

# **Performance Evaluation Policy for the Board, Committees of the Board, Independent / Non- independent and Whole Time Directors**

Prepared by: **Company Secretary**

Recommended by: **Nomination & Remuneration Committee**

Date of latest recommendation: \_\_\_\_\_

Approved by: **Board of Directors**

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*\*Considering the constant change in the regulatory provisions and the focus of the regulators on the improving the corporate governance standards across the country and industries, it is imperative to review the Performance Evaluation Policy for the Board, Committees, Non- independent / Whole Time Directors and Independent Directors of the Company.*

**INDEX:**

<b>TOPIC</b>		<b>PAGE NO.</b>
1.	Introduction	4 - 4
2.	Objective	4 - 5
3.	Roles of Board and Committees	5 - 7
4.	Evaluation Process	7 - 10
5.	Evaluation Parameters	11 - 11
6.	Methods of Evaluation	11 - 12
7.	Feedback	12 - 13
8.	Action Plan	13 - 14
9.	Disclosures	14 - 15
10.	Review	15 - 15
<b>Forms setting out the parameters/ criteria for the Performance Evaluation</b>		
<b>FORM 1</b>	<b>For Directors (Independent and Non-Executive Non-Independent Directors)</b>	17 - 20
<b>FORM 2</b>	<b>For Chairperson of the Board</b>	21 - 24
<b>FORM 3</b>	<b>For Managing Director &amp; CEO and Whole-time Directors</b>	25 - 29
<b>FORM 4</b>	<b>For Board as a Whole</b>	30 - 35
<b>FORM 5</b>	<b>For Committees of the Board</b>	36 - 38

The following "Performance Evaluation Policy for the Board, Committees of the Board, Independent / Non-independent and Whole Time Directors (the 'Performance Evaluation Policy')" is for the use of the Board of Directors of Bandhan Financial Holdings Limited (the "**Company**").

## 1. INTRODUCTION

- 1.1 The Company conducts its operations under the overall direction and supervision of the Board of Directors within the framework laid down by various statutes viz. by the Companies Act, 2013 (the "**Companies Act**") and rules made thereunder, Circulars, Regulations, Notifications, etc. issued by Reserve Bank of India ("**RBI**"), and applicable Regulations and Circulars issued by other Regulatory or Statutory bodies and the Articles of Association of the Company, internal guidance on Corporate Governance formulated by the Company for its internal execution.
- 1.2 The Company's Board of Directors collectively and its members are individually committed to act in good faith, without negligence and exercise judgment on an informed basis in the best interest of the Company and its stakeholders. This is a continuous value creation process which warrants a periodic evaluation mechanism. Towards this end, a performance evaluation procedure is being put in place in accordance with section 178 and Schedule IV of the Companies Act, 2013. The Policy also covers the intent of SEBI Circular dated January 05, 2017 (Guidance Note on Board Evaluation) in letter and spirit.

## 2. OBJECTIVE

- 2.1 The objective of this Performance Evaluation Policy is to ensure that individual directors ("**Directors**") and the Board of Directors of the Company ("**Board**") as a whole work efficiently and effectively in achieving Company's objectives and in the best interest of the stakeholders.
- 2.2 Accordingly, this policy provides guidelines and mechanism on evaluation of the performance on an annual basis for the following:
- 2.2.1. Individual Directors (including Chairperson, Managing Director/CEO, Independent Directors and Non-Executive Non-Independent Directors).
  - 2.2.2. Board as a whole
  - 2.2.3. Committees of the Board
- 2.3 With an evaluation mechanism in place, the Company will have the benefit of enhanced contributions by every individual Board Member in the Board deliberations.
- 2.4 The Performance evaluation as prescribed under this Policy will be conducted on an annual basis.

### 3. ROLES OF BOARD AND COMMITTEES

#### 3.1 Role of the Nomination & Remuneration Committee (“NRC”)

- 3.1.1 In terms of the provisions of the Companies Act, NRC is required to specify the manner for effective evaluation of performance of Board, its committees and individual directors and to review its implementation and compliance.
- 3.1.2 In order to evaluate the performance of the Directors / Board / Committees, it is important to set out the performance parameters. The parameters for evaluation of directors shall be set out by the NRC, based on the extant regulations, the industry practice, Company’s requirement and role of directors. Accordingly, the parameters have been prescribed in the Forms annexed to this Policy for each category of Appraisee.
- 3.1.3 The NRC shall review this Policy including the parameters for evaluation and make necessary recommendation to the Board for approval. Accordingly, this Policy has been reviewed and recommended by NRC to the Board.
- 3.1.4 Additionally, on the basis of the report of performance evaluation of Independent Directors, the NRC shall decide whether to extend or continue the term of appointment of the Independent Director and make necessary recommendations to the Board.
- 3.1.5 On the basis of the report of the Independent Directors on the performance evaluation of Non-Independent Directors and Chairperson, the NRC shall make necessary recommendations to the Board.

#### 3.2 Role of the Independent Directors

- 3.2.1 In terms of the provisions of the Companies Act and Listing Regulations, the Independent Directors of the Company shall hold at least one meeting in a financial year, without the attendance of Non-Independent Directors and Members of management, and all the Independent directors of the Company shall strive to be present at such meeting.
- 3.2.2 In the meeting of Independent Directors, it 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.

