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Anand Rathi Wealth Services Limited

**Policy for Evaluation of the Performance of
the Board of Directors**

Background

- As per Section 178 of the Companies Act, 2013 and Clause 49 IV of the of the listing Agreement every listed Company is required to Constitute a Nomination and Remuneration Committee comprising of atleast three directors all of whom shall be non-executive directors and atleast half shall be Independent and the Chairman of the Nomination and Remuneration Committee shall be an Independent Director.
- The said Nomination and Remuneration Committee shall set a policy to formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees, criteria for evaluation of Independent Directors and the Board and policy for Board diversity
- As one of the most important functions of the Board of Directors is to oversee the functioning of company's performance through its' top management, this policy aims to establish a procedure for conducting periodical evaluation of director's performance and formulating criteria for determining qualification, positive attribute and independence of each and every 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 to 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. In addition, the Nomination and Remuneration Committee shall carry out the evaluation of performance of all members of Board of Director.

Objective

The object of this policy is to formulate the procedures and also to prescribe and lay down the criteria to evaluate the performance of the entire Board of Directors

Type of Evaluation

To comply with the requirements of section 134, section 178 and Schedule IV of the Companies Act, 2013 and Regulation 17(10) of the SEBI (LODR) Regulations, 2015, we enumerate the following evaluations to be done:

- i. Evaluation of Board as a whole
- ii. Review and evaluate the performance of the directors irrespective of the category
i.e. independent or non-independent
- iii. Review performance of Chairman
- iv. Review performance and effectiveness of the committees of the Board
- v. Assess the quality, quantity and timeliness of flow of information between management and Board

The evaluation of Board performance and that of its committees, and individual directors need not be

necessarily done at a Board Meeting. However, evaluation of performance of Chairperson and non-independent directors needs to be necessarily done at the separate meeting of Independent Directors, as specified under Para VII of Schedule IV to the Companies Act, 2013.

Responsibility of the Board

It is the duty of the Chairperson of the Board, who is supported by the Company Secretary to organize the evaluation process and accordingly conclude the steps required. The evaluation process is used constructively as a system to improve the director's and committees' effectiveness, to maximize their strength and to tackle their shortcomings.

The Board of Directors undertakes the following activities on an annual basis:

- a. The board as a whole discusses and analyzes its own performance during the year together with suggestions for improvements thereon, pursuant to the performance objectives in an annual retreat, held distinctly from the board meetings.
- b. Review performance evaluation reports of various committees along with their suggestions on improving the effectiveness of the committee. Also, the requirements of establishing any new committees shall be reviewed by the Board on an annual basis.
- c. Review the various strategies of the company and accordingly set the performance objectives for the directors.
- d. Ensure that adequate disclosure is made with regard to performance evaluation in the Board's Report.

Responsibility of the Nomination & Remuneration Committee

It evaluates the performance of Individual Directors of the Company as per its terms of and the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of section 178 of the Companies Act, 2013.

Responsibility of the Independent Directors

Independent directors are duty bound to evaluate the performance of non-independent directors and Board as a whole. The independent directors of the Company hold at least one meeting in a year to review the performance of non-independent directors, performance of the chairperson of the Company and Board as a whole, taking into account the views of non-independent Directors.

The independent directors at their separate meetings shall:

- a. Review the performance of non-independent directors and the Board as a whole;
- b. Review the performance of the Chairperson of the company, taking into account the views of non-independent Directors;
- c. Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Evaluation of Independent Directors shall be carried on by the entire Board of Directors of the Company except the Director getting evaluated.

4. Policy 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 needs of the company. The policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

5. Disclosure

In accordance with the requirement under the Companies Act, 2013, disclosures regarding the manner in which the performance evaluation is done by the Board of Directors of its own performance, performance of various committees of the directors and individual directors’ performance are made by the Board of Directors in the Board’s Report, Further, the Board’s Report containing such statement are made available for the review of shareholders at the general meeting of the Company.

The Policy has been made available on Company’s official website www.rathi.com


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Chairman