		
3.	Observing Committees terms of reference.		
4.	The composition of the committees is in compliance with the legal requirement.		
5.	The amount of responsibility delegated by the Board to each of the committees is appropriate.		
6.	The reporting by each of the Committees to the Board is sufficient.		
7.	The performance of each of the Committees is assessed annually against the set goals of the committee.		
8.	Whether the terms of reference are adequate to serve committee's purpose.		
9.	The Committee regularly reviews its mandate and performance.		
10.	Committee takes effective and proactive measures to perform its functions.		
11.	Committee gives effective suggestion recommendation and Committee meetings are conducted in a manner that encourages open communication and meaningful participation of its members.		
12.	Committee meetings have been organized properly and appropriate procedures were followed in this regard, the frequency of the Committee meetings are adequate as well.		
13.	Committee makes periodic reporting to the Board along with its suggestions and recommendations.		

Please suggest three things that could improve Committees' performance.

- i) \_\_\_\_\_
- ii) \_\_\_\_\_
- iii) \_\_\_\_\_

Signature:  
Name of Director:  
Date:

\*\*\*\*\*