3.2.3 The independent directors shall bring an objective view in the evaluation of the performance of board and management.

### **3.3 Role of the Board of Directors**

3.3.1 The Board of Directors of the Company shall be responsible for monitoring and reviewing Board Evaluation Framework. The performance evaluation mechanism shall function under the supervision of the Board. On the basis of recommendation of the NRC, the Board shall consider and approve this Policy including the parameters of the performance evaluation.

3.3.2 The performance evaluation of independent directors shall be done by the entire Board of Director, excluding the director being evaluated. The report on the performance evaluation of Independent Directors conducted by the Board shall be submitted to NRC.

3.3.3 The Board shall consider the recommendations of NRC with respect to the extension or continuation of the term of appointment of the Independent Director and the Non-Independent Directors and take necessary steps.

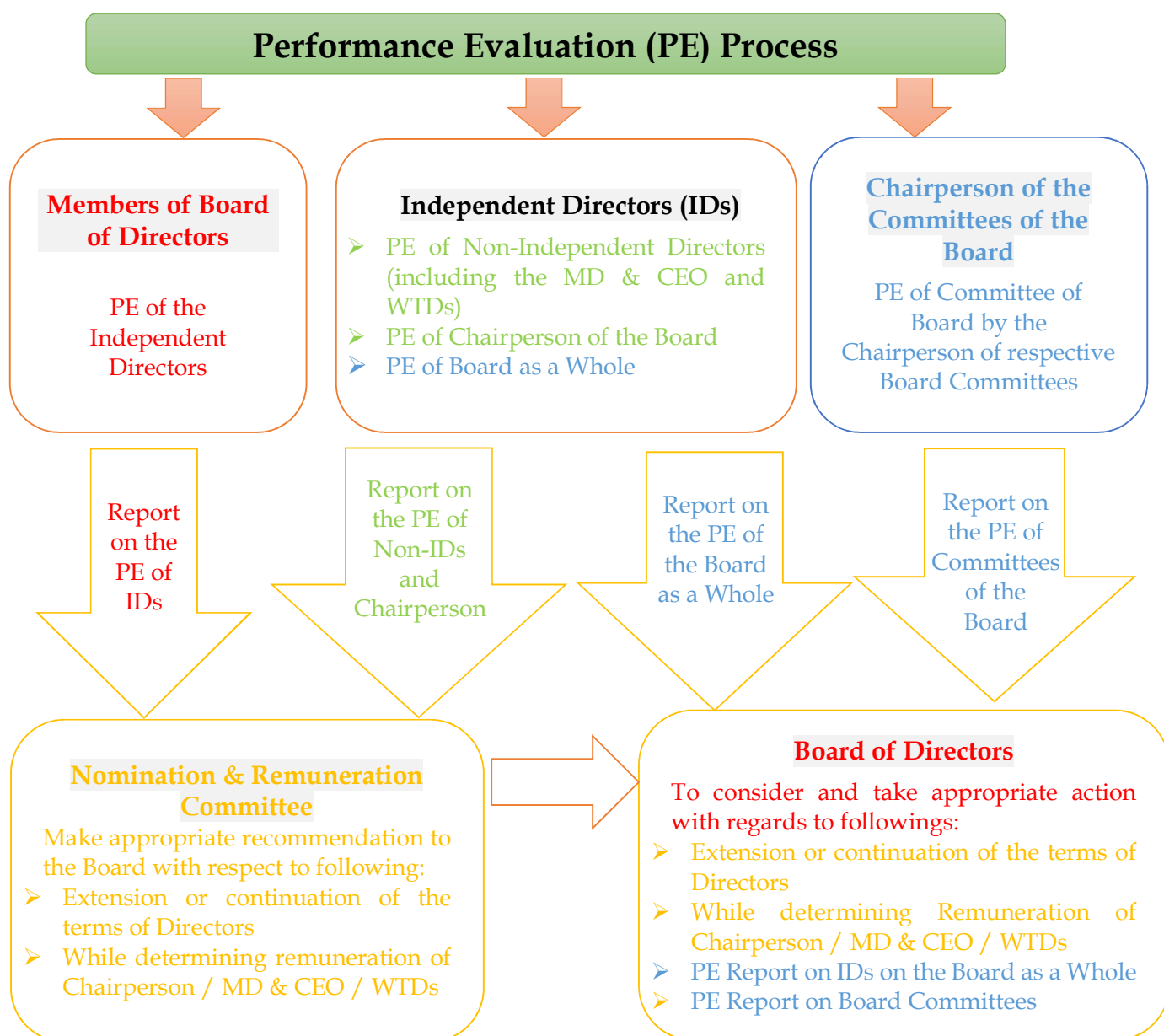
3.3.4 The Board shall also consider the report on the performance evaluation of the Board as a Whole conducted by the Independent Directors and take necessary steps as they may deem appropriate

3.3.5 The Board shall also consider the report on the performance evaluation of the Board Committees conducted by respective Chairperson and take necessary steps as they may deem appropriate.

## **4. EVALUATION PROCESS**

**4.1** The Performance Evaluation would be done for Appraisee which can be divided into three categories as mentioned in para no. 2.2. The whole process performance evaluation would involve five steps.

