

# ANMOL INDUSTRIES LIMITED



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## CRITERIA FOR PERFORMANCE EVALUATION OF THE DIRECTORS AND THE BOARD AND ITS COMMITTEES

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Version 2.0

As approved by the Board of Directors on 24.02.2018

### **ANMOL INDUSTRIES LIMITED**

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## INDEX

<b>SL. NO.</b>	<b>PARTICULARS</b>	<b>PAGE NOS.</b>
1.	INTRODUCTION	3-3
2.	LEGAL FRAMEWORK	3-4
3.	PURPOSE	4-4
4.	OBJECTIVES & SCOPE OF EVALUATION	4-4
5.	TYPES OF EVALUATION	4-4
6.	METHOD OF EVALUATION	5-5
7.	EVALUATION CRITERIA	5-5
8.	PROCESS FOR EVALUATION	5-7
9.	REVIEW OF EVALUATION CRITERIA	7-7
10.	ANNEXURE A- DIRECTOR EVALUATION FORM	8-9
11.	ANNEXURE B- INDEPENDENT DIRECTOR EVALUATION FORM	10-10
12.	ANNEXURE C- EVALUATION FORM FOR NON-INDEPENDENT DIRECTORS AND THE CHAIRPERSON OF THE COMPANY	11-12
13.	ANNEXURE D- BOARD/COMMITTEE EVALUATION FORM	13-16

## 1. INTRODUCTION

Performance Evaluation is a key means by which Directors can recognise several aspects and gradually work towards the same, which will strengthen the Board further.

Directors' evaluation involves board members undertaking a constructive but critical review of their own performance. The provision of feedback on performance and governance processes is the most crucial element of Directors' evaluation.

To enable evaluation of individual Director's performance as well as the collective performance of the Board and its Committees, the Nomination and Remuneration Committee (hereinafter referred to as NRC) of the Board has developed a framework for evaluating every Director's performance, the performance of the Board as a whole and its Committees. The formal requirement is that of devising a policy for individual director's performance and since the need is also there for Board's evaluation and that of its Committees, it has suggested herein the criteria for the same.

## 2. LEGAL FRAMEWORK

According to Section 134(3)(P) of the Companies Act, 2013 read with sub-rule (4) of Rule 8 of the Companies (Accounts) Rules 2014, every listed company and every other public company having paid-up share capital of Rs.25.00 crores or more calculated at the end of the preceding financial year shall include, in the report by its Board of Directors, 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.

The Company is not a listed company but other than that it hits the benchmark limit mentioned above and hence the Policy.

Section 178(2) states that the Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

The Schedule IV i.e. Code for Independent Directors provides that independent directors shall bring an objective view in the evaluation of the performance of board and management. Further it is also provided that in the separate meeting of the independent directors company the agenda shall also include:

- (a) review of the performance of non-independent directors and the Board as a whole;
- (b) Review of the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors.

The Schedule IV also provides for the evaluation of Independent Directors, which shall be done by the entire Board of Directors, excluding the Director being evaluated.

### **3. PURPOSE**

The primary objective of this document is to provide a framework and lay down criteria for the evaluation of the performance of the Directors, Board as a whole and its Committees.

- (a) The Nomination and Remuneration Committee of the Board of Directors shall carry out evaluation of every director's performance.
- (b) The separate meeting of independent directors shall review the performance of non-independent directors and the Board as a whole and of the Chairperson of the Company.
- (c) The entire Board of Directors of the Company, excluding the Director being evaluated, shall carry out the performance evaluation of independent directors.
- (d) The Committee evaluation to be done by the Board.

### **4. OBJECTIVES & SCOPE OF EVALUATION**

- A. The objective to undertake evaluation are as under:
  - (a) To demonstrate commitment to objectivity in management.
  - (b) To understand by way of review, assessment and evaluation enabling putting some of the yardsticks of performance and breaching its own set benchmarks, so that continuous enhancement becomes the key driving force.
  - (c) To review the challenges, if any, in the dynamics of the Boardroom or between the Board and management;
  - (d) To enhance good corporate governance;
  - (e) As development has got no measurement scale, to continuously enhance appropriate skills, competencies and motivation in the Board.
- B. The evaluation process will be a constructive medium, which will, inter-alia, enable to look at difference aspects of the Board and will further the cause of better and better governance.

