

BOARD EVALUATION POLICY OF NABKISAN FINANCE LIMITED

1. INTRODUCTION

As one of the most important functions of the Board of Directors is to oversee the functioning of company's top management, 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 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 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. In addition, the Nomination and Remuneration Committee shall carry out the evaluation of performance of every director, key managerial personnel in accordance with the criteria laid down.

2. OBJECTIVE

The objective 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 the Company.

3. RESPONSIBILITY

3.1 Responsibility of the Board

It shall be the duty of the chairperson of the board, who shall be supported by a Company Secretary to organise the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the directors' and committees' effectiveness, to maximise their strength and to tackle their shortcomings.

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

- 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.
- Review performance evaluation reports 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.
- Ensure that adequate disclosure is made with regard to performance evaluation in the Board's Report.

3.2 Responsibility of the Nomination & Remuneration Committee

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

3.3 Responsibility of 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 shall 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 executive directors and non-executive 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 executive directors and non-executive 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 Director shall be carried out 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.

5. DISCLOSURE

In accordance with the requirement under the Act, disclosure 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’ performance will be made by the Board of Directors in the Board’s Report. Further, the Board’s Report containing such statement will be 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 and the key features of this Policy have also been included in the corporate governance statement contained in the annual report of the Company.

Board Evaluation Framework - NABKISAN Finance Limited

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Board Evaluation Framework

1. Introduction

This framework is designed according to Section 134 sub-section 3(p) read with Sub Rule (4) of Rule 8 of the Companies (Accounts) Rules, 2014 to encourage open and effective evaluation of performance of the Directors of NABSAMRUDDHI Finance Limited (the Company) and to lay down the guidelines and mechanism for undertaking a programme of such evaluation. The Company believes that performance evaluation is a key metric, by means of which the Board can recognise and address corporate governance challenges so as to enhance enterprise value.

This framework 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. Accordingly, the Nomination and Remuneration Committee shall carry out the evaluation of performance of every Director in accordance with the criteria laid down. The Company Secretary/ Compliance Officer shall coordinate the evaluation process.

2. 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 the Company and its Committees.

3. Scope of Evaluation

The scope of evaluation extends to Chairman, all the Directors including Independent Directors, Managing Director/ Whole Time Directors of the Company. The process shall be applicable from the date of appointment as Director and till the date he/she continues to be on the Board.

4. Evaluation of Board of Directors

Evaluation of performance shall be carried out at least once a year. An evaluation form shall be provided to assist with the evaluation process in respect of the performance of the Board itself, and of its Committees and individual Directors as such, evaluation factors may vary in accordance with their respective functions and duties.

Independent Directors are duty bound to evaluate the performance of Non-Independent Directors and Board as a whole to 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. The Independent Directors of the Company shall hold at least one Meeting in a year to review the performance of Non-Independent Directors, performance of the Chairperson, the Board as a whole and its Committees, taking into account the views of Executive Directors and Non-Executive Directors.

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

4.1 Process of Evaluation

An evaluation form shall be prepared in consultation with the Nomination and Remuneration Committee and shall be distributed to all the Board Members. The form shall be specific for the Executive Directors and Non- Executive Directors.

The Nomination Remuneration Committee and Company Secretary/ Compliance Officer shall coordinate the evaluation process.

The Company Secretary shall initiate the process for Annual Evaluation of the Board. The prescribed questionnaire shall be circulated to all the Directors by the Company Secretary for the said purpose. The Directors shall fill and sign the applicable form and return it to Company Secretary within 10 days from the date of its circulation. The Company Secretary shall prepare a summary of the result of the performance of evaluation based on the rating assigned.

The Nomination and Remuneration Committee shall analyse the data prepared by Company Secretary and prepare a final report which shall be placed before the Chairman at the ensuing Board Meeting in every financial year of the Company.

4.2 Evaluation Factors

The Company shall adopt the following Board Performance Evaluation Factors:

a) For Non-Executive/Independent Directors

- Attendance and active participation in Board/ Committee Meetings;
- Communicates opinions and concerns in a persuasive yet clear and concise manner;
- Safeguarding of confidential information;
- Rendering independent, unbiased opinion and resolution of issues at Meetings;
- Timely inputs on the minutes of the Meetings of the Board and Committees, if any.

b) For Executive Directors

- Attendance and active participation in Board/ Committee Meetings;
- Leadership initiatives;
- Initiatives in terms of new ideas and strategic planning of the Company;
- Professional skills, problem solving, and decision-making;
- Compliance with policies of the Company, ethics, code of conduct;
- Reporting of frauds, violations of applicable laws, rules and guidelines;

- Safeguarding assets and other resources of the Company;
- Timely inputs on the minutes of the meetings of the Board and Committees, if any.

