

INNOVA CAPTAB LIMITED

PERFORMANCE EVALUATION POLICY

<i>Approving Authority</i>	<i>Board of Directors of the Company</i>
<i>Version</i>	<i>1.0</i>
<i>Adopted and Approved</i>	<i>19 June 2022</i>

INTRODUCTION

In an endeavor to safeguard the interest of the Company and as prescribed under section 178 of the Companies Act, 2013 ('Act') based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors ("the Board") of Innova Captab Limited ("the Company") has formulated a policy setting out the criteria for the performance of directors including the performance of the Board as a whole. Based on the performance evaluation to be carried out by the Board, 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.

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 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.

RESPONSIBILITY OF BOARD

It shall be the duty of the Chairman of the Board, who shall be assisted by the Company Secretary of the Company 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 shall 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.

<u>Rating Scale</u>	<u>Scale Performance</u>
5	Exceptionally good
4	Good
3	Satisfactory
2	Needs improvement
1	Unacceptable

INDEPENDENT DIRECTORS Overall Rating:

Compliance with Companies Act & other Laws, ethical standards & code of conduct of Company	
Rendering independent, unbiased opinion	
Attendance & presence in meetings of Board, committees and general meetings	
Assistance in implementing corporate governance practices	
Leadership qualities	
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 and determination of remuneration of KMPs	
Update of skills and knowledge	
Information regarding external environment	
Seeking expert opinion, when required	
Raising of concerns, if any, to the Board	
Reporting of frauds, violation etc	
Team work attributes	
Safeguard of confidential information	

NON - INDEPENDENT DIRECTORS / EXECUTIVE DIRECTORS Overall Rating:

Compliance Companies Act & other Laws	
Strategic planning- financial & business	
Operational performance of the Company	
Monitoring performance against plans	
Attendance & presence in meetings of Board, committees and general meetings	
Assistance in implementing corporate governance practices	
Steps initiated towards Business Development and Branding of the Company	
Compliance with ethical standards & code of conduct	
Exercising duties diligently	
Qualifications, and Leadership skills	
Motivating employees, providing assistance & directions, Supervising & training the staff members, Monitoring policies, encouraging suggestions	
Establishment of internal control processes	
Communication skills	
Safeguard of confidential information	

COMMITTEES OF BOARD

The Board has constituted the following committees:

1. Audit Committee;
2. Stakeholders Relationship Committee;
3. Nomination and Remuneration Committee;
4. Corporate Social Responsibilities Committee;
5. Risk Management Committee

For evaluating the performance of each committee, the Board of Directors shall take into consideration the following aspects:

- Compliance with the Companies Act & other laws

- Compliance with its charter documents
- Compliance with ethical standards & code of conduct of Company
- Committee's accomplishments with respect to performance objectives
- Redressal of complaints & grievances
- Coordination with other committees and Board of Directors
- Fulfillment of roles & responsibilities
- Adherence to Company's policies and internal procedures.

REMUNERATION

The Company aspires to pay performance linked remuneration to its executive directors, key managerial personnel and other senior employees. For this reason, based on the aforesaid criteria of evaluation of performance of directors (non-independent directors), Company Secretary and other Key Managerial Personnel and senior employees, their remuneration shall be determined and reviewed from time to time by the Chairman & Managing Director.

ACTION PLAN

Once responses from all the Directors have been received, a summary of results of the Board evaluation will be placed before the Nomination and Remuneration Committee. Based on the feedback from each member, an average rating for each question will be obtained. All questions with average rating of 4.5 or less have been identified as areas for reflection and action planning. These are not necessarily the problem areas but definitely the areas where processes/ practices can be improved to meet the best governance standards and the Board may devise a plan to address such identified areas ("Action Plan"). While identifying the areas for reflections, proposed actions should be suggested for consideration of the evaluation panel. In some areas, suggestions from the evaluation panel are required to be provided.

The Action Plan should carry in detail the following:

- (i) The nature of actions, including training and skill building, required to be undertaken to address the identified areas.
- (ii) Timeline within which the actions detailed in the Action Plan shall be completed.
- (iii) Persons responsible for the implementation of the Action Plan.
- (iv) Resources required to achieve the objectives set out in the Action Plan.

The Board must review the actions set out in the Action Plan within a specific time period.

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 requirement of the Company. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee of the Company.

DISCLOSURE

In accordance with the requirement under the Companies Act, 2013, Rules made thereunder and Listing Agreement, disclosures will be made in the Board Report 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. The Company shall disclose the evaluation criteria in its Annual Report.