**4.2** The step-wise process is explained in detail herein below paras. However, for ease of reference and understanding the graphical representation of the same is made hereunder:



### 4.3 Board of Directors - Performance Evaluation of Independent Directors:

4.3.1 The Performance Evaluation of the Independent Directors shall be done by the Board of Directors and the Independent Director being evaluated shall not participate in such evaluation.

4.3.2 The performance evaluation of the Independent Directors shall be carried out based on the parameters set out in **Form 1**.

4.3.3 The Report of the Board on performance evaluation of Independent Directors should be deliberated at NRC for appropriate actions, if any.

**4.4 Independent Directors - Performance Evaluation of Non-Independent Directors and the Board as a whole:**

4.4.1 Performance Evaluation of the Chairperson and Non-Independent Directors including Managing Director & CEO and Whole-time Directors shall be conducted by the Independent Directors.

4.4.2 In case, the Chairperson of the Board is an Independent Director, the performance evaluation of the Chairperson shall be carried out by the Independent Directors in absence of the Chairperson. The performance evaluation of the Chairperson shall be carried out based on the parameters set out in **Form 2**. The parameters for the performance evaluation of Chairperson have been prescribed on the basis of his/her roles and responsibilities as well as the expectation of the Company and Stakeholders.

4.4.3 The performance evaluation of the Managing Director & CEO (“**MD & CEO**”) and Whole-time Directors shall be carried out based on the parameters set out in **Form 3**. The parameters for the performance evaluation of MD & CEO and Whole-time Directors have been prescribed on the basis of his/her roles and responsibilities as well as the expectation of the Company and Stakeholders.

4.4.4 The performance evaluation of the other Non-Independent Directors shall be carried out based on the parameters set out in **Form 1**. The parameters for the performance evaluation of the other Non-Executive Directors are similar to Independent Directors except to the parameters relating to independence from the management.

4.4.5 The report on the performance evaluation of the Non-Independent Directors and Chairperson carried out by the Independent Directors shall be submitted to the NRC for consideration.

4.4.6 The performance evaluation of the Board as a whole shall be carried out based on the parameters set out in **Form 4**. The parameters for the performance evaluation of the Board have been prescribed on the basis of its roles and responsibilities as well as the expectations of the Company.

4.4.7 The report on the performance evaluation of the Board as a whole shall be submitted directly to the Board.

**4.5 Chairperson of the Committee of the Board - Performance Evaluation of the Committees of the Board**

4.5.1 The Chairperson of the respective Committees of the Board shall conduct the performance evaluation of the respective Committees on the basis of parameters set out in **Form 5**. The parameters for the performance evaluation of the Committees have been prescribed on the basis of its roles and responsibilities and the expectations of the Board.

4.5.2 The report on the performance evaluation of Committees of the Board conducted by the respective Chairperson shall be submitted to the Board of Directors.

#### **4.6 Nomination & Remuneration Committee - Report on Performance Evaluation**

4.6.1 The NRC shall consider the report on the performance evaluation of Independent Directors conducted by the Board, and make appropriate recommendations to the Board on the extension or continuation of the terms of Independent Directors.

4.6.2 The NRC shall consider the report on the performance evaluation of Non-Independent Directors and the Chairperson conducted by the Independent Directors, and make appropriate recommendations to the Board.

#### **4.7 Board of Directors - Report on Performance Evaluation**

4.7.1 The Board of Directors shall consider the following once the performance evaluation has been conducted by respective forums:

- (a) Recommendations of the NRC on Independent and Non-Independent Directors.
- (b) Report of Independent Directors on the performance evaluation of the Board as a whole.
- (c) Report on the performance evaluation of Committees of the Board carried out by respective Chairperson.

4.7.2 The Board of Directors shall decide on the extension or continuation of the terms of appointment of Independent Directors, as per the recommendation of NRC on the basis of report on performance evaluation.

4.7.3 The Board of Directors shall consider the recommendation of NRC while taking a decision on the extension or continuation of the term or the remuneration of the Chairperson and the Non-Independent Directors including MD & CEO and Whole-time Directors.

4.7.4 The Board shall take appropriate action on the report of its performance evaluation

conducted by the Independent Directors.

4.7.5 The Board shall also take appropriate action on the report of the performance evaluation of Board Committees conducted by the Chairperson of respective Committees.

## 5. EVALUATION PARAMETERS AND FORMS

5.1 The parameters on which the performance evaluation are required to be conducted has been set out in Forms for each of the Appraisee as annexed to this Policy as under:

**5.1.1 Form 1 – Directors (including Independent and Non-Executive Non-Independent Directors)**

**5.1.2 Form 2 – Chairperson of the Board**

**5.1.3 Form 3 – Managing Director & CEO and Whole-time Directors**

**5.1.4 Form 4 – Board as a whole**

**5.1.5 Form 5 –Committees of the Board**

5.2 The Forms also provide for an option to the Appraiser to make a comment against each of the parameters in addition to the rating.

5.3 The evaluation can be made in terms of rating. The scale of rating is a simple five-point scale as given in the table below:

Scale	Performance
5	Distinguished
4	Excellent
3	Considerable
2	Adequate
1	Poor

## 6. METHODS OF EVALUATION

6.1 The performance evaluation is generally done in 2 ways i.e. internal assessment and assessment by external experts.

6.2 **Internal assessment:** This Policy provides for the performance evaluation based on internal assessment. Under this assessment, Appraisee shall be evaluated internally and the ratings may be assigned against each parameters. The ratings assigned by each Appraiser would be consolidated and an average of the ratings shall be made to arrive at a conclusive rating of the Appraisee. Thereafter a consolidated report would be prepared for each category of Appraisee and would be submitted to the NRC / Board as per the steps prescribed herein above in para 4.