### **5. TYPES OF EVALUATION**

- (a) Evaluation of all Individual Directors which includes self evaluation. (Annexure A)
- (b) Evaluation of Independent Directors (Annexure B)
- (c) Evaluation of the Non-Independent Directors of the Company (Annexure C)
- (d) Evaluation of the Chairperson of the Company (Annexure C)
- (e) Evaluation of the Committees of the Board (Annexure D)
- (f) Evaluation of the Board as a whole (Annexure D)

## 6. **METHOD OF EVALUATION**

- (a) Depending on the degree of formality, the objectives of the evaluation, and the resources available, the evaluation process will involve a range of qualitative and quantitative techniques.
- (b) To evaluate individual directors, both self and peer-evaluation techniques shall be used. The aim of self-evaluation is to encourage Directors to reflect on their contributions to Board activities and providing an opportunity to have insight on their own workings. An objective view is reasonably gained through peer evaluation, whereby directors identify each other's individual strengths and the areas that may need more attention. By having members of the Board evaluate each other, it is possible to gain a meaningful perspective of one's contribution to the effectiveness of the Board. It can also be used to identify the areas which need further working.

## 7. **EVALUATION CRITERIA**

The Evaluation Parameters may vary in accordance with the functions and duties of respective directors. The following criteria may assist in determining how effective the performances of the Directors have been:

- Leadership & stewardship abilities
- Contributing to clearly define corporate objectives and plans
- Communication of expectations & concerns clearly with subordinates
- Obtain adequate, relevant & timely information from external sources
- Review, approval and achievement of strategic and operational plans, objectives, budgets
- Monitoring of corporate results against projections
- Identify, monitor & mitigate significant corporate risks
- Assess policies, structures & procedures
- Review management's succession plan
- Effective meetings
- Assuring appropriate board size, composition, independence, structure
- Clearly defining roles and monitoring activities of Committees
- Review of Company's ethical conduct

## 8. **PROCESS FOR EVALUATION**

- (a) The evaluation/assessment of the Directors of the Company is to be conducted on an annual basis.
- (b) The NRC shall collectively evaluate each of the Directors of the Company on the criteria set out above, in a Director Evaluation Form. The Director Evaluation Form

is appended to this document as Annexure A. Every Individual Director shall make a self evaluation in the prescribed Form and submit the same to the Chairperson of the NRC, who shall then, in a NRC Meeting carry out evaluation of every director's performance based on self evaluation forms submitted to it. While the evaluation is carried for a Director, (s) he shall not take part in the evaluation and other members shall collectively assess him.

- (c) The NRC shall collectively be required to provide comments, wherever it considers necessary, to explain the ratings allocated. A rating scale of "1" to "5" is employed, wherein "1" denotes a strong rating and "5" a challenging one. The appraisal of each Director's performance will be based on the average rating obtained by the Director.
- (d) The NRC will prepare a Report and forward it to the Chairman of the Board of Directors of the Company for overall rating.
- (e) The Board of Directors, excluding the director being evaluated, shall evaluate the performance of independent director in an Independent Director Evaluation Form. The Independent Director Evaluation Form is appended to this document as Annexure B.
- (f) The Independent Directors, in their separate meeting, shall review the performance of non-independent Directors and the Chairperson of the Company, taking into account the views of executive directors and non-executive directors, through the suggested formats given herein below in Annexure C. They shall also review the performance of the Board as a whole and its Committees and forward their report to the Chairman of the Board.
- (g) The Board of Directors shall review the Report forwarded to it by the NRC. The Board shall also take into consideration the Report forwarded to it by the Independent Directors in terms of Schedule IV of the Companies Act, 2013.
- (h) The Board, considering the Reports submitted to it as above, shall carry out a formal evaluation of the performance of each Individual director of the Company through the suggested formats given herein below with all modifications that it will like to make therein. The individual Board members, whose evaluation discussion is proposed by the Chairman of the Board, shall be required to excuse himself/herself for such span of time when his/her discussion takes place. Evaluation of all the directors shall take place in same manner.
- (i) After the evaluation of each director as above, the Board shall also carry out a formal evaluation of its own performance and that of all the committees. The said evaluation shall collectively be carried out by the Board in a Board/Committee Evaluation Form appended to this Policy as Annexure D.

- (j) Based on the evaluations as above, the Board shall rate each of the Directors, its Committee and its own performance on a simple three point Evaluation Scale given at the bottom of the Evaluation Forms. The rating on the Evaluation scale denotes as mentioned herein below:

<b>Scale</b>	<b>Performance</b>
1	Surpasses Expectations
2	Meets Expectations
3	Below Expectations

9. **REVIEW OF EVALUATION CRITERIA**

The ‘Nomination and Remuneration Committee’ may review and amend these criteria, if required, to ascertain its appropriateness as per the needs of the company. It may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee of the Company.

