

“PERFORMANCE EVALUATION POLICY”

ANANT RAJ LIMITED

The following “Performance Evaluation Policy” is addressed to the Board of Directors of Anant Raj Limited (“Company”) and is only for the purpose of internal use of the Company.

INTRODUCTION

The Company conducts its operations under the directions of Board of Directors within the framework laid down by the Companies Act, 2013; the Article 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.

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. 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. Further, it shall be ensured by the Nomination and Remuneration Committee that the remuneration to be paid to the directors, key managerial personnel and senior management have a balance between fixed and incentive pay.

RESPONSIBILITY OF BOARD

It shall be the duty of the Chairman of the Board, who shall be supported by the 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:

- I. The Chairman of the Company shall meet with each and every director individually to discuss his / her performance throughout the year.

- II. Review performance evaluation reports submitted by the Chairperson 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.
- III. 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.
- IV. 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 independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

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 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.

EVALUATION FACTORS

The Board of Directors shall pay regards to the following parameters for the purpose of evaluating the performance of a particular director:

In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect of performance of independent directors, non- independent directors, other employees of the Company and committees of directors separately, as, such evaluation factors may vary in accordance with their respective functions and duties.

Rating Scale

Scale	Performance
5	Exceptionally good
4	Good
3	Satisfactory
2	Needs improvement
1	Unacceptable

INDEPENDENT DIRECTORS

Overall Rating: ___

- Compliance with Articles of Association, Companies Act & other laws
- Compliance with ethical standards & code of conduct of Company
- Assistance in implementing corporate governance practices
- Rendering independent, unbiased opinion
- Attendance & presence in meetings of Board & committees
- Attendance & presence in general meetings
- Leadership qualities
- Qualifications
- Disclosure of non – independence, if exists
- Independent view on key appointments & strategy formulation
- Objective evaluation of Board's performance
- Review of integrity of financial information & risk management
- Safeguard of stakeholders' interests
- Appointment & removal of KMPs
- Determination of level of remuneration of KMPs
- Updation of skills and knowledge
- Punctuality
- Information regarding external environment
- Seeking expert opinion, when required
- Raising of concerns to the Board
- Safeguarding interest of whistle-blowers under vigil mechanism
- Reporting of frauds, violation etc.
- Team work attributes
- Safeguard of confidential information

NON – INDEPENDENT DIRECTORS / EXECUTIVE DIRECTORS

Overall Rating: ___

- Compliance with Article of Association, Companies Act & other laws
- Strategic planning- financial & business
- Monitoring performance against plans
- Compliance with ethical standards & code of conduct
- Exercising duties diligently
- Qualifications
- Punctuality
- Disclosure of interest
- Leadership skills
- Motivating employees, providing assistance & directions

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- Establishment of internal control processes
- Communication skills
- Attendance & presence in meetings of Board & committees
- Attendance of general meetings
- Team work attributes
- Monitoring policies, encouraging suggestions
- Supervising & training the staff members
- Safeguard of confidential information

COMMITTEES OF BOARD

The Board has constituted the following committees:

1. *Audit Committee;*
2. *Corporate Social Responsibility Committee;*
3. *Nomination and Remuneration Committee; and*
4. *Stakeholders Relationship Committee*

For evaluating the performance of each committee, the Board of Directors shall pay regards to the following aspects:

- Compliance with Article of Association, Companies Act & other laws
- Compliance with ethical standards & code of conduct of Company
- Committee's accomplishments w.r.t. performance objectives
- Adherence to Articles of Association, Companies Act and other Applicable laws
- Redressal of complaints & grievances
- Coordination with other committees and Board of Directors
- Fulfillment of roles & responsibilities
- Adherence to Company's policies and internal procedures

Overall Rating: ___

COMPANY SECRETARY

- Compliance with Article of Association, Companies Act & other laws
- Compliance with ethical standards & code of conduct of Company
- Reporting to the Board about compliance with applicable laws
- Ensuring compliance with secretarial standards
- Assistance to the board of directors
- Discharge of duties assigned by Board
- success of meetings convened
- Preparation of minutes

Overall Rating: ___

- Attendance & presence in meeting of board, committees of Board and general meeting
- Assistance in obtaining required approvals from Board, shareholders, Government and other authorities
- Representation before various regulators on behalf of the company
- Advising Board on corporate governance and compliance thereunder
- Punctuality

EMPLOYEES

- Compliance with Article of Association, Companies Act & other laws
- Compliance with ethical standards & code of conduct of Company
- Achievement of target fixed
- Punctuality

Overall Rating: ___

REMUNERATION

The Company aspires to pay performance linked remuneration to its directors, senior management personnel and other employees. For this reason, based on the fore-stated criteria of evaluation of performance of directors (independent as well as non-independent directors), Company Secretary and other employees, their remuneration shall be determined and reviewed from time to time. It will be ensured that the remuneration is determined in such a way there exists a fine balance between fixed and incentive pay. Apart from a fixed remuneration, the said persons will be entitled to performance linked bonus, which shall be determined in accordance with their respective performance evaluation report prepared on the basis on the fore-mentioned criteria.