6.3 **Assessment by external experts:**

6.3.1 Use of external experts imparts an independence to the evaluation process and therefore is used by many entities globally. However, care must be taken to ensure that the external assessor is not a related party or conflicted due to closeness of the Board to ensure impartiality.

6.3.2 Such external assessment may be done based on questionnaires/interviews or a combination of the two and done on a regular basis. Such external assessment complements the internal assessment and adds an objective aspect to the evaluation process.

6.3.3 Effective use of Information Technology through use of board evaluation software, applications, etc. can also play a facilitating role.

6.4 The performance evaluation process as prescribed under this Policy is based on Internal Assessment. The performance evaluation by way of external assessment may be conducted as and when decided by the Board of Directors.

## 7. FEEDBACK

7.1 Once the process of performance evaluation is completed, providing feedback to the individual directors, the Board and the Committees is crucial for success of the Evaluation process.

7.2 The Board may decide on the method of feedback to the Appraisee on the conclusion of the performance evaluation process. However, the active role of the Chairperson is desirable in providing feedback to the members. For effectiveness of the evaluation, it is essential that the feedback be given honestly and without bias.

7.3 The Chairman or any other person as may be authorized by Board shall provide the feedback to the Appraisee as under:

7.3.1 Each Director Separately

7.3.2 To the Entire Board

7.3.3 To the Committees of the Board

7.4 The feedback may be given either orally or by way of a written assessment. In case the members are not comfortable with open individual assessments, provisions for confidentiality may be made wherever possible.

## 8. ACTION PLAN

8.1 Based on the analysis of responses and the ratings received, the Board may prepare an action plan for areas of Improvement.

8.2 The action plan may be prepared by the Board in a comprehensive manner. Suggestions for the individual member feedback, external assessment, if any, etc. may be taken into account while drafting the action plan.

8.3 The Board may prepare action plan on:

8.3.1 Areas of improvement including training, skill building, etc. as may be required for Board members.

8.3.2 For each of the actions, the following parameters may be defined:

(a) Nature of Action

(b) Timeline

(c) Person responsible for implementation

(d) Resources required

8.3.3 The Board may also decide on the timeline for review of action plan.

8.4 The action plan is also required to be disclosed in the Annual Report.

## 9. DISCLOSURES

9.1 In view of the above provisions, the Company is required to make the disclosures on Performance Evaluation in Directors' Report forming part of the Annual Report of the Company on an annual basis. Since, the disclosures will form part of Directors' Report, these are required to be approved by the Board of Directors. The Disclosures can be summarized as under:

9.3.1 Disclosure with regards to the manner in which formal annual performance evaluation is carried out;

9.3.2 Disclosure with regards to the parameters / criteria on which performance evaluation is being carried out;

9.3.3 Conclusion of the Evaluation such as:

- (a) Observation of Evaluation carried out for the year
- (b) Previous year observation and action plan
- (c) Proposed action based on current year observations.

## 10. REVIEW

10.1 This Policy shall be reviewed by the Nomination & Remuneration Committee and the Board of Directors of the Company at least once in a year to align the same with the changes to the regulatory / statutory provisions or as may be deemed appropriate by the Nomination & Remuneration Committee and Board considering the feedback from the management, Board members, Chairperson, etc.

10.2 In case there is any statutory / regulatory amendments having implication on this Policy, the approval of the Nomination & Remuneration Committee and the Board of Directors would be sought in the next appropriate time, however, in the interim such statutory / regulatory amendments would prevail over the provisions of this Policy.

**FORMS SETTING OUT THE PARAMETERS / CRITERIA FOR PERFORMANCE  
EVALUATION**

**Form 1 for Directors (Independent and Non-Executive Non- Independent Directors)**

**Form 2 for Chairperson of the Board**

**Form 3 for Managing Director & CEO and Whole-time Directors**

**Form 4 for Board as a whole**

**Form 5 for Committees of Board**

**FORM 1**

**FORM FOR PERFORMANCE EVALUATION OF INDEPENDENT AND NON-EXECUTIVE  
NON- INDEPENDENT DIRECTORS**

**Name of the Director being evaluated :** \_\_\_\_\_

**Designation :** \_\_\_\_\_

**Date of original appointment :** \_\_\_\_\_

**Date of Re-appointment and tenure :** \_\_\_\_\_

**Financial year for which evaluation to be done:** \_\_\_\_\_

Sr. No.	Parameters / criteria	Rating*	Comments, if any
1.	<b>Qualification:</b> The Appraisee's requisite qualification as prescribed under Banking Regulation Act, 1949 and the Companies Act, 2013.		
2.	<b>Experience:</b> The Appraisee's Skill sets and experience required for the banking business.		
3.	<b>Knowledge and Competency:</b> (i) The Appraisee has understanding and knowledge of banking and non-banking business (ii) The level of competency of the Appraisee for the effective functioning of the Company and the Board		
4.	<b>Fulfillment of functions:</b> The Appraisee understands and fulfills the functions assigned to him/her by the Board and the Statute		
5.	<b>Teamwork:</b> The Appraisee is able to function as an effective team-member		
6.	<b>Initiative:</b> The Appraisee actively takes initiative during the Board deliberation with respect to various business matters		
7.	<b>Availability and attendance:</b>		