c) For all Directors on the Board

- The Board members have the appropriate qualifications to meet the objectives of the Board's charter, including appropriate financial literacy;
- Board members demonstrate highest level of integrity (including maintaining confidentiality and identifying, disclosing and managing conflicts of interests);
- The Board understands the legal requirements and obligations under which they act as a Board; i.e., bylaws of the Company and discharge their functions accordingly;
- Effectiveness of the Board of Directors in developing a corporate governance structure that allows and encourages the Board to fulfil its responsibilities;
- Ensuring that the Company's systems and controls are effective for identifying material risks and reporting material violations of policies and laws;
- Board reviews the organisation's performance in carrying out the stated mission on a regular basis;
- the Board of Directors is effective in providing necessary advice and suggestions to the Company's management;
- The Board as a whole is up to date with latest developments in the regulatory environment and the market;
- Board Meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues;
- The Board Chairman effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board;
- The Board appropriately considers internal audit reports, management's responses, and steps towards improvement;
- The Board considers, understands, and approves the process implemented by management to effectively identify, assess, and respond to the organization's key risks;
- The Board considers the quality and appropriateness of financial accounting and reporting, including the transparency of disclosures;
- The Board meeting agenda and related background papers are concise and provide detailed information of appropriate quality and are circulated in time;
- The information is received by Board members sufficiently in advance for proper consideration;
- The facility for video conferencing for conducting meetings is robust;
- Adequacy of attendance and participation by the Board members at the Board meetings;

- The frequency of the Board Meetings conducted is adequate under provisions of Companies Act, 2013;
- The actions arising from board meetings are properly followed up and reviewed in subsequent board meetings;
- Board Meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.

d) For the Board Committees

- The Committee of the Board are appropriately constituted;
- The Committee takes effective and proactive measures to perform its functions;
- The frequency of the Committee meetings is adequate under provisions of Companies Act, 2013;
- Committee gives effective suggestion and recommendation;
- The terms of reference, if any, for the Committee are appropriate with clear defined roles and responsibilities.

e) For the Chairperson

- Attendance and active participation in Board/ Committee Meetings;
- The Chairperson actively manages shareholder, board, management and employee relationships and interests;
- The Chairperson promotes the positive image of the Company.

5. Confidentiality

The evaluation procedure shall be open and transparent, however, evaluation results, in particular, evaluation of Directors' performance shall be kept confidential. The summary report prepared by the Nomination and Remuneration Committee shall not be disclosed to anyone except to the Board of Directors in its Meeting.

6. Policy Review:

The Board Evaluation Framework shall be reviewed annually by the Board. Subject to the approval of the Board of Directors, the Nomination and Remuneration reserves its right to review and amend this framework, if required, to ascertain its appropriateness as per the needs of the Company. Any waiver from the process to a Board Member / Director shall be with prior approval of the Board of Directors.

7. Disclosure:

In accordance with the requirement under the Act, disclosure 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' performance will be made by the Board of Directors in the Board's Report.

Rating Scale:

- 1- Outstanding
- 2- Exceeds Expectation
- 3- Meets Expectation
- 4- Needs Improvement
- 5- Poor

Form for Independent Director Evaluation

(Evaluation to be done by the Non-Independent Directors of Independent Directors)

Name of the Director:

Category: Independent

Sl. No.	Evaluation Factor	Rating					Comments
		1	2	3	4	5	
1.	Attendance and active participation in Board/ Committee Meetings						
2.	Communicates opinions and concerns in a persuasive yet clear and concise manner						
3.	Safeguarding of confidential information						
4.	Rendering independent, unbiased opinion and resolution of issues at Meetings						
5.	Timely inputs on the minutes of the Meetings of the Board and Committees, if any						
6.	Director listens and takes on Board the views of other members of Board						
7.	Director has maintained high standard of ethics and integrity						

	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor
Overall rating of Independent Director					
Comment					
Please indicate a few suggestions for improvement of the Director's Performance				Name of the Director: Signature: Date:	

Rating Scale:

- 1- Outstanding
2- Exceeds Expectation
3- Meets Expectation
4- Needs Improvement
5- Poor

Form for evaluation of Chairman

(To be evaluated by each Board Member except the Director being evaluated)

Sl. No.	Evaluation Factor				Rating					Comments
					1	2	3	4	5	
1.	Attendance and active participation in Board/ Committee Meetings									
2.	The Chairperson actively manages shareholders, board, management and employee relationships and interests.									
3.	The Chairperson promotes the positive image of the Company									
		Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement			Poor		
Overall rating of Chairperson										
Comment										
Please indicate a few suggestions for improvement of the Chairperson's performance					Name of the Director: Signature: Date:					

Rating Scale:

- 1- Outstanding
2- Exceeds Expectation

- 3- Meets Expectation
 4- Needs Improvement
 5- Poor

Form for Board of Directors' Evaluation

(The Board of Directors Evaluation shall be done by Independent Directors by putting (√) mark at rating scale from '1 to 5')

