

INNOVA CAPTAB LIMITED

POLICY FOR PERFORMANCE EVALUATION OF BOARD OF DIRECTORS

Approving Authority	Board of Directors of the Company
Initial Version & Date	(Version 1.0) & 19 June 2022
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1. INTRODUCTION:

In an endeavour 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 evaluation of directors including the performance evaluation of the Board of Directors as a whole. Regulation 17(10) of SEBI(LODR) regulations, 2015 requires the independent directors to be evaluated by the entire Board of directors excluding the directors who are subject to evaluation. Such an evaluation procedure will enable a 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 criteria for determining the qualification, positive attribute and independence of each director of the Company. This policy aims to ensure that the committees to which the Board of Directors has delegated specific responsibilities perform efficiently in conformity with the prescribed functions and duties. The Nomination and Remuneration Committee shall be responsible for identifying 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 the 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.

2. DEFINITIONS:

- i. **"Act"** means the Companies Act, 2013, as amended from time to time and the rules made thereunder.
- ii. **"Company"** means Innova Captab Limited.
- iii. **"Director" or "Board"** means the Director or the Board, in relation to the Company, and deemed to include the collective body of the Board of the Company including the Chairman of the Company.
- iv. **"Independent Director"** shall mean an Independent Director as defined under Section 2 (47) to be read with Section 149 (5) of the Act.
- v. **"Listing Regulations"** means Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- vi. **"Policy"** shall mean this Policy for Evaluation of performance of Board of Directors of the Company.

Words and expressions used and not defined in this Policy shall have the meaning ascribed to them in the SEBI Listing Regulations, the Securities and Exchange Board of India Act, 1992, as amended, the Securities Contracts (Regulation) Act, 1956, as amended, the Depositories Act, 1996, as amended, or the Companies Act, and rules and regulations made thereunder.

3. RESPONSIBILITY OF THE 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 and to tackle their shortcomings.

4. EVALUATION MECHANISM:

The Committee shall carry out the evaluation of the performance of every Director on an annual basis. The evaluation of the Board involves:

1. Board as a whole
2. Committees of the Board
3. Individual Directors and Chairperson (including Chairperson, Independent Directors, Non-independent directors, etc.)

5. EVALUATION FACTORS:

The Board of Directors shall use 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, Board as a whole, the Chairperson of the Board 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

6. CRITERIA FOR EVALUATION OF THE BOARD:

BOARD AS A WHOLE:

Assessment criteria be considered in the performance evaluation of the entire Board:

Sr. No.	Assessment Criteria	Rating
1	Competency of directors: Whether the Board as a whole has directors with a proper mix of competencies to conduct its affairs effectively	
2	Experience of directors: Whether the Board as a whole has directors with enough experience to conduct its affairs effectively.	
3	Mix of qualifications: Whether the Board as a whole has directors with a proper mix of qualifications to conduct its affair effectively	
4	Diversity in Board under various parameters: Gender/background/competence/experience, etc. Whether there is sufficient diversity in the Board on the aforesaid parameters	
5	Appointment to the Board: Whether the process of appointment to the board of directors is clear and transparent and includes provisions to consider diversity of thought, experience, knowledge, perspective and gender in the board of directors	
6	Regularity of meetings: Whether meetings are being held on a regular basis	
7	Agenda: Whether the agenda of meetings to directors meets expectations in terms of length, level of details sufficient for the Board to take a decision. Whether Board members come prepared to meetings and discuss the matter at length in the best interest of the Company and address issues that might present a conflict of interest	
8	Discussions and dissent: Whether the Board discusses every issue comprehensively and depending on the importance of the subject	
9	Recording of minutes: Whether the minutes are being recorded properly, circulated to all the Board members and dissenting views are recorded in the minutes	

10	Strategy and performance evaluation: Whether significant time of the Board is being devoted to management of current and potential strategic issues	
11	Governance and compliance: Whether adequate time of the Board is being devoted to analyzing and examining governance and compliance issues	
12	Evaluation of Risks: Whether the Board undertakes a review of the high-risk issues impacting the organization regularly.	
13	Grievance redressal for Investors: Whether the Board regularly reviews the grievance redressal mechanism of investors, details of grievances received, disposed of and those remaining unresolved.	
14	Review of Board evaluation: Whether the Board monitors and reviews the Board evaluation framework	
15	Facilitation of independent directors: Whether the Board facilitates the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors and any criticism by such directors are taken constructively.	