	<p>(i) The Appraisee is available for the meetings of the Board and Committees;</p> <p>(ii) The Appraisee attends the meeting regularly and timely, without any delay and provides timely inputs on Minutes of Meeting.</p>		
8.	<p><b>Commitment:</b> The Appraisee is adequately committed to the Board and the Company</p>		
9.	<p><b>Contribution:</b></p> <p>(i) Level of participation of the Appraisee in the Board deliberations on strategic and policy issues and exercising his/her responsibilities as a Director, in the interest of the Company.</p> <p>(ii) Level of care taken and attention given by the Appraisee to agenda papers, various presentations and reports including financial statements audit qualifications etc., placed by the management, committees and external agencies,</p> <p>(iii) Extent of deliberation on critical issues, sharing of domain experience and suggesting corrective actions and roadmaps by the appraisee.</p>		
10.	<p><b>Integrity:</b> The Appraisee demonstrates highest level of integrity (including conflict of interest disclosure, maintenance of confidentiality of the deliberations in the Board and Committees, etc.)</p>		
11.	<p><b>Compliance:</b> The Appraisee adheres to the provisions of Articles of Association, the internal policies of the Company and applicable regulatory provisions.</p>		
12.	<p><b>Communication:</b> The Appraisee communicates appropriately with other members of the Board, Committees and senior management</p>		
13.	<p><b>Corporate Governance:</b> The Appraisee has the understating of corporate governance standards and contributes in enhancing ethical and governance standards in the Company.</p>		

14.	<p><b>Updates:</b></p> <p>(i) The Appraisee is aware of the statutory and regulatory provisions as well as guidelines issued from time to time by the regulatory authorities applicable to the Company;</p> <p>(ii) The Appraisee is aware of the developments in the socio economic environment in which the Company operates.</p>		
15.	<p><b>Performance Evaluation:</b></p> <p>Level of participation of the Appraisee in evaluation of Company's performance at quarterly intervals, highlighting areas which warrant prompt management actions, assessing the risk factors and checking the risk management initiatives of the management.</p>		
<b>Additional parameters / criteria for Independent Directors</b>			
16.	<p><b>Independence:</b></p> <p>The Appraisee is independent from the Company and the other directors and there is no conflict of interest</p>		
17.	<p><b>Independent views and judgement:</b></p> <p>The Appraisee exercises his/ her own judgement and voices opinion freely</p>		
<b>Total (Average) rating</b>			

\*Rating to be done in the scale of 5 where 1 denotes **Poor**, 2 denotes **Adequate**, 3 denotes **Considerable**, 4 denotes **Excellent** and 5 denotes **Distinguished**.

Date:  
Place:

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
**(Name and signature of the Appraiser)**

FORM 2

FORM FOR PERFORMANCE EVALUATION OF THE CHAIRPERSON OF THE BOARD

Name of the Chairperson : \_\_\_\_\_

Designation : \_\_\_\_\_

Date of original appointment : \_\_\_\_\_

Date of Re-appointment and tenure : \_\_\_\_\_

Financial year for which evaluation to be done: \_\_\_\_\_

Sr. No.	Parameters / criteria	Rating*	Comments, if any
1.	<b>Qualification:</b> The Appraiser possesses the requisite qualification as prescribed under Banking Regulation Act, 1949 and the Companies Act, 2013.		
2.	<b>Experience:</b> The Appraiser possesses the requisite Skill sets and experience required for the banking business		
3.	<b>Knowledge and Competency:</b> (i) The Appraiser has understanding and knowledge of Banking and Non-Banking business (ii) The level of competency of the Appraiser for the effective functioning of the Company and the Board		
4.	<b>Fulfillment of functions:</b> The Appraiser understands and fulfills the functions assigned to him/her by the Board and the Statute		
5.	<b>Teamwork:</b> The Appraiser is able to function as an effective team-member		

6.	<p><b>Initiative:</b> The Appraisee actively takes initiative during the Board deliberation with respect to various business matters</p>		
7.	<p><b>Availability and attendance:</b> (i) The Appraisee is available for the meetings of the Board and Committees; (ii) The Appraisee attends the meeting regularly and timely, without any delay and provides timely inputs on Minutes of Meeting.</p>		
8.	<p><b>Commitment:</b> The Appraisee is sufficiently committed to the Board and its meetings.</p>		
9.	<p><b>Contribution:</b> (i) Level of participation of the Appraisee in the Board deliberations on strategic and policy issues and exercising his/her responsibilities as a Director, in the interest of the Company. (ii) Level of care taken and attention given of the Appraisee to agenda papers, various presentations and reports including financial statements audit qualifications etc., placed by the management, committees and external agencies. (iii) Extent of deliberation on critical issues, sharing of domain experience and suggesting corrective actions and roadmaps by the Appraisee.</p>		
10.	<p><b>Integrity:</b> The Appraisee demonstrates highest level of integrity (including conflict of interest disclosure, maintenance of confidentiality of the deliberations in the Board and Committees, etc.)</p>		
11.	<p><b>Compliance:</b> The Appraisee adheres to the provisions of Articles of Association, the internal policies of the Company and</p>		