Sl. No.	Criteria	Rating					Remarks/ Suggestions
		1	2	3	4	5	
A	Board Composition & Quality						
1.	The Board members have the appropriate qualifications to meet the objectives of the board's charter, including appropriate financial literacy						
2.	Board members demonstrate highest level of integrity (including maintaining confidentiality and identifying, disclosing and managing conflicts of interests)						
3.	The Board understands the legal requirements and obligations under which they act as a Board; i.e., by laws of the Company and discharge their functions accordingly						
4.	Effectiveness of the Board of Directors in developing a corporate governance structure that allows and encourages the Board to fulfil its responsibilities						
5.	Ensuring that the Company's systems and controls are effective for identifying material risks and reporting material violations of policies and laws						
6.	Board reviews the Organisation's performance in carrying out the stated mission on a regular basis						

7.	the Board of Directors is effective in providing necessary advice and suggestions to the Company's management						
8.	the Board as a whole is up to date with latest developments in the regulatory environment and the market						
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 considers, understands, and approves the process implemented by management to effectively identify, assess, and respond to the organisation's key risks						
12	The Board considers the quality and appropriateness of financial accounting and reporting, including the transparency of disclosures						
13	The Board has the proper number of committees as required by legislation and guidelines, with well- defined terms of reference and reporting requirements						
B	Board Meetings and Procedures						
1.	The Board meeting agenda and related background papers are concise and provide detailed information of appropriate quality and are circulated in time						
2.	The information is received by Board members sufficiently in advance for proper consideration						
3.	The facility for video conferencing for conducting meetings is robust						
4.	Adequacy of attendance and participation by the Board members at the Board meetings						
5.	Frequency of Board Meetings is adequate						
6.	The actions arising from board meetings are properly followed up and reviewed in subsequent board meetings						
7.	Board Meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues						

	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor
Overall rating of Board performance					
Comment					
Please indicate a few suggestions for improvement of the Board's Performance				Name of the Director: Signature: Date:	

Rating Scale:

- 1- Outstanding
- 2- Exceeds Expectation
- 3- Meets Expectation
- 4- Needs Improvement
- 5- Poor

Form for evaluation of Board Committees

Board Committee(s): *Audit, Nomination & Remuneration, CSR, HR, Loan, Risk Management, Asset – Liability Management, IT Strategy*
(To be evaluated by Independent Directors)

Sl. No.	Evaluation Factor	Rating					Comments
		1	2	3	4	5	
1.	The Committee of the Board are appropriately constituted						
2.	The Committee takes effective and proactive measures to perform its functions						
3.	The frequency of the Committee meetings is adequate under provisions of Companies Act, 2013						
4.	Committee gives effective suggestion and recommendation						
5.	The terms of reference, if any, for the Committee are appropriate with clear defined roles and responsibilities						

	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor
Overall rating of Board Committees					
Comment					
Please indicate a few suggestions for improvement of the Board Committee's performance				Name of the Director: Signature: Date:	

Rating Scale:
1- Outstanding

- 2- Exceeds Expectation
- 3- Meets Expectation
- 4- Needs Improvement
- 5- Poor

Form for Managing Director

(To be evaluated by each Board Member except the person being evaluated)

Sl. No.	Evaluation Factor	Rating					Comments
		1	2	3	4	5	
1.	Attendance and active participation in Board/ Committee Meetings						
2.	Leadership initiatives						
3.	Initiatives in terms of new ideas and strategic planning of the Company						
4.	Professional skills, problem solving, and decision-making						
5.	Compliance with policies of the Company, ethics, code of conduct						
6.	Reporting of frauds, violations						
7.	Safeguarding assets and other resources of the Company						
8.	Timely inputs on the minutes of the meetings of the Board and Committees, if any						

	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor
Overall rating of Managing					

Director					
Comment					
Please indicate a few suggestions for improvement of Managing Director's/Executive Directors' performance				Name of the Director: Signature: Date:	

Rating Scale:

- 1- Outstanding
- 2- Exceeds Expectation
- 3- Meets Expectation
- 4- Needs Improvement
- 5- Poor

Form for Non-Independent evaluation

(PEER REVIEW - Evaluation to be done by the Independent Directors of Non-Independent Directors)

Name of the Director:

Category:

Designation:

Sl. No.	Evaluation Factor	Rating					Comments
		1	2	3	4	5	
1.	Attendance and active participation in Board/ Committee Meetings						
2.	Communicates opinions and concerns in a persuasive yet clear and concise manner						
3.	Safeguarding of confidential information						
4.	Rendering independent, unbiased opinion and resolution of issues at Meetings						
5.	Timely inputs on the minutes of the Meetings of the Board and Committees, if any						
6.	Director listens and takes on Board the views of other members of Board						
7.	Director has maintained high standard of ethics and integrity						

	Outstanding	Exceeds Expectation	Meets Expectation	Needs Improvement	Poor
Overall rating of Non Independent Director					
Comment					
Please indicate a few suggestions for improvement of the Director's Performance				Name of the Director: Signature: Date:	