COMMITTEES OF THE BOARD:

Assessment criteria be considered in the performance evaluation of the Committees of the Board:

Sr. No.	Assessment Criteria	Rating
1	Whether the mandate, composition and working procedures are clearly defined and disclosed and as per the provisions of the applicable law(s)?	
2	Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable?	
3	Are sufficient numbers of meetings, of appropriate length, being held to enable proper consideration of agenda?	
4	The information provided to members prior to meetings meets expectations in terms of length and level of detail and members come prepared to meetings and ask appropriate questions of management and address issues that might present a conflict of interest.	
5	Whether the Committee's recommendations contribute effectively to the decisions of the Board?	

INDIVIDUAL DIRECTORS, CHAIRMAN AND NON-EXECUTIVE DIRECTORS:

Assessment criteria be considered in a performance evaluation of the Non-Executive Directors:

Sr. No.	Assessment Criteria	Rating
1	Attendance at meetings of the Board and Committees.	
2	Participation in the Board Meeting and Committee Meetings.	
3	Leadership initiative like innovative ideas and planning towards growth of the Company and steps initiated towards Branding of the Company.	
4	Adherence to ethical standards and Code of Conduct of Company.	
5	Compliance with policies, reporting of fraud, violation etc. and disclosure of interest.	
6	Attendance at meetings of the Board and Committees.	
7	Participation at the Board Meeting and Committee Meetings.	
8	Leadership initiative like innovative ideas and planning towards growth of the Company and steps initiated towards Branding of the Company.	

INDEPENDENT DIRECTORS:

Assessment criteria be considered in a performance evaluation of the Independent Directors:

Sr. No.	Assessment Criteria	Rating
1	Attendance at the meetings of the Board and Committees.	
2	Participation at the Board Meeting and Committee Meetings.	
3	Understanding of the Company and the external environment in which it operates and contribution to strategic direction.	
4	Adherence to ethical standards and Code of Conduct of Company and disclosure of non – independence, as and when it exists and disclosure of interest.	
5	Raising valid concerns to the Board and constructive contribution to resolution of issues at meetings.	
6	Contribution towards growth of the Company including actual vis-a-vis budgeted performance.	
7	Interpersonal relations with other directors and management.	
8	Objective evaluation of Board's performance, rendering independent, unbiased opinion.	
9	Safeguarding of confidential information.	
10	Contribution to the enhancement of brand image of the Company.	

CHAIRMAN OF BOARD:

Assessment criteria be considered in the performance evaluation Chairman:

Sr. No.	Assessment Criteria	Rating
1	Attendance at meetings of the Board and Committees,	
2	Participation at the Board Meeting and Committee Meetings,	
3	Whether the Chairman possess quality of leadership, coordination and steering skills, etc.	
4	Whether the Chairman is sufficiently committed to the Board and its meetings	
5	Adherence to ethical standards and Code of Conduct of Company.	
6	Whether the Chairman is impartial in conducting discussions, seeking views and dealing with dissent.	
7	Whether due importance being given for shareholder's interest in discussions and taking appropriate decisions.	
8	Interpersonal relations with other directors and management.	
9	Safeguarding of confidential information	
10	Whether the Chairman displays efficient leadership, is open-minded, decisive, courteous, displays professionalism, able to co-ordinate the discussion etc. and is overall able to steer the meeting effectively.	

7. METHOD OF EVALUATION:

The method of evaluation shall be Internal assessment

Internal assessment:

- I. The Board will review its own performance, performance of its committees and individual directors;
- II. The Nomination and Remuneration committee shall evaluate the performance of the Board as a whole, its committees excluding the Nomination and Remuneration committee and individual directors;
- III. Independent Directors will review the Board as a whole, non-independent Directors and Chairperson of the company

The internal assessment will be done by a detailed Questionnaire circulated to individual directors, Committees, Board, etc. If deemed fit, the questionnaire may enable written answers to be submitted on a confidential basis. If due to various reasons, members are not willing to provide written inputs, the Chairperson or any other person may take the initiative and obtain the views of such members on a confidential basis.

8. ACTION PLAN:

Once responses from all the Directors have been received, a summary of the results of the Board evaluation are placed before the Nomination and Remuneration Committee. Based on the feedback from each member, an average rating for each question is obtained. All questions with an average rating of 3 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 out the following in detail:

- (i) The nature of actions, including training and skill building, required to be undertaken to address the identified areas.
- (ii) The 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.

9. REVIEW:

Subject to the approval of the 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.

10. DISCLOSURE:

In accordance with the requirement under the Companies Act, 2013 and Rules made thereunder and Listing Agreement, disclosures will be made in the Board Report regarding the way 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.