

# Policy on Evaluation of the performance of the Board of Directors



**SANSERA ENGINEERING LIMITED**

Contents

- 1. INTRODUCTION ..... 3
- 2. DEFINITIONS ..... 3
- 3. OBJECTIVE ..... 4
- 4. EVALUATION ..... 4
- 5. DISCLOSURE ..... 5
- 6. AMENDMENT AND REVIEW ..... 6

## 1. INTRODUCTION

Sansera Engineering Limited believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour, in consonance with the Company's Code of Conduct for Board of Directors and Senior Management Personnel. As one of the most important functions of the Board of Directors ("**Board**") is to oversee the functioning of company's performance, this policy aims to establish a procedure for conducting periodical evaluation of the Board, its various committees and each director's performance and formulating criteria for the same. The Nomination and Remuneration Committee shall formulate criteria for evaluation of the performance of all members of the Board.

Therefore, the Company has formulated this Policy to comply with various provisions under the Act and the Listing Regulations and also the formal annual evaluation made by the Board of its own performance (self-appraisals) and that of its committees and individual Directors as mentioned under the clause (p) of sub-section (3) of Section 134 of the Act. The Committee shall evaluate the performance of each Director as per sub section (2) of Section 178 of the Act and based on the functions of the Independent Directors as indicated under Schedule IV (as per Section 149) annexed to the Act.

The Board of Directors of the Company ("**Board**") has approved and adopted this Policy and are amended as and when required to comply with the provisions of Companies Act and SEBI Regulations.

## 2. DEFINITIONS

"Act": means the Companies Act, 2013, as amended from time to time and the rules made thereunder

"Company": means Sansera Engineering Limited

"Director" or "Board" means 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.

"Independent Director": shall mean an Independent Director as defined under section 2 (47) to be read with section 149 (5) of the Act.

"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.

"Committee" means the Nomination and Remuneration Committee of the Board of Directors formed under the provisions of Section 178 of the Act.

“Policy” shall mean this Policy for Evaluation of performance of Board of Directors of the Company.

### **3. OBJECTIVE**

This Policy aims to:

- (i) Ensure compliance of the applicable provisions of the Act and LODR
- (ii) Adopt best practices to manage the affairs of the Company in a seamless manner.
- (iii) Achieve good corporate governance as well as sustained long-term value creation for stakeholders.
- (iv) To recognize the strengths and identify improvement areas to achieve vision and mission of the Company.
- (v) To ensure commitment to performance management;
- (vi) To review challenges in the dynamics of the Board or among the Board and management;

### **4. EVALUATION**

- (i) The Nomination and Remuneration Committee shall carry out the evaluation of performance of every Director under the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of Section 178 of the Act and based on their functions as mentioned in the Code of Conduct of the Directors and Senior Management Personnel and the criteria for the evaluation of the performance as prescribed in the clause 6 of this Policy.
- (ii) The evaluation of performance of the Independent Directors (IDs) shall be carried out by the entire Board of Directors and shall include:
  - a. Performance of the Directors; and
  - b. Fulfillment of the independence criteria as specified in the LODR and their independence from the management.

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

Based on the performance evaluation of each and every Director and the chairman of the Company, the Committee shall provide the ratings based on each criteria and sub-criteria.

- (iii) The Independent Directors shall hold at least one meeting in a year, without the attendance of non-Independent Directors and members of management; and in this meeting they 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.

- (iv) Evaluation performance should be carried out at least once in a year and the evaluation report shall be placed before the Board of Directors

The evaluation of the Directors shall be carried out based on the questionnaire and feedback form. An indicative feedback form is set out in Clause 6 of this Policy. Evaluation may be assisted by an external party; whichever way the Board deems fit.

Different criteria need to be identified for the Board and its committees. Based on a review of the business environment and company performance, the Board may choose the set of criteria to be used for the year. Below is a broad indicative list and this may be edited accordingly.

Charter: Clear and Comprehensive

Composition and quality of the Board/Committee

Tenure of Board/Committee Members

Frequency of Meetings

Issues identified for discussion

Time allocated for the meetings

Adequacy of information supplied with agenda

Actions on Board recommendations

Overall stakeholder value creation

Ethics and compliance

Oversight of the financial reporting process, including internal controls

## **5. DISCLOSURE**

- i. The Company shall include, in the report by its Board of directors; a part of the Annual Report; 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.
- ii. In the corporate governance section of the annual report, performance evaluation criteria for independent directors shall be disclosed.

The Company may additionally consider the following as a part of its disclosures on board evaluation:

- a) Observations of board evaluation carried out for the year.
- b) Previous year's observations and actions taken.
- c) Proposed actions based on current year observations.

## **6. CRITERIA FOR EVALUATION OF PERFORMANCE**

The Committee has laid down the criteria for evaluation of performance of executive Directors, Independent Directors, Chairman and the Board:

- a) Participation and attendance in Board and Committee meetings actively and consistently
- b) Prepare adequately for Board and Committee meetings
- c) Contributes to strategy and other areas impacting company's performance
- d) Brings his/her experience and credibility to bear on the critical areas of performance of the organization
- e) Keeps updated knowledge of his/her areas of expertise and other important areas
- f) Communicates in open and constructive manner
- g) Gives fair chance to other members to contribute, participates actively in the discussions and in consensus oriented
- h) Helps to create brand image of the Company and helps the company wherever possible to resolve issues, if any
- i) Actively contributes towards growth of the Company
- j) Conduct himself/herself in a manner that is ethical and consistent with the laws of land

#### **6. AMENDMENT AND REVIEW**

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly.

Policy will be subject to review as may be required by the Board or within such time frame as mandated by any regulatory amendments under the law.

## COMPANY – BOARD MEMBER FEEDBACK

The Company believes in value for its stakeholders through ethical processes and integrity. The Board plays a very important role in ensuring the Company's performance is monitored and timely inputs are given to enhance its performance and set the right direction for growth. Hence it is important that every individual Board member effectively contributes in the Board deliberations.

Name of the Director: \_\_\_\_\_

Rating scale shall be 1 to 10 (1 being least effective and 10 being most effective)

Question	Rating	Remark
1. Participation and attendance in Board and Committee meetings actively and consistently		
2. Prepare adequately for Board and Committee meetings		
3. Contributes to strategy and other areas impacting company's performance		
4. Brings his/her experience and credibility to bear on the critical areas of performance of the organization		
5. Keeps updated knowledge of his/her areas of expertise and other important areas		
6. Communicates in open and constructive manner		
7. Gives fair chance to other members to contribute, participates actively in the discussions and in consensus oriented		
8. Helps to create brand image of the Company and helps the company wherever possible to resolve issues, if any		
9. Actively contributes towards growth of the Company		
10. Conduct himself/herself in a manner that is ethical and consistent with the laws of land		
Total Ratings		

Note: Rating 90 and above- excellent, between 75 to 89- Very good, between 60-74- Good, between 35 to 59- Satisfactory and less than 35-Unsatisfactory