	applicable regulatory provisions.		
12.	<p><b>Communication:</b></p> <p>The Appraisee communicates appropriately with other members of the Board, Committees and senior management</p>		
13.	<p><b>Corporate Governance:</b></p> <p>The Appraisee has the understating of corporate governance standards and contributes in enhancing ethical and governance standards in the Company.</p>		
14.	<p><b>Updates:</b></p> <p>(i) The Appraisee is aware of the statutory and regulatory provisions as well as guidelines issued from time to time by the regulatory authorities applicable to the Company;</p> <p>(ii) The Appraisee is aware of the developments in the socio economic environment in which the Company operates.</p>		
15.	<p><b>Performance Evaluation:</b></p> <p>Level of participation of the Appraisee in evaluation of Company's performance at quarterly intervals, highlighting areas which warrant prompt management actions, assessing the risk factors and checking the risk management initiatives of the management.</p>		
16.	<p><b>Leadership:</b></p> <p>The Appraisee is:</p> <p>(i) An efficient leader,</p> <p>(ii) open-minded,</p> <p>(iii) decisive,</p> <p>(iv) courteous,</p> <p>(v) professional in behavior,</p> <p>(vi) able to coordinate the discussion, etc. and</p> <p>(vii) able to steer the meeting effectively</p>		
17.	<p><b>Impartiality:</b></p> <p>The Appraisee is impartial in conducting discussions, seeking views and dealing with dissent, etc.</p>		

18.	<b>Shareholders' interest:</b> The Appraisee is able to keep shareholders' interest in mind during discussions and decisions.		
<b>Total (Average) rating</b>			

\*Rating to be done in the scale of 5 where 1 denotes **Poor**, 2 denotes **Adequate**, 3 denotes **Considerable**, 4 denotes **Excellent** and 5 denotes **Distinguished**.

Date:

Place:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

**(Name and signature of the Appraiser)**

**FORM 3**

**FORM FOR PERFORMANCE EVALUATION OF THE MANAGING DIRECTOR & CEO/  
WHOLE-TIME DIRECTORS OF THE COMPANY**

**Name of the Appraisee** : \_\_\_\_\_

**Designation** : \_\_\_\_\_

**Date of original appointment** : \_\_\_\_\_

**Date of Re-appointment and tenure** : \_\_\_\_\_

**Financial year for which evaluation to be done:** \_\_\_\_\_

Sr. No.	Parameters / criteria	Rating*	Comments, if any
1.	<p><b>Qualification:</b> The Appraisee possesses the requisite qualification as prescribed under banking Regulation Act, 1949 and the Companies Act, 2013.</p>		
2.	<p><b>Experience:</b> The Appraisee possesses the requisite Skill sets and experience required for the banking business</p>		
3.	<p><b>Fulfillment of functions:</b> (i) The Appraisee understands and fulfills the functions to him/her as assigned by the Board and the Statute. (ii) Extent of achievement of the performance objectives set by the Board</p>		
4.	<p><b>Teamwork:</b> The Appraisee is able to function as an effective team- member</p>		
5.	<p><b>Initiative:</b> The Appraisee actively takes initiative during the Board deliberation with respect to various business matters</p>		

6.	<p><b>Availability and attendance:</b></p> <p>(i) The Appraisee is available for the meetings of the Board and Committees;</p> <p>(ii) The Appraisee attends the meeting regularly and timely, without any delay and provides timely inputs on Minutes of Meeting.</p>		
7.	<p><b>Commitment:</b></p> <p>The Appraisee is sufficiently committed to the Board and its meetings.</p>		
8.	<p><b>Contribution:</b></p> <p>(i) Level of participation of the Appraisee in the Board deliberations on strategic and policy issues and exercising his/her responsibilities as a Director, in the interest of the Company.</p> <p>(ii) Level of care and attention of the Appraisee to agenda papers, various presentations and reports including financial statements audit qualifications etc., placed by the management, committees and external agencies, deliberation on critical issues, sharing of domain experience and suggesting corrective actions and roadmaps.</p>		
9.	<p><b>Integrity:</b></p> <p>The Appraisee demonstrates highest level of integrity (<i>including conflict of interest disclosure, maintenance of confidentiality of the deliberations in the Board and Committees, etc.</i>)</p>		
10.	<p><b>Compliance:</b></p> <p>The Appraisee adheres to the provisions of Articles of Association, the internal policies of the Company and applicable regulatory provisions.</p>		
11.	<p><b>Communication:</b></p> <p>The Appraisee communicates appropriately with other members of the Board, Committees and senior management</p>		
12.	<p><b>Corporate Governance:</b></p>		

