

VERSION CONTROL

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V.1	Mr. Mandar Godbole	25/01/2018	07/02/2018	08/02/2018		

Board Evaluation Policy

1. Preamble:

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 Niyogin Fintech Limited ("the Company" or "Niyogin") has formulated a policy setting out the criteria for the performance of directors including the performance of the Board as a whole.

Based on the performance evaluation to be carried out by the Board, 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.

2. Purpose:

- 2.1 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.
- 2.2 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.
- 2.3 For this purpose, 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.
- 2.4 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.

3. Procedure for Performance Evaluation of Board:

- 3.1 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

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be used constructively as a system to improve the directors' and committees' effectiveness, to maximize their strength and to tackle their shortcomings.

3.2 The Board of Directors shall undertake the following activities on an annual basis:

- The Chairman of the Company shall meet with each and every director individually to discuss his / her performance throughout the year.
- 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.
- 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.
- 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.

3.3 Performance should be assessed quantitatively (and qualitatively, as appropriate) against criteria contained in the Directors' Appointment letter, strategic plans and the role / position description.

3.4 The Chairman will collate the input and provide an overview report for discussion by the Board.

3.5 The Board as a whole will discuss and analyse its own performance during the year including suggestions for change or improvement, as well as any skills, education or development required over the forthcoming year.

4. Procedure for Performance Evaluation of Chairman:

The Chairman presents his or her performance objectives for the upcoming year to the non-executive directors for their approval. At the end of the year, the non-employee directors then meet privately to discuss the Chairman's performance for the current year against his or her performance objectives.

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5. Procedure for Board Performance evaluation of Whole-time Directors/Key Executives:

This policy is to ensure the whole-time director and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives. In order to accomplish this:

- (a) Each year the Board reviews the Company's strategy.
- (b) Following such a review the Board sets the organisation performance objectives based on qualitative and quantitative measures.
- (c) These objectives are reviewed to ensure they remain consistent with the Company's priorities and the changing nature of the Company's business.
- (d) These objectives form part of the performance targets for the Managing Director.
- (e) Performance against these objectives is reviewed annually by the Board and is reflected in the Managing Director's remuneration review.
- (f) The Managing Director is responsible for assessing the performance of the key executives and a report is provided to the Remuneration Committee for review.

6. Procedure for Board Performance evaluation of Committees:

This policy is to ensure committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in their terms of reference. Each year the Board will undertake the following activities:

- (a) The Board will review the necessity of establishing any committees and delegating certain of its responsibilities to the committee.
- (b) The Board will review the committees achievements during the year based on their duties.
- (c) The Board will review the terms of reference of the committees once per year to ensure that they are up to date.

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7. Self-Evaluation:

The board should assess its own performance in relation to the board's key responsibilities, which include:

- (a) meeting the business expectation and strategic planning;
- (b) discharging the board's legal and ethical obligations;
- (c) monitoring entity performance;
- (d) monitoring and reviewing the performance of the chief executive; and
- (e) managing relationships with stakeholders.

8. External Consultants:

The Board may engage independent external consultants periodically to provide advice and assistance in the evaluation process.

Questionnaire for Board Evaluation Criteria

1. The following questionnaire shall be used for the assessment of the performance of the Independent Director by all other directors (except the Director being evaluated):

Sr. No.	Assessment Criteria	Rating	Remark
1.	Attendance and participations in the Meetings and timely inputs on the minutes of the meetings.		
2.	Adherence to ethical standards & 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.		
7.	Safeguarding interest of whistle-blowers under vigil mechanism and Safeguard of confidential information		
	Total Rating		

2. The following questionnaire shall be considered for the evaluation of the Non-Independent Directors / Whole-Time Director/ Chairman of the Board. This assessment shall be done by the Independent Directors only (at a separate meeting of Independent Directors):

Sr. No.	Assessment Criteria	Rating	Remark
1.	Attendance, participations in the Meetings and timely inputs on the minutes of the meetings.		
2.	Contribution towards growth of the Company including actual vis-à-vis budgeted performance.		
Sr. No.	Assessment Criteria	Rating	Remark

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3.	Leadership initiative, like new ideas and planning towards growth of the Company and steps initiated towards Branding of the Company.		
4.	Adherence to ethical standards & code of conduct of Company.		
5.	Team work attributes and supervising & training of staff members.		
6.	Compliance with policies, Reporting of frauds, violation etc. and disclosure of interest.		
7.	Safeguarding of interest of whistle blowers under vigil mechanism and Safeguard of confidential information.		
	Total Ratings		

3. The following questionnaire shall be considered for the evaluation of the Board of Directors as a whole. This assessment shall be done by the Independent Directors only (at a separate meeting of independent Directors):

Sr. No.	Question	Rating	Remark
1	Participation and attendance in Board Meetings actively and consistently.		
2	Prepares adequately for Board Meetings.		
3	Stature, appropriate mix of expertise, skills, behaviour, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.		
4	Contributes to strategy and other areas impacting company's performance.		
5	Brings his/her experience and credibility to bear on the critical areas of performance of the organization.		
6	Keeps updated knowledge of his/her areas of expertise and other important areas.		
7	Communicates in open and constructive manner.		
8	Gives fair chance to other members to contribute, participates actively in the discussions and is consensus oriented.		
9	Helps to create brand image of the Company and helps the company wherever possible to resolve issues, if any.		
10	Actively contributes toward positive growth of the Company.		

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11	Conduct himself/herself in a manner that is ethical and consistent with the laws of the land.		
12	Quality of decision making on source of raw material/procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc.		
13	Ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.		
Total Ratings			

Rating scale shall be 1 to 10 (1 being least effective and 10 being most effective).

The total number of ratings awarded will be averaged over the number of persons who have awarded the rating.

Note: Total Rating 9 and above – excellent, between 7.5 to 8.9 – Very good, between 6.0 to 7.4 – Good, between 3.5 to 5.9 – Satisfactory and Less than 3.5 – Unsatisfactory.
