

**VIKRAM SOLAR LIMITED**  
**(Formerly known as Vikram Solar Private Limited)**

**POLICY ON PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS,**  
**ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

**Applicability of requirements to conduct Performance Evaluation**

**A. Provisions under the Companies Act, 2013**

**Section 134 of Act, 2013**

Every listed company and public company having paid up share capital of more than Rs. 25.00 crores at the end of the preceding financial year should include in its board's report 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.

**Section 178 of Act, 2013**

Under this section read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014, the following companies have to constitute a Nomination and Remuneration Committee:

- a. every listed company;
- b. all public companies-
  - which have a paid up share capital of Rs. 10.00 crores,
  - having turnover of Rs. 100.00 crores and
  - having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding Rs. 50.00 crores or more.

Since, one of the responsibilities of a Nomination and Remuneration Committee is to evaluate the performance of the directors; every company which is covered by Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014 will also have to carry out a performance evaluation of all the directors of a company.

**Schedule IV of Act, 2013**

Schedule IV of Act, 2013 requires every company to carry out two sets of evaluations which are as follows:

- a. evaluation by independent directors of the company at a separate meeting specifically convened to ensure the following:
  - i. evaluate and improve the performance of Board as a whole;
  - ii. review and evaluate the performance of the directors, whether independent or non-independent;
  - iii. review the performance of the Chairman;
  - iv. assess the quality, quantity and timeliness of flow of information between the company management and the Board;
  - v. evaluate the performance and effectiveness of the Committees of the Board.

- b. Evaluation of the Independent Directors by the entire Board excluding the director being evaluated to determine if term of the independent director should be extended or continued. Needless to say such an evaluation will only happen when the office of the independent director is due for reappointment.

## **B. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Regulation 17 of SEBI (LODR) Regulations, requires that the Nomination and Remuneration Committee shall lay down the evaluation criteria for performance evaluation of independent directors. It also requires the performance evaluation of independent directors to be done by the entire Board of Directors. Similar to the requirements of the Schedule IV, it is on the basis of the evaluation that decision regarding extending or continuing the term of appointment of the independent directors will be taken.

### **TYPES 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.

### **EFFECTIVENESS OF THE BOARD:**

Based on the ratings given by the Nomination & Remuneration Committee to each Director, the overall effectiveness of the Board shall be measured and accordingly the Board shall decide the Appointments, Re-appointments and Removal of the non-performing Directors of the Company

### **EVALUATION FACTORS**

The Board of Directors shall take into consideration the following parameters for the purpose of evaluating the performance of a particular director.

In respect of each of the evaluation parameters, various descriptors 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. The evaluation scale is a simple three point scale i.e. (1) Below Expectations (2) Meet Expectations and (3) Above Expectations.

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

### Rating Scale

Scale	Performance
3	Above Expectations
2	Meet Expectations
1	Below Expectations

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 the performance evaluation of an Independent Director, (the exercise in which the concerned director being evaluated shall not be included) are set out below:

Sl. No.	Evaluation Criteria	Ratings
1.	Attendance and contribution in Board and Committee 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.	Recognize the role which he/she is expected to play, internal Board Relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board.	
4.	Director’s ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.	
5.	Objective evaluation of Board’s performance, rendering independent, unbiased opinion	
6.	His/her ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.	
7.	Safeguarding interest of whistle-blowers under vigil mechanism and Safeguard of confidential information	

Based on the above criteria each of the Independent Directors has to be assessed by the other directors (including other Independent Directors) by giving a rating of Above Expectations (3) or Meets Expectations (2) or Below Expectations (1). The total of the ratings so awarded will be averaged over the number of persons who have awarded the rating.

Assistance in conducting the process of evaluation shall be provided by a person as authorized by the Board and for this purpose, such person shall report to Board.

## NON – INDEPENDENT AND EXECUTIVE DIRECTORS

Some of the specific issues and questions that should be considered in performance evaluation of Non-Independent and Executive Directors are set out below:

Sl. No.	Evaluation Criteria	Ratings
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-a-vis budgeted performance.	
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	

Based on the above criteria each of the Non – Independent and Executive Directors has to be assessed by giving a rating of Above Expectations (3) or Meets Expectations (2) or Below Expectations (1). The total number of ratings awarded will be averaged over the number of persons who have awarded the rating.

This process of evaluation shall be done by Independent Directors only. Assistance in handling the process will be provided by a person so authorized by the Board, and for this purpose, the person will report to the Board.

## BOARD OF DIRECTORS

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

S. No.	Assessment Criteria	Rating
1.	Is the composition of the board appropriate with the right mix of knowledge and skills required to drive organizational performance in the light of future strategy?	
2.	Members of the board meet all applicable independence requirements.	
3.	The Board of Directors is effective in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards and compliance with applicable laws and regulations.	
4.	The Board of Directors is effective in developing corporate governance structure that allows and encourages the Board to fulfill its responsibilities.	
5.	The Company's systems of control are effective for identifying material risks and reporting material violations of policies and law and the Board is provided with sufficient information about material risks and problems that affects the Company's business and prospects.	

6.	The Board receives regular financial updates and takes all necessary steps to ensure the operations of the organization are sound and reviews the organization's performance in carrying out the stated mission on a regular basis.	
7.	Are sufficient numbers of board meetings, of appropriate length, being held to enable proper consideration of issues?	
8.	The information provided to directors prior to Board meetings meets expectations in terms of length and level of detail and Board members come prepared to meetings and ask appropriate questions of management and address issues that might present a conflict of interest.	
9.	Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.	
10.	The Chairman of the Board effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board.	
11.	Nomination and appointment of Board members and their Remuneration follow clearly established procedures using known criteria as laid down by the Nomination and Remuneration Committee.	
12.	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 (through its Audit Committee).	
13.	Company has a system for Corporate Social Responsibility, Stakeholder Relationships and for prohibition of insider trading	
14.	Company has necessary Committees which are required and these Committees are working effectively	

Based on the above criteria Board has to be assessed by giving a rating of Above Expectations (3) or Meet Expectations (2) or Below Expectations (1). The total number of the ratings awarded will be averaged over the number of persons who have awarded the ratings.

The process of evaluation shall be done by Independent Directors only. Assistance in the process will be provided by a person so authorized by the Board, and for this purpose the person will report to the Board.

The performance of Committees of Board shall also be reviewed from time to time.

### **SEPARATE MEETING FOR EVALUATION OF PERFORMANCE OF BOARD MEMBERS**

Evaluation of the Executive Directors of the Company shall be carried out by entire Board except the Director being evaluated. The meeting for the purpose of evaluation of performance of Board Members shall be held at least once in a year and the Company shall disclose the criteria laid down by the Nomination and Remuneration Committee for performance evaluation on its web site for the reference and also in the Annual Report of the Company

## **REVIEW**

The performance evaluation process and related tools will be reviewed by the “Nomination and Remuneration Committee” on need basis, and the Committee may periodically seek independent external advice in relation to the process.

The, 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 at a meeting of the Nomination and Remuneration Committee.

## **DISCLOSURE**

The Company will disclose details of its Board Performance Evaluation processes in its Board’s Report and the key features of this Policy would also be included in the corporate governance statement contained in the annual report of the Company.

Further, the Board’s report containing such statement will be made available to shareholders at the general meeting of the Company. The Policy will be available in the public domain i.e. on the website of the Company.

**By the Order of the Board**

**Sd/-**