	The Appraisee ensures free and fair flow of information, ensuring adequate disclosures, developing a compliance culture, improving ethical standards and enhancing the corporate governance standards in the Company.		
13.	<p><b>Updates:</b></p> <p>(i) The Appraisee is aware of the statutory and regulatory provisions as well as guidelines issued from time to time by the regulatory authorities applicable to the Company;</p> <p>(ii) The Appraisee is aware of the developments in the socio economic environment, emerging opportunities, industry performance as well as the risk factors.</p>		
14.	<p><b>Performance Evaluation:</b></p> <p>Level of participation of the Appraisee in evaluation of Company's performance at quarterly intervals, highlighting areas which warrant prompt management actions, assessing the risk factors and checking the risk management initiatives of the management.</p>		
15.	<p><b>Leadership:</b></p> <p>The Appraisee displays efficient leadership qualities in giving effect to the Vision Statement of the Company and in execution of the Business strategies and Policies.</p>		
16.	<p><b>Shareholders' interest:</b></p> <p>The Appraisee is able to keep shareholders' interest in mind during discussions and decisions.</p>		
17.	<p><b>Financial matters of the Company:</b></p> <p>The ability of the Appraisee to analyze the financial statements of the Company, monitor the trend in critical financial ratios, benchmark with the peer Companies, assess the areas where improvements are needed, chalk out realistic action plans.</p>		
18.	<p><b>Risk Management:</b></p> <p>Skills of the Appraisee in implementing the regulatory and policy guidelines on risk managements, tracking the internal reports on risk management, monitoring the risk factors and</p>		

	applying appropriate risk mitigating tools.		
19.	<p><b>Interaction with Board / Committees:</b></p> <p>The Appraisee does periodic interactions with the Board, Committees, regulators and the stake holders.</p>		
<b>Additional parameters / criteria for Managing Director &amp; CEO</b>			
20.	<p><b>Performance of the Company:</b></p> <p>The Appraisee is capable of appreciating the ground realities, set realistic targets, conducts periodic performance evaluations of the executives in key positions, encourages issue based discussions, appreciates innovative ideas and taking hard decisions wherever needed.</p>		
21.	<p><b>Strategy:</b></p> <p>The Appraisee is capable to making SWOT analysis on dynamic basis, prepare strategic blue prints and putting up his views, ideas and proposals to the Board and different committees.</p>		
22.	<p><b>Internal Controls:</b></p> <p>The Appraisee keeps a close watch on the internal control systems and reviewing the comments and observations in the internal, concurrent and statutory audit reports, identifying non compliances and internal violations and ensuring prompt corrective actions wherever needed.</p>		
23.	<p><b>Vigil Mechanism:</b></p> <p>The Appraisee takes initiatives for putting in place a preventive vigilance mechanism and has ability to take hard decisions in case a fraud is detected.</p>		
24.	<p><b>Interaction with Stakeholders:</b></p> <p>The Appraisee keeps close watch on customer complaints and grievances, periodical interactions with customers in different segments and sensitizing the front office staff whenever needed.</p>		
<b>Total (Average) rating</b>			

*Private & Confidential*

*\*Rating to be done in the scale of 5 where 1 denotes **Poor**, 2 denotes **Adequate**, 3 denotes **Considerable**, 4 denotes **Excellent** and 5 denotes **Distinguished**.*

Date:

Signature: \_\_\_\_\_

Place:

Name: \_\_\_\_\_

**(Name and signature of the Appraiser)**

**FORM 4**

**FORM FOR PERFORMANCE EVALUATION OF THE BOARD AS A WHOLE**

**Names of the Board Members** : \_\_\_\_\_

**Financial year for which evaluation to be done:** \_\_\_\_\_

<b>Sr. No.</b>	<b>Parameters / criteria</b>	<b>Rating*</b>	<b>Comments, if any</b>
1.	<p><b>Structure of the Board:</b></p> <p>(i) The Board as a whole has directors with a proper mix of competencies to conduct its affairs effectively;</p> <p>(ii) The Board as a whole has directors with enough experience to conduct its affairs effectively;</p> <p>(iii)The Board as a whole has directors with a proper mix of qualifications to conduct its affairs effectively;</p> <p>(iv)There is sufficient diversity in the Board on various parameters such as Gender, Background, Competence, Experience, etc.</p>		
2.	<p><b>Appointment to the Board:</b></p> <p>The process of appointment to the Board of Directors is clear and transparent and includes provisions to consider diversity of thought, experience, knowledge, perspective and gender in the board of directors.</p>		
3.	<p><b>Meetings of the Board:</b></p> <p>(i) The meetings are being held on a regular basis;</p> <p>(ii) The Board meets frequently and the frequency of such meetings is enough for the Board to undertake its duties properly;</p> <p>(iii)The logistics for the meeting is being handled properly-venue, format, timing, etc.</p>		
4.	<p><b>Agenda for the meetings:</b></p> <p>(i) The agenda is circulated well before the meeting;</p> <p>(ii) The agenda has all relevant information to take decision on the matter;</p>		

