

ASIRVAD MICRO FINANCE LIMITED

BOARD EVALUATION POLICY

Approval Details:

Approval Date	May 13, 2019
Effective Date	May 13, 2019
Approved by	Board of Directors
Version	Sec- 04
Policy Owner	Secretarial Department
Review/ Amendment Date	November 11, 2023

1. INTRODUCTION

The Company conducts its operations under the directions of the Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”), the Articles of Association and Directions of Reserve Bank of India. The Company’s Board of Directors is dedicated to act in good faith; exercise their judgment on an informed basis, in the best interest of the Company and its stakeholders. Accordingly, the present policy for performance evaluation is being put into place in accordance with the requirements of Section 178 of the Companies Act, 2013 read with relevant rules made thereunder which provides for a policy to be formulated and recommended to the Board, setting the criteria, based on which the performance of each and every director including the performance of the Board as a whole as well as its various committees shall be assessed by the Board of Directors of the Company. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the directors and will ensure that they exercise their powers in a rational manner.

Further, the LODR also mandates the formulation of criteria for evaluation of performance of independent directors and the board of directors by the Nomination and Remuneration Committee.

2. OBJECTIVE

The Policy has been framed with an objective to ensure individual directors of the Company (“**Directors**”) and the Board as a whole, work efficiently and effectively in achieving their functions, for the benefit of the Company and its stakeholders. Accordingly, the Policy provides guidance on the evaluation of the performance, on an annual basis, of: (i) individual Directors [including the Chairperson and independent directors of the Company (“**Independent Directors**”)]; (ii) the Board as a whole; and (iii) various committees of the Board (“**Board Committees**”).

3. MANNER OF PERFORMANCE EVALUATION

A. Evaluation of Individual Directors:

1. Performance of individual Directors of the Company (including the Chairperson and Independent Directors) shall be evaluated, on an annual basis, by: (i) the Board as a whole (excluding the Director being evaluated); and (ii) the Nomination and Remuneration Committee.
2. In carrying out its evaluation, the Nomination and Remuneration Committee and/ or Board, shall keep in mind the evaluation parameters set out from time to time with respect to all Directors including Independent Directors and Chairperson.
3. While evaluating the performance of individual Directors, the Nomination and Remuneration Committee may consider the appropriate benchmarks set as per industry standards, the performance of the individual Director, the performance of the Company and the role of the individual Director within the Company. Further, the Nomination and Remuneration Committee shall determine whether to extend or continue the term of appointment of each Independent Director, on the basis of the report of performance evaluation of Independent Directors.
4. In addition, the Independent Directors shall hold a meeting at least once in any given year, without the presence of the non-Independent Directors of the Company, to review the performance in accordance with the evaluation parameters set out by the Nomination and Remuneration Committee of (i) such non-Independent Directors; and (ii) the Chairperson of the Company, taking into account the views of executive Directors and non-executive Directors,. All Independent Directors shall strive to attend such meetings.

B. Evaluation of the Board:

1. The Board shall, on an annual basis, evaluate its own performance keeping in mind the evaluation parameters set out by the Nomination and Remuneration Committee from time to time.
2. In addition, the Independent Directors, in the meeting referred to in paragraph 3(A)(4) above, without the presence of the non-Independent Directors of the

Company, shall (i) review the performance of the Board as a whole in accordance with the evaluation parameters set out by the Nomination and Remuneration Committee; and (ii) assess the quality, quantity and timeliness of the flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably perform its duties.

C. Evaluation of the Board Committee:

1. The Board shall, on an annual basis, evaluate the performance of each Board Committee as per the evaluation parameters set out by the Nomination and Remuneration Committee.
2. In addition, the Independent Directors, in the meeting referred to in paragraph 3(A)(4) above, without the presence of the non-Independent Directors of the Company, shall (i) review the performance of the Committee as a whole in accordance with the evaluation parameters set out in in this regard; and (ii) assess the quality, quantity and timeliness of the flow of information between the management of the Company and the Board Committee that is necessary for the Board to effectively and reasonably perform its duties.

4. EFFECTIVENESS OF THE BOARD

The overall effectiveness of the Board shall be measured on the basis of the ratings obtained by each Director and accordingly, the Board shall decide the Appointments, Re-appointments and Removal of the non-performing Directors of the Company.

5. CRITERIA FOR EVALUATION

The Nomination and Remuneration Committee shall specify the criteria for performance evaluation of the Board, its Committees and Individual Directors to be carried out and review its implementation and compliance.

6. FEEDBACK

The Chairperson or any person suitably appointed by the Board shall give written assessment/ oral feedback to:

- (i) Each Director separately;
- (ii) The entire Board; and
- (iii) Each Board Committee.

Provided in case the members are not comfortable with an open individual assessment, provision for confidentiality may be made wherever possible.

7. POLICY REVIEW

Subject to the approval of the Board, 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.

8. STATEMENT TO BE INCORPORATED IN THE BOARD'S REPORT

A disclosure should be made in Board's Report as per the provisions of Section 178(2) of the Companies Act, 2013 and Schedule IV to the Companies Act, 2013 on Code of conduct for Independent Directors.

9. ACTION PLAN

The Nomination and Remuneration Committee after analyzing the summary of performance evaluation may devise and recommend to the Board of Directors an action plan. The Board of Directors shall monitor and review the implementation of the action plan, if any.