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.

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 directors’ performance will be made by the Board of Directors in the Board report. Further, the Board’s report containing such statement will be made available for the review of shareholders at the general meeting of the Company.

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The Policy has been made available on Company's official website and the key features of this Policy have also been included in the corporate governance statement contained in the annual report of the Company.

“Mechanism for Performance Evaluation of Directors” (Legal Framework)

In an endeavor to safeguard the interest of public at large, the Companies Act, 2013 ('Act') provides that the performance of the board of directors of listed companies and prescribed class of companies must be reviewed regularly against appropriate measures. For this purpose, the Nomination and Remuneration Committee of a company has been obliged under **Section 178 of the Act** to formulate a draft policy for recommending it to the Board of directors of the company, setting the criteria, based on which the performance of each and every director including the performance of the Board as a whole shall be assessed by the Board of Directors of the Company. Based on such performance evaluation, 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 and will ensure that they exercise their powers in a rational manner. Relevant extracts of Section 178 of the Act reads as:

Section 178 of Companies Act, 2013

“Section 178- Nomination and Remuneration Committee and Stakeholders Relationship Committee

.....

(2) The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

(3) The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

(4) The Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) ensure that-

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals: Provided that such policy shall be disclosed in the Board's report.....”

Every listed company and specified class of companies are obliged to constitute Nomination and Remuneration Committee; consisting of three or more non-executive directors out of which not less than one-half shall be independent directors. As per **Rule 6 of Companies (Meetings**

of Board and its Powers) Rules, 2014, the board of directors of the following classes of companies shall constitute a Nomination & Remuneration committee of the board:

(a) every listed company;

(b) every other public company:

- i. having paid up capital of ten crore rupees or more; or
- ii. having turnover of one hundred crore rupees or more; or
- iii. which have, in aggregate, outstanding loans or borrowings or debentures or deposits exceeding fifty crore rupees.

The Act, under clause VIII of Schedule IV, casts an obligation on part of the board of directors for evaluating the performance of independent directors. All the directors on the board of a company, except the independent director whose performance is being evaluated, will assess the performance of independent director. Accordingly, a report of performance evaluation of each independent director of the company would be prepared, which would determine whether to extend or continue the term of appointment of the concerned independent director or not. However, no provisions relating to separate meetings or evaluation of the performance of independent directors is provided under the Act. Clause IV of Schedule IV of the Act reads as:

Schedule IV to Companies Act, 2013

“Schedule IV- CODE FOR INDEPENDENT DIRECTORS

.....

VIII. Evaluation mechanism:

(1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.”

The Act, under Schedule IV, prescribes a code of conduct, other functions and duties of independent directors, which strives to raise the bar of standards and performances of independent directors. The spirit of the code of conduct for independent directors and their performance evaluation is that they are expected to adhere to the professional conduct and to use their skills and independence for implementing the best corporate governance practices in the interest of shareholders, particularly minority shareholders.

Independent Directors are also duty bound to evaluate the performance of non - independent directors, chairperson of the company and board as a whole. The Act empowers the independent directors to hold separate meeting without the presence of other directors to assess the performance of Board. In fact, the Act provides under Schedule IV of the Act, that the independent directors of the company **shall** hold at least one meeting in a year, without the presence of non-independent directors and members of management.

Schedule IV to Companies Act, 2013

“Schedule IV- CODE FOR INDEPENDENT DIRECTORS

.....

II. Role and functions:

The independent directors shall:

.....

(2) bring an objective view in the evaluation of the performance of board and management;

(3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

.....

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

.....

VII. Separate meetings:

(1) 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;

(2) All the independent directors of the company shall strive to be present at such meeting;

(3) 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.

In addition, as per the requirement of Section 134 of the Act, disclosures are required to be made in the board's report, which shall contain a statement indicative of the manner in which directors' performance, performance of various committees and performance of the Board as a whole have been assessed by the Board. Such Board's report will be laid before the

shareholders in the general meeting of the Company. The relevant abstract of Section 134 of the Act have been provided below:

Section 134 of Companies Act, 2013

“Section 134 - Financial statement, Board’s report, etc

....

(3) There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors, which shall include-

....

(p) in case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors...”