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**ANMOL INDUSTRIES LIMITED  
DIRECTOR EVALUATION FORM**

(To be filled by each Director and submitted to the Chairperson of NRC)

Financial Year:.....

**Director Details (The Appraise)**

**Name of Director being appraised**.....

**Designation** .....

**Signature**.....

**Rating Scale:** 1: Strong, 2: Satisfactory, 3: Fair, 4: Weak, 5: Critical.

<b>FOR ALL DIRECTORS</b>				
<b>EVALUATION FACTOR</b>	<b>Self Evaluation</b>		<b>Evaluation by NRC</b>	
	<b>Rating</b>	<b>Comment if any</b>	<b>Rating</b>	<b>Comment, if any</b>
1. I have full knowledge of the Company's strategies and objective, key activities, financial condition and key developments				
2. My view, knowledge and experience of the Board have been adequately and productively used.				
3. Participate effectively and openly in Board discussions				
4. Come prepared for Board/Committee meetings				
5. I have made efforts at professional development and keep abreast with latest developments in the sector to enable better fulfilment of my responsibilities.				
6. Has ability to remain focused at a governance level in board meetings				
7. Contributes to the strategic planning process				
8. Adheres to high standards of personal integrity and gives high priority to ethical standards				



9. Practices confidentiality				
10. Adds good value to the Company				
11. Keep stakeholders interest as touchstone in endorsing decisions.				
<b>NET AVERAGE RATING</b>				
<b>OVERALL COMMENTS, IF ANY:</b>				
_____				
_____				
<b>Signature:</b> .....				
<b>Name:</b> ..... (Preferably by the Chairperson of the NRC)				
<b>Date:</b> .....				
<b>OVERALL RATING BY THE BOARD:</b>				<input type="checkbox"/>
<b>COMMENTS, IF ANY:</b>				
_____				
_____				
_____				
<b>Signature:</b> .....(preferably by the Chairperson of the Company)				
<b>Name:</b> .....				
<b>Date:</b> .....				

## ANMOL INDUSTRIES LIMITED

**INDEPENDENT DIRECTOR EVALUATION FORM**

(To be filled by Board of Directors (Chairperson) of the Company)

Financial Year:.....

**Director Details (The Appraisee)****Name of Director(s) being appraised** .....**Designation** .....**Rating Scale:** 1: Strong, 2: Satisfactory, 3: Fair, 4: Weak, 5: Critical.

EVALUATION FACTOR	Evaluation by Board	
	Rating	Comment, if any
1. Attendance and participations in the Meetings and timely inputs on the minutes of the meetings		
2. Adherence to code of conduct of Company and disclosure of non-independence, as and when it exists and disclosure of interest		
3. Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings		
4. Interpersonal relations with other directors and management		
5. Objective evaluation of Board's performance, rendering independent, unbiased opinion		
6. Understanding of the Company and the external environment in which it operates and contribution to strategic direction		
<b>NET AVERAGE RATING</b>		

**OVERALL COMMENTS, IF ANY:**


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**Signature:** .....**Name:** ..... (Preferably by the Chairperson of the Company)**Date:** .....

## ANMOL INDUSTRIES LIMITED

EVALUATION FORM FOR NON-INDEPENDENT DIRECTORS AND THE  
CHAIRPERSON OF THE COMPANY

(To be filled by the Independent Directors)

Financial Year:.....

**Director Details (The Appraisee)**

Name of Director(s) being appraised .....

Designation .....

**Rating Scale:** 1: Strong, 2: Satisfactory, 3: Fair, 4: Weak, 5: Critical. (Director to tick on the selected rating and provide comments)

EVALUATION FACTOR	RATING					Comment, if any
	1	2	3	4	5	
<b>A. FOR NON INDEPENDENT DIRECTORS</b>						
1. Attendance of non-independent directors at meetings						
2. Willingness shown by the non-independent directors to spend time and effort learning about the company and its business						
3. Willingness shown by the non-independent directors to participate in events outside board meetings such as site visits						
4. Use of their knowledge and experience in the consideration of strategy of the Company						
5. Contribution to the development of (i) strategy and (ii) risk management						
6. Effectiveness of the non-independent director in probing to test assumptions						
7. Where necessary, resoluteness shown in holding to their views and resisting pressure from others						

