

## Annexure B to Boards Report

### Board Evaluation

As required by the New Companies Act, the Board initiated a formal evaluation of its own performance and that of the individual directors.

The evaluation has been started to consider a suitable mechanism to improve Board effectiveness, maximize strengths and tackle weaknesses if any. It will start with assessment and reviews.

In this process criteria for such evaluation has been arrived at separately for Managing / Executive / Whole Time Directors and separately for non-executive and non-whole time Directors.

(A) Criteria for evaluation of the Board and its own performance.

#### Board :

- ❖ Setting up of annual goals (including financials) and comparing with year-end achievement
- ❖ Periodically reviewing corporate strategy
- ❖ Reviewing risk management system
- ❖ Evaluating whether composition of the board has a right mix of knowledge and skills sufficient to maximize performance in the light of the future strategy.
- ❖ Whether interaction between independent directors and key managerial personnel and senior management is adequate or needs improvement
- ❖ Is appropriate, timely and un biased information, of the right length and quality, provided to the Board
- ❖ Whether Board and Committee Meetings of appropriate length, are being held to enable proper consideration of issues.
- ❖ Is the Chairman demonstrating effective leadership of the Board.
- ❖ Whether relationship and communications with shareholders are well managed.
- ❖ Whether Directors are well prepared and informed regarding Board Meetings and their attendance thereat is satisfactory.
- ❖ Whether Directors demonstrate a willingness to devote time and effort to understand the company and its business and a readiness to participate in events outside the Boardroom, such as plant visits.
- ❖ What has been the contribution of Directors in the development of strategy and risk management and how successfully have they brought their knowledge and experience to bear in the consideration of strategy
- ❖ Whether directors effectively probe the information and assumption presented by the management
- ❖ Whether directors have effective and successful relationships with fellow Board Members, the Company Secretary and Senior Management
- ❖ Whether directors actively and successfully refresh their knowledge and skills and are they up to date with.
  - o The latest developments in areas such as Corporate Governance Framework and Financial Reporting
  - o The industry and market conditions



### Committee

- Discharge of its functions and duties as per its terms of reference.
  - Process and procedures followed for discharging its functions;
  - Effectiveness of suggestions and recommendations received;
  - Size, Structure and Expertise of the Committee; and
  - Conduct of its meetings and procedures followed in this regard.
- (B) Criteria for evaluation of the performance of Managing /Executive/Whole Time Directors
- Achievement of financial/business targets prescribed by the Board;
  - Developing and managing/executing business plans, operational plans, risk management, and financial affairs of the organization;
  - Display of leadership qualities i.e. correctly anticipating business trends, opportunities, and priorities affecting the Company's prosperity and operations;
  - Development of policies, and strategic plans aligned with the vision and mission of Company and which harmoniously balance the needs of shareholders, clients, employees, and other stakeholders;
  - Establishment of an effective organization structure to ensure that there is management focus on key functions necessary for the organization to align with its mission; and
  - Managing relationships with the Board, management team, regulators, bankers, industry representatives and other stakeholders
- (C) Criteria for evaluation of the performance of Non-Executive Directors
- Participation at the Board/Committee meetings;
  - Commitment (including guidance provided to senior management outside of Board/Committee meetings);
  - Effective deployment of knowledge and expertise;
  - Effective management of relationship with stakeholders;
  - Integrity and maintaining of confidentiality;
  - Independence of behavior and judgment; and
  - Impact and influence.

It was satisfied that the Board as constituted at present has the right mix of skills, varied experience. The Directors are quite senior people widely traveled and having knowledge of the industry, Indian economy, and administrative know-how and the Board has functioned according to expectations.