

“PERFORMANCE EVALUATION POLICY”
KEERTHI INDUSTRIES LIMITED

Performance Evaluation of Board - Keerthi

A. INTRODUCTION

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

The Company conducts its operation under the directions of Board of Directors within the framework laid down by the Companies Act, 2013; the Article of Association, Listing Regulation, 2015, Internal Code of Conduct and Policies formulated by the Company. 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 function of 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 director’s performance and formulating the criteria for determining skill, experience and independence of each and every Directors f the Company in determining issues relating to remuneration of Directors, Key Managerial Personnels (KMPs) 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, KMPs and other employees in accordance with the criteria contained herein, based on which their remuneration shall be determined and recommend to the Board for their extension/ continuation/ increment.

B. RESPONSIBILITIES OF BOARD

It shall be the duty of the Chairperson 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 result of evaluation process will be use 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 following activities on an annual basis:

- i) The Chairperson of the Company shall meet each and every director individually to discuss his/her performance throughout the year.
- ii) Review evaluation report and recommendation submitted by the Nomination and Remuneration Committee. The Board of the Company shall also review the requirement of establishing any new committees on an annual basis.
- iii) Review the various strategies of the Company and accordingly set the performance objectives for Directors in line with varying nature and requirement of the 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.

Performance Evaluation of Board - Keerthi

In conformity with the requirement of Clause VIII of Schedule IV of the Act, performance evaluation of the Independent Directors (IDs) shall be done by the entire Board of Directors, excluding the Directors being evaluated. 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.

C. RESPONSIBILITIES OF INDEPENDENT DIRECTORS (IDs)

IDs are duty bound to evaluate the performance of non-IDs and Board as a whole. The IDs shall hold at least one meeting in a year to review the performance of non-IDs, Chairperson and Board as a whole, taking into accounts the views of Non-executive Directors.

D. EVALUATION FACTORS AND PROCEDURE

THE BOARD OF Director 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 provide to assist with the evaluation process in respect of performance of IDs, Non-IDs, 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	Overall Performance
1.	Need Improvement
2.	Good
3.	Very Good
4.	Excellent

INDEPENDENT DIRECTORS (IDs)

Name of the Director: _____

Rating Scale shall be 1 to 4 (1 being least effective and 4 being most effective)

Sl. No	Criteria	Rating	Remark
	Compliance with Article of Association, Companies Act and other laws.		
	Compliance with ethical standards and Code of Conduct of the Company		
	Assistance in making Corporate Governance practices		
	Rendering independent and unbiased opinion		
	Participation and attendance in Board and Committee Meetings actively and consistently		
	Participation and attendance in General Meetings actively and consistently		
	Leadership qualities		
	Qualifications		
	Disclosure of Non-independence, if exists		
	Independent view on key appointments & strategy		

Performance Evaluation of Board - Keerthi

	formulation		
	Objective evaluation of Board's performance		
	Review of integrity of financial information & risk management		
	Safeguard of stakeholders interest		
	Appointment & removal of KMPs		
	Determination of level of remuneration of KMPs		
	Updating of skill and knowledge		
	Punctuality		
	Information regarding external environment		
	Seeking expert opinion, when required		
	Raising of concerns to the Board		
	Safeguarding interest of whistle-blower under vigil mechanism		
	Reporting of Frauds, violations, if any		
	Team work attribute		
	Safeguard of confidential informations		
	Overall Rating		

NON-INDEPENDENT DIRECTORS /EXECUTIVE DIRECTORS

Name of the Director: _____

Rating Scale shall be 1 to 4 (1 being least effective and 4 being most effective)

Sl. No	Criteria	Rating	Remark
	Compliance with Article of Association, Companies Act and other laws.		
	Strategic planning – financial & business		
	Monitoring performance against plans		
	Compliance with ethical standards and Code of Conduct of the Company		
	Exercising duties diligently		
	Qualifications		
	Punctuality		
	Leadership skills		
	Disclosure of Interest		
	Motivating employees, providing assistance & directions		
	Participation and attendance in Board and Committee Meetings actively and consistently		
	Participation and attendance in General Meetings actively and consistently		
	Establishment of Internal Control processes		
	Communication skills		
	Team work attribute		
	Monitoring policies and encouraging suggestions		
	Supervising & training the staff members		
	Safeguard of confidential informations		
	Overall Rating		

Performance Evaluation of Board - Keerthi

COMMITTEES OF BOARD

The Board has constituted the following committees of the Board

- I. Audit Committee
- II. Nomination and Remuneration Committee
- III. Stakeholders Relationship Committee
- IV. Risk Management Committee
- V. Corporate Social Responsibility Committee

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

Name of the Committee: _____

Rating Scale shall be 1 to 4 (1 being least effective and 4 being most effective)

Sl. No	Criteria	Rating	Remark
	Compliance with Article of Association, Companies Act and other laws.		
	Compliance with ethical standards and Code of Conduct of the Company		
	Committee's accomplishment w.r.t performance objectives		
	Redressal of complaints and grievances		
	Coordination with other committees and Board of Directors		
	Fulfillment of Roles and responsibilities		
	Adherence to Company's polices and internal control procedures		
	Overall Rating		

COMPANY SECRETARY AND OTHER KMPs

Name of the Committee: _____

Rating Scale shall be 1 to 4 (1 being least effective and 4 being most effective)

Sl. No	Criteria	Rating	Remark
	Compliance with Article of Association, Companies Act and other laws.		
	Compliance with ethical standards and Code of Conduct of the 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 meeting convened		
	Preparation of minutes		
	Participation and attendance in Board, Committee Meetings and general Meetings actively and		

Performance Evaluation of Board - Keerthi

	consistently		
	Assistance in obtaining required approvals from Board, shareholders, Government and other authorities		
	Advising Board on Corporate Governance compliance thereunder.		
	Punctuality		
	Overall Rating		

EMPLOYEES (overall)

Rating Scale shall be 1 to 4 (1 being least effective and 4 being most effective)

Sl. No	Criteria	Rating	Remark
	Compliance with Article of Association, Companies Act and other laws.		
	Compliance with ethical standards and Code of Conduct of the Company		
	Achievement of target fixed		
	Punctuality		
	Overall Rating		

E. REMUNERATION

The Company aspires to pay performance liked remuneration to its directors, KMPs and other employees, for this reason, based on the forestated criteria of evaluation of performance of directors (IDs as well as Non-IDs), Company Secretary and other employees, their remuneration shall be determined and reviewed from time to time.

F. REVIEW

Subject to the approval of the Board of Directors, the “Nomination & Remuneration Committee” reserves it 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 the meeting of the Nomination and Remuneration committee.

G. DISCLOSURE

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

The Policy shall be made available in the Company’s official website: keerthiindustries.com and the key features shall also be included in the corporate governance section of the Annual Report of the Company.