8. Effectiveness in following up matters about which they have expressed concern						
9. Relationship with other board members, the company secretary and senior management						
10. Updation of knowledge and skill						
11. Up-to-date with the latest developments in areas such as the corporate governance framework and financial reporting and in the industry and market conditions						
12. Communication with other board members, senior management and others (e.g. shareholders)						
13. Presentation of their views unambiguously						
14. Listening to the views of others						
<b>NET AVERAGE RATING</b>						
<b>B. CHAIRPERSON OF THE COMPANY</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
1. Demonstrates effective leadership qualities and skills						
2. Implementation of observations/recommendations of Board Members						
3. Effective and timely resolution of grievances of Board Members						
4. Ability to bring convergence in case of divergent views and conflict of interest situation tabled at Board Meetings						
<b>NET AVERAGE RATING</b>						
<b>OVERALL COMMENTS, IF ANY:</b>						
<hr/> <hr/>						
<b>Signature:</b> .....			<b>Signature:</b> .....			
<b>Name:</b> .....			<b>Name:</b> .....			
<b>Independent Director</b>			<b>Independent Director</b>			
<b>Date:</b> .....			<b>Date:</b> .....			

## ANMOL INDUSTRIES LIMITED

## BOARD/COMMITTEE EVALUATION FORM

(To be filled by the Independent Directors and submitted to the Chairperson the Company)

**Note:** This is a form for the overall assessment of the quality of board oversight.

**Rating Scale:** 1. Strong 2. Satisfactory 3. Fair 4. Weak 5. Critical (*Director to tick on the selected rating and provide comments*)

Financial Year:.....

EVALUATION FACTOR	RATING					Comment, if any
	1	2	3	4	5	
<b>Board and Strategy Effectiveness:</b> The Board:						
1. Has developed a strategic plan and is planning adequately for the future						
2. Evaluates the strategic plan periodically to assess the Company's performance, considers new opportunities and responds to unanticipated external developments						
3. Focuses its attention on long-term policy issues rather than short-term administrative matters						
4. Discusses thoroughly the annual budget of the organisation and its implications before approving it						
<b>Board Structure and Committees</b>						
5. The Company has an appropriate board size and structure						
6. The Board currently contains a sufficient range of expertise to make it an effective governing body						
7. The composition of the Board complies with the provisions of the Companies Act						
8. Members of the Board meet all applicable independence requirements						

9. The Board has the proper number of committees as required by legislation and guidelines, with well-defined terms of reference and reporting requirements.					
10. The Committees are appropriately constituted					
<b>Board Meetings and Procedures</b>					
11. The number of board meetings during the year is adequate					
12. Board members receive accurate minutes and board packs; written agendas and meeting notices; and relevant material to prepare in advance of meetings					
13. All proceedings and resolutions of the Board are recorded accurately, adequately and on a timely basis					
14. Board meetings are conducted in a manner that encourages open communication and meaningful participation					
15. Sufficient time is provided during board meetings for thoughtful discussion in addition to management dialogue					
16. All board decisions, other than those that have been delegated to the executive committee, are made in the board room					
17. Board receives the right amount and quality of timely information from the management					
18. The management responds to the request from the Board for clarification or additional information in a timely manner					
19. The Chairman of the Board effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board					
<b>OVERALL RATING OF BOARD PERFORMANCE</b>					

**For use by the Independent Directors:**

**SUGGEST THREE THINGS THAT COULD IMPROVE YOUR BOARD'S PERFORMANCE:**

a) \_\_\_\_\_

b) \_\_\_\_\_

c) \_\_\_\_\_

**SUGGEST THREE THINGS THAT COULD IMPROVE YOUR BOARD COMMITTEE'S PERFORMANCE:**

a) \_\_\_\_\_

b) \_\_\_\_\_

c) \_\_\_\_\_

**OVERALL COMMENTS, IF ANY:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Signature:** .....

**Name:** .....

**Independent Director**

**Date:** .....

**Signature:** .....

**Name:** .....

**Independent Director**

**Date:** .....

**For use by the Board:**

**SUGGEST THREE THINGS THAT COULD IMPROVE YOUR BOARD'S PERFORMANCE:**

a) \_\_\_\_\_

b) \_\_\_\_\_

c) \_\_\_\_\_

**SUGGEST THREE THINGS THAT COULD IMPROVE YOUR BOARD COMMITTEE'S PERFORMANCE:**

a) \_\_\_\_\_

b) \_\_\_\_\_

c) \_\_\_\_\_

**OVERALL COMMENTS, IF ANY:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Signature:**.....

**Name:**..... (preferably by the Chairperson of the Company)

**Designation:**.....

**Date:**.....