

“PERFORMANCE EVALUATION POLICY”

OF

HERANBA INDUSTRIES LIMITED

POLICY ON EVALUATION OF PERFORMANCE OF DIRECTORS AND THE BOARD (AS AMENDED)

OBJECTIVE

This Policy aims to:

- (i) Ensure compliance of the applicable provisions of the Companies Act, 2013 („the Act“) and the Listing Regulation entered into with the Stock Exchanges (as amended or re-enacted from time to time) relating to the evaluation of performance of the Directors and the Board
- (ii) adopt best practices to manage the affairs of the Company in seamless manner.
- (iii) achieve good corporate governance as well as sustained long-term value creation for stakeholders.
- (iv) This will be effective from 12.02.2020

DEFINITIONS EVALUATION FACTORS

- A. **“the Act”**:
The Act shall mean The Companies Act, 2013;
- B. **“the Company”**:
The Company shall mean “Heranba Industries Limited”.
- C. **“the Director” or “the Board”**:
The Director or the Board, in relation to the Company, shall mean and deemed to include the collective body of the Board of Directors of the Company including the Chairman of the Company.
- D. **“the Independent Director”**:
The Independent Director shall mean an Independent Director as defined under Section 2 (47) to be read with section 149 (5) of the Act.
- E. **“the Policy” or “this Policy”**:
The policy or this Policy shall mean the Policy for Evaluation of performance of Board of Directors of the Company.
- F. **“the Committee” or “this Committee”**:
The Committee or this Committee shall mean the Nomination and Remuneration Committee of the Board of Directors formed under the provisions of Section 178 of Companies Act, 2013.

EVALUATION FACTORS

The Nomination and Remuneration Committee (“NRC”) shall carry out the evaluation of performance of every Director. The evaluation of performance of the Independent Directors (IDs) shall also be carried out by the entire Board of Directors excluding the Director being evaluated in the same way as it is for the Executive Directors of the Company except the Director getting evaluated. Evaluation performance should be carried out at least once in a year.

While evaluating the performance of the Non Executive Directors (“NED”s), the following parameters shall be considered:

- (a) Attendance at meetings of the Board and Committees thereof,
- (b) Participation in Board Meetings or Committee thereof,
- (c) Contribution to strategic decision making,
- (d) Review of risk assessment and risk mitigation,
- (e) Review of financial statements, business performance.
- (f) Contribution to the enhancement of brand image of the Company.

While evaluating the performance of the Chairman and Managing Director, the Nomination and Remuneration Committee shall always consider the appropriate benchmarks set as per industry standards, the performance of the individual and also of the Company.

Evaluation of performance shall be carried out at least once a year.

The Company shall provide suitable training to the Non-Executive Directors including Independent Directors. Any other need based training shall also be provided.

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 Board itself, and of its committees and individual Directors as, such evaluation factors may vary in accordance with their respective functions and duties.

Appraisal of each Director of the Company shall be based on the criteria as mentioned herein below.

Rating Scale

Performance	Rating
Satisfactory	1
Not Satisfactory	0

The Company has chosen to adopt the following Board Performance Evaluation Process:

INDEPENDENT DIRECTORS

Some of the specific issues and questions that should be considered in a **performance evaluation of Independent Director**, in which the concerned Director being evaluated shall not be included, are set out below:

Name of Director being assessed: _____

S. No.	Assessment Criteria	Rating	Remarks/ Comments
1.	Attendance and participations in the meetings		
2.	Raising of concerns to the Board		
3.	Safeguard of confidential information		
4.	Rendering independent, unbiased opinion and resolution of issues at meetings		
5.	Initiative in terms of new ideas and planning for the Company		
6.	Safeguarding interest of whistle-blowers under vigil mechanism		
7.	Timely inputs on the minutes of the meetings of the Board and Committees, if any		

NON – INDEPENDENT DIRECTORS / EXECUTIVE DIRECTORS

Some of the specific issues and questions that should be considered in a performance evaluation of Chairman and Managing Director/Non-Independent Director/Executive Director **by Independent Directors**, in which the concerned director being evaluated shall not be included, are set out below:

Name of Director being assessed: _____

S. No	Assessment Criteria	Rating	Remarks/ Comments
1.	Leadership initiative		
2.	Initiative in terms of new ideas and planning for the Company		
3.	Professional skills, problem solving, and decision-making		
4.	Compliance with policies of the Company, ethics, code of conduct, etc.		
5.	Reporting of frauds, violation etc.		
6.	Safeguarding of interest of whistle blowers under vigil mechanism		
7.	Timely inputs on the minutes of the meetings of the Board and Committee, if any		

BOARD OF DIRECTORS

Some of the specific issues and questions that should be considered in a performance evaluation of the entire Board **by Independent Directors**, are set out below:

S. No.	Assessment Criteria	Rating	Remarks/ Comments
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.		

COMMITTEES OF BOARD

The Board has constituted the following committees:

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

For evaluating the performance of each Committee, the Board of Directors shall pay regards to the following aspects as set out in the annexure below:

S. No	<u>Audit Committee (for Audit Committee members only)</u>	Rating	Remarks/ Comments
1.	Committee Meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues		
2.	Timely inputs on the Minutes of the Meetings		

S. No.	<u>Nomination and Remuneration Committee (For Nomination and Remuneration Committee members only)</u>	Rating	Remarks/ Comments
1.	Committee Meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.		
2.	Timely inputs on the Minutes of the Meetings		

S. No.	<u>Stakeholders Relationship Committee (For Stakeholders Relationship Committee members only)</u>	Rating	Remarks/ Comments
1.	Committee Meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.		
2.	Timely inputs on the Minutes of the Meetings		

S. No.	<u>Corporate Social Responsibility Committee (For Corporate Social Responsibility Committee members only)</u>	Rating	Remarks/ Comments
1.	Committee Meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.		
2.	Timely inputs on the Minutes of the Meetings		

REVIEW

The Nomination and Remuneration Committee may amend the Policy, if required, to ascertain its appropriateness as per the needs of the Company. The Policy may be amended by passing a resolution in a meeting of the Committee.

DISCLOSURE

In accordance with the requirement under the Companies Act, 2013, Rules framed thereunder and SEBI (LODR) Regulations, 2015, 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. The Policy will be available in the public domain i.e. on the website of the Company.