

INNOVA CAPTAB LIMITED

PERFORMANCE EVALUATION POLICY

Approving Authority	Board of Directors of the Company
Initial Version & Date	(Version 1.0) & 29 th March 2024
Revision Version & Date	(Version 2.0) & 29 th March 2024

1. 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 evaluation of directors including the performance evaluation of the Board as a whole. Based on the performance evaluation, 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. 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.

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.

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, 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.

Evaluation of Independent Director shall be carried on by the entire Board which shall include -

- (a) performance of the Directors; and
- (b) fulfilment of the independence criteria as specified in the Listing Regulations and their independence from the management.

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.

4. 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 and the Board of Directors as a whole;
- review the performance of the Chairperson of the Company, taking into account the views of executive directors and non- executive directors;
- assess the quality, quantity and timeliness of flow of information between the management of the Company and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

5. 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, Board as a whole, the Chairperson of the Board, 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 PERFORMANCE
5	Exceptionally good
4	Good
3	Satisfactory
2	Needs improvement
1	Unacceptable

1) EVALUATION CRITERIA OF INDEPENDENT DIRECTORS' OVERALL RATING:

1. Compliance with Companies Act & other Laws, ethical standards & code of conduct of Company
2. Rendering independent, unbiased opinion
3. Attendance & presence in meetings of Board, committees and general meetings
4. Assistance in implementing corporate governance practices
5. Leadership qualities
6. Decision making ability
7. Independent view on key appointments & strategy formulation
8. Objective evaluation of Board's performance
9. Review of integrity of financial information & risk management
10. Safeguard of stakeholders' interests

11. Appointment, removal and determination of remuneration of KMPs
12. Updation of skills and knowledge
13. Information regarding external environment
14. Seeking expert opinion, when required
15. Raising of concerns, if any, to the Board
16. Reporting of frauds, violation etc
17. Teamwork attributes
18. Safeguard of confidential information
19. Contribution towards enhancing overall brand image of the Company.

2) **EVALUATION CRITERIA OF NON - INDEPENDENT DIRECTORS / EXECUTIVE DIRECTORS**
OVERALL RATING:

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

3) **EVALUATION CRITERIA OF BOARD OF DIRECTORS:**

1. The Board of Directors of the company is effective in decision making.
2. The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities
3. The Company's systems of control are effective for identifying material risks and reporting material violations of policies and law
4. The Board reviews the organization's performance in carrying out the stated mission on a regular basis.
5. The Board of Directors is effective in providing necessary advice and suggestions to the company's management.
6. Is the board as a whole up to date with latest developments in the regulatory environment and the market?
7. The information provided to directors prior to Board meetings meets your expectations in terms of length and level of detail.
8. Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.
9. The Board Chairman effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the board.
10. The Board appropriately considers internal audit reports, management's responses, and steps towards improvement.
11. The Board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate the independent auditor's qualifications and performance.

12. The board considers the independent audit plan and provides recommendations.

4) EVALUATION CRITERIA OF CHAIRPERSON OF THE BOARD:

1. Managing relationship with the members of the Board and management.
2. Demonstration of leadership qualities and able steering of meetings
3. Relationship and communication within the Board
4. Providing ease of raising of issues and concerns by the Board members.
5. Promoting constructive debate and effective decision making at the board.
6. Relationship and effectiveness of communication with the shareholders and other stakeholders
7. Promoting shareholder confidence in the Board
8. Personal attributes i.e. Integrity, Honesty, Knowledge, etc

5) EVALUATION CRITERIA OF 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.

6) EVALUATION CRITERIA OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL:

For evaluating the performance of Key Managerial Personnel and other Senior Executives, the Board of Directors shall pay regards to the following aspects as set out below:

1. Abidance and behavior in accordance with ethical standards & code of conduct of Company
2. Interpersonal and communication skills
3. Compliance with policies of the Company, role assigned, ethics, code of conduct, etc.
4. Safeguarding interest of whistle-blowers under vigil mechanism
5. Teamwork attributes
6. Safeguard of confidential information

6. 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 abovementioned 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.

7. ACTION PLAN:

Once responses from all the Directors have been received, a summary of the 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 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 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.

8. 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.

9. 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.