

BOARD EVALUATION POLICY

R K SWAMY LIMITED

(Formerly Known as R K Swamy Private Limited and R.K.SWAMY BBDO Private Limited)

1. Introduction:

The Companies Act, 2013 (**the "Companies Act"**) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI LODR Regulations"**) contain broad provisions on Board Evaluation i.e., evaluation of the performance of: (i) the Board of Directors of the Company ("**Board**") as a whole, (ii) individual directors (including independent directors and Chairperson) and (iii) various Committees of the Board. The provisions also specify responsibilities of various persons / committees for conduct of such evaluation and certain disclosure requirements as a part of the listed entity's corporate governance obligations.

*The Policy is based on the SEBI circular dated January 5, 2017, which provides further clarity on the process of Board evaluation ("**SEBI Guidance Note**").*

2. Objectives of Performance Evaluation:

For a company to perform well, one of the most important requirements is to have a balanced and knowledgeable board of Directors. Stakeholders require assurances regularly that the boards are well equipped to perform their duties diligently and in the interests of the company and its stakeholders.

In order to provide such assurances, the Company needs to put in place processes to periodically review the performance of the Board, Committees, Chairperson and the Directors. With this broad objective in view, the Company has set up as provided herein a Board Evaluation Process.

Other objectives of the Company's Board Evaluation System are:-

- To enhance transparency and accountability;
- To move on the path of continual improvement; and
- To remove gaps, if any, seen in strategic, business and governance functions in the Company and its Board

3. Responsibility of the Nomination & Remuneration Committee ("NRC**"):**

- a. NRC shall formulate the criteria for evaluation of performance of Board, Committees and individual Directors;
- b. NRC along with other Board members shall review the process of conducting performance evaluation of every Directors.
- c. NRC shall determine whether to recommend to extend the term of appointment of the Independent Director, on the basis of the performance evaluation exercise.

4. Responsibility of the Independent Directors:

Independent Directors shall:

- a. Review based on predetermined criteria the performance of Non-Independent Directors and of the Board as a whole,

- b. Review the performance of the Chairman of the Board, taking into account the views of Executive Directors and Non-Executive Directors.
- c. Review the performance of the Executive Directors based on KPI preset. The Independent Directors shall 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 perform their duties.

5. Criteria for Performance Evaluation:

To carry out performance evaluation of Board, Committee of the Board, Chairperson, Managing Directors and Executive Directors /Whole time Director, Non-executive Directors, Independent Directors, criteria to be considered would, inter alia, include the following:

a. Performance Evaluation Board:

The Performance Evaluation of the Board shall be reviewed by the NRC with inputs from the Board.

The Board while evaluating its performance shall:-

- Review the role of the Board and the individual Directors;
- Assess the Board effectiveness – both the Board as a whole and individual director's contribution to general discussions, business proposals and governance practices;
- Evaluate the quality of the discussions at Board meetings, the adequacy of the reports and information they receive, the level of interpersonal cohesion amongst the Board members;
- Evaluate its effectiveness in use of time, opportunity to adequately assess the management performance, keeping abreast of developments in the business and regulatory environment, frequency and duration of the meetings;
- Factor the suggestions received from Directors for change/improvisation;
- Oversight of the Financial Reporting Process, including Internal Audit and Internal Controls
- Assess if the duties are discharged in accordance with provisions of the Companies Act.

b. Committees of the Board

This Policy is to ensure that the Committees, to whom the Board has delegated responsibilities, are performing efficiently and effectively in accordance with the terms of reference set out in their charter. This encompasses the necessity of reviewing the Charter of the Committee from time to time.

The Performance Evaluation of the Committees shall be reviewed collectively by NRC and by the Board.

The NRC shall not review its own performance.

c. Chairman / Managing Director / Whole Time Director

The performance of Chairman / Managing Director/ Whole Time Director shall be reviewed by the Independent Directors, NRC and the Board, excluding the director being evaluated. Some of the parameters for evaluation that can be considered are:

- To assess the overall contribution to the performance of the Company in terms of the tasks handled.
- Leadership qualities
- Conduct of meetings, in the absence of the Chairperson, if the need arises
- Contribution to strategic plans & business growth
- Decision making abilities, relationship with stakeholders.

d. Non-Executive Directors

The performance of Non-Executive Directors shall be reviewed by the Independent Directors, NRC and the Board, excluding the director being evaluated. The performance of Non-Executive Director be evaluated, amongst other things, on the basis of strategic thinking, business acumen, teamwork, contribution to resolution of divergent views, proactive participation, and time commitment. The performance of the individual directors will also be assessed on handling the conflict of interest/situation, if any.

e. Independent Directors

The performance evaluation of Independent Director's shall be done by the Board, excluding the director being evaluated.

Independent directors have key roles to perform namely in the areas of governance, guiding in strategy formulation, ensuring statutory compliances and such other key matters which could be of importance to the Company. Some of the performance indicators on which the Independent Directors may be evaluated are:-

- Contributing and monitoring of Corporate Governance practices.
- Attendance at Board, Committee Meetings of the Company, etc.
- Making the Board and Management aware of international best practices for improvement.
- Active participation in strategic planning.
- Commitment to the fulfilment of duties and fiduciary responsibilities as enshrined in various statutes and charter of Committees.
- Not allowing any extraneous considerations that will vitiate his/her exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.
- Refraining from any action that would lead to loss of his/her independence.

- Maintaining confidentiality of information provided, unless such disclosure is expressly required by law.
- Fulfillment of the independence criteria as specified in the SEBI LODR Regulations and maintaining their independence from the management:

f. Corporate Governance Report:

The Board evaluation shall be undertaken annually. The details of the performance evaluation criteria of the Independent Directors shall be disclosed in the Corporate Governance Section of the Annual Report of the Company.

g. Action Plan:

Based on the analysis of the evaluation, the Board/ NRC, if thinks fit, may prepare an action plan on:

- Areas of improvement including training, skill building, etc. as may be required for Board members
- List of actions required detailing:
 - Nature of actions
 - Timelines
 - Person responsible for implementation
 - Resources required, etc.
- Review of the actions within a specific time period.

The action plan may be prepared by the Board in a comprehensive manner. Before finalization of the action plan, the suggestions received from external assessment, if any, individual member feedback, etc. may be taken into account while drafting the action plan.

h. Review of the Policy:

Board evaluation is an ongoing process and requires periodical review for improvement. The responsibility of such review of the evaluation process will lie with the Board of Directors in accordance with SEBI LODR Regulations and any other statutory /regulatory requirements.

i. Conflict in Policy

In the event of any conflict between the Companies Act or the SEBI regulations or any other statutory enactments (“**Regulations**”) and the provisions of this Policy, the Regulations shall prevail over this Policy.

j. Amendments

Any subsequent amendment/modification in the Companies Act, the SEBI LODR Regulations and/or other applicable laws in this regard shall automatically apply to the Policy.