

PERFORMANCE EVALUATION POLICY

KAPIL RAJ FINANCE LIMITED

1. INTRODUCTION:

KAPIL RAJ FINANCE LIMITED (hereinafter referred to as “the Company”) conducts its operations under the directions of Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013, the Article of Association, Listing Regulations and Code of Conduct and policies formulated by the Company for its internal execution. Company believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior, in consonance with the Company’s Code of Conduct policy for its Board of Directors and senior management personnel. The honesty, integrity and sound judgment and performance of the Directors and the Senior Management are key criteria for the success and for building a good reputation of the Company.

Each Director and executive in the Senior Management is expected to comply with the letter and spirit of this Policy. Any actual or potential violation of this Code by the Board Directors would be the matter of serious concern for the Company.

Therefore, the Company has made this policy for formal annual evaluation by the Board of Directors of its own performance (self-appraisals) and that of its committees and individual Directors as mentioned under the clause(p) of sub-section (3) of Section 134 of the Companies Act, 2013.

The Nomination & Remuneration Committee shall evaluate the performance of the each Board of Director as per subsection (2) of Section 178 and based on the functions of the Board of Directors as indicated under Schedule IV (as per section 149) annexed to the Companies Act, 2013 and the Rules made there under.

2. DEFINITIONS:

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

“**The Company**” shall mean **KAPIL RAJ FINANCE LIMITED**.

“**The Director**” or “**the Board**” in relation to the Company shall mean and deemed to include the collective body of the Board of Directors of the Company including the Chairman of the Company.

“**The Independent Director**” shall mean an Independent Director as defined under section 2 (47) read with section 149 (5) of the Act.

“**The Policy**” or “**This Policy**” shall mean the Policy for Evaluation of performance of Board of Directors of the Company.

“**The Committee**” or “**This Committee**” shall mean the Nomination and Remuneration Committee of the Board of Directors formed under the provisions of Section 178 of Companies Act, 2013.

3. OBJECTIVE:

The Board is ultimately responsible for the sound and prudential management of the Company. Performance evaluation is the process of both formally and informally providing feedback about an individual's implementation of his / her responsibilities. The Object of this policy is to formulate procedures and also to prescribe and lay down the criteria to evaluate the performance of the entire Board of the Company.

4. VARIOUS KINDS OF PERFORMANCE EVALUATION:

A. EVALUATION OF THE PERFORMANCE:

The Committee shall evaluate the performance of each Director and Senior Management of the Company on the basis of the criteria of Evaluation and rating of Performance as per Annexure I of this policy.

Based on the performance evaluation of each and every Director and Senior Management of the Company, the Committee shall provide the ratings based on each criteria and sub-criteria. The detail process of evaluation and ratings thereon are mentioned in the Annexure I of this policy respectively.

Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director getting evaluated.

B. 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.

5. 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.

6. EVALUATION FACTORS

The Board of Directors shall pay regards to the following parameters for the purpose of evaluating the performance of a particular director:

In respect of each of the evaluation factors, various aspects 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.

Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director getting evaluated.

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

Rating Scale

Scale	Performance
5	Exceptionally good
4	Good
3	Satisfactory
2	Needs improvement
1	Unacceptable

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

Name of Director being assessed:_____

S. No.	Assessment Criteria	Rating	Remarks/ Comments
1.	Attendance and participations in the meetings		
2.	Leadership initiative and advisory role		
3.	Abidance and behavior in accordance with ethical standards & code of conduct of Company		
4.	Interpersonal relationships with other directors and management		
5.	Safeguard of confidential information		
6.	Initiative in terms of new ideas and planning for the Company		
7.	Information about the Company and the external environment and factors affecting the working		
8.	Safeguarding interest of whistle-blowers under vigil mechanism		
9.	Disclosure of interest		
10.	Team work attributes		
11.	Compliance with policies of the Company, ethics, code of conduct, etc.		
12.	Timely inputs on the minutes of the meetings of the Board		

NON – INDEPENDENT DIRECTORS / EXECUTIVE DIRECTORS

Some of the specific issues and questions that should be considered in a performance evaluation of Chairperson/Non-Independent Director / Executive Director by Independent Directors, in which the concerned director being evaluated shall not be included, are set out below:

Name of Director being assessed:

S. No.	Assessment Criteria	Rating	Remarks/ Comments
1.	Attendance and participations in the Meetings		
2.	Leadership initiative		
3.	Abidance and behavior in accordance with ethical standards & code of conduct of Company		
4.	Team work attributes		
5.	Initiative in terms of new ideas and planning for the Company		
6.	Professional skills, problem solving, and decision-making		
7.	Compliance with policies of the Company, ethics, code of conduct, etc.		
8.	Safeguard of confidential information		
9.	Disclosure of interest		
10.	Reporting of frauds, violation etc.		
11.	Safeguarding of interest of whistle blowers under vigil mechanism		
12.	Timely inputs on the minutes of the meetings of the Board		

BOARD OF DIRECTORS

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

S. No.	Assessment Criteria	Rating	Remarks/ Comments
1.	<i>Is the composition of the board appropriate with the right mix of knowledge and skills sufficient to maximize performance in the light of future strategy</i>		
2.	<i>The Board of Directors of the company is effective in decision making.</i>		
3.	<i>The Board reviews the organization's performance in carrying out the stated mission on a regular basis.</i>		
4.	<i>The Board of Directors is effective in providing necessary advice and suggestions to the company's management.</i>		
5.	<i>The number of meetings during the year is adequate for the Board to be effective.</i>		
6.	<i>Are sufficient board meetings, of appropriate length, being held to enable proper consideration of issues?</i>		
7.	<i>The information provided to directors prior to Board meetings meets your expectations in terms of length and level of detail.</i>		
8.	<i>Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.</i>		
9.	<i>Board members fully and positively participate in discussions.</i>		
10.	<i>The Board Chairman effectively and appropriately leads and facilitates the Board meetings.</i>		
11.	<i>Compliance with policies of the Company, ethics, code of conduct, etc.</i>		

COMMITTEES OF BOARD

The Board has constituted the following committees:

- 1. Audit Committee;*
- 2. Nomination and Remuneration Committee; and*
- 3. Stakeholders Relationship Committee*

For evaluating the performance of each committee, the Board of Directors shall pay regards to the following aspects as set out in the annexure below:

S. No	Committee members	Rating	Remarks/ Comments
<i>1.</i>	<i>The composition and size of the Committee are appropriate.</i>		
<i>2.</i>	<i>Responsibilities of the members of the committee are well defined.</i>		
<i>3.</i>	<i>Timely Meetings</i>		

KEY MANAGERIAL PERSONNEL AND SENIOR EXECUTIVES

For evaluating the performance of Key Managerial Personnel and other Senior Executives, the Board of Directors shall pay regards to the following aspects as set out below:

Name of person being assessed:

S. No.	Assessment Criteria	Rating	Remarks/ Comments
1.	Interpersonal, communication and representational skills		
2.	Communication of expectations & concerns clearly with subordinates		
3.	Compliance with policies of the Company, ethics, code of conduct, etc.		
4.	Safeguarding interest of whistle-blowers under vigil mechanism		
5.	Reporting of frauds, violation etc.		
6.	Team work attributes		
7.	Compliance with policies of the Company, ethics, code of conduct, etc.		
8.	Initiative in terms of new ideas and planning for the Company		
9.	Professional skills, problem solving, and decision-making		
10.	Safeguard of confidential information		

7. AMENDMENTS:

The Company reserves its right to amend or modify this Policy as may be considered appropriate at any time.