	<ul style="list-style-type: none"> <li>(iii) The outstanding items of previous meetings are followed-up and taken up in subsequent agendas;</li> <li>(iv) The time allotted for every item (especially substantive items) in the agenda of the meeting is sufficient for adequate discussions on the subject;</li> <li>(v) The Board is able to finish discussion and decision on all agenda items in the meetings;</li> <li>(vi) The agenda includes adequate information on Committee's activities.</li> </ul>		
5.	<p><b>Discussions and dissent:</b></p> <ul style="list-style-type: none"> <li>(i) The Board gives due importance to critical issues and discusses issues comprehensively;</li> <li>(ii) The environment of the meeting induces free-flowing discussions, healthy debate and contribution by everyone without any fear or favour;</li> <li>(iii) The Board tends towards group thinking, critical and dissenting suggestions are welcomed;</li> <li>(iv) The Board functions constructively as a team.</li> </ul>		
6.	<p><b>Recording of minutes:</b></p> <ul style="list-style-type: none"> <li>(i) The minutes are being recorded properly- clearly, completely, accurately and consistently;</li> <li>(ii) The minutes are approved properly in accordance with set procedures;</li> <li>(iii) The minutes are timely circulated to all the Board members;</li> <li>(iv) Dissenting views are recorded in the minutes.</li> </ul>		
7.	<p><b>Dissemination of information:</b></p> <ul style="list-style-type: none"> <li>(i) All the information pertaining to the meeting are disseminated to the members timely, frequently, accurately, regularly;</li> <li>(ii) The Board is adequately informed of material matters in between meetings</li> </ul>		
8.	<p><b>Role and responsibilities of the Board:</b></p> <p>The role and responsibilities of the Board is clearly documented e.g. difference in roles of Chairman and CEO, matters reserved</p>		

	for the Board, etc.		
9.	<p><b>Strategy and performance evaluation:</b></p> <p>(i) The significant time of the Board is being devoted to management of current and potential strategic issues;</p> <p>(ii) Various scenario planning is used to evaluate strategic risks;</p> <p>(iii) The Board reviews and guides corporate strategy, major plans of action, risk policy, annual budgets and business plans, sets performance objectives, monitored implementation and corporate performance, and oversees major capital expenditures, acquisitions and divestments.</p>		
10.	<p><b>Governance and compliance:</b></p> <p>(i) The Board monitors the effectiveness of its governance practices and makes changes as needed;</p> <p>(ii) The Board ensures the integrity of the entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards;</p> <p>(iii) The Board oversees the process of disclosure and communications;</p> <p>(iv) The Board evaluates and analyses the compliance certificate from the auditors / practicing company secretaries regarding compliance of conditions of corporate governance.</p>		
11.	<p><b>Evaluation of Risks:</b></p> <p>(i) The Board undertakes a review of the high risk issues impacting the organization regularly;</p> <p>(ii) In assessment of risks, it is ensured that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the entity to excessive risk.</p>		
12.	<p><b>Grievance redressal for Investors:</b></p> <p>The Board regularly reviews the grievance redressal mechanism of investors, details of grievances received, disposed of and those remaining unresolved.</p>		

13.	<p><b>Conflict of interest:</b></p> <ul style="list-style-type: none"> <li>(i) The Board monitors and manages potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions;</li> <li>(ii) Sufficient number of non-executive members of the board of directors capable of exercising independent judgement are assigned to tasks where there is a potential for conflict of interest</li> </ul>		
14.	<p><b>Stakeholder value and responsibility:</b></p> <ul style="list-style-type: none"> <li>(i) The decision making process of the Board is adequate to assess creation of stakeholder value;</li> <li>(ii) The Board has mechanisms in place to communicate and engage with various stakeholders;</li> <li>(iii) The Board acts on a fully informed basis, in good faith, with due diligence and care, with high ethical standards and in the best interest of the entity and the stakeholders;</li> <li>(iv) The Board treats shareholders and stakeholders fairly where decisions of the board of directors may affect different shareholder/ stakeholder groups differently;</li> <li>(v) The Board regularly reviews the Business Responsibility Reporting / related corporate social responsibility initiatives of the entity and contribution to society, environment, etc.</li> </ul>		
15.	<p><b>Corporate culture and values:</b></p> <p>The Board sets a corporate culture and the values by which executives throughout a group shall behave.</p>		
16.	<p><b>Review of Board evaluation:</b></p> <p>The Board monitors and reviews the Board evaluation framework.</p>		
17.	<p><b>Evaluation of performance of the management and feedback:</b></p> <ul style="list-style-type: none"> <li>(i) The Board evaluates and monitors management, especially the CEO regularly and fairly and provides constructive feedback and strategic guidance;</li> <li>(ii) The management's performance is benchmarked against industry peers;</li> </ul>		

	<p>(iii) Remuneration of the management is in line with its performance and with industry peers;</p> <p>(iv) Remuneration of the Board and the management is aligned with the longer term interests of the entity and its shareholders;</p> <p>(v) The Board selects, compensates, monitors and, when necessary, replaces key managerial personnel based on such evaluation;</p> <p>(vi) The Board 'steps back' to assist executive management by challenging the assumptions underlying strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the entity's focus.</p>		
18.	<p><b>Facilitation of Independent Directors:</b></p> <p>The Board facilitates the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors and any criticism by such directors is taken constructively.</p>		
19.	<p><b>Board and Management:</b></p> <p>(i) The level of independence of the management from the Board is adequate;</p> <p>(ii) The Board and the management are able to actively access each other and exchange information;</p> <p>(iii) Adequate secretarial and logistical support is available for conducting Board meetings;</p> <p>(iv) Sufficient funds are made available to the Board for conducting its meeting effectively, seeking expert advice E.g. Legal, accounting, etc.</p>	S	
20.	(i)		
<b>Total (Average) rating</b>			

\*Rating to be done in the scale of 5 where 1 denotes **Poor**, 2 denotes **Adequate**, 3 denotes **Considerable**, 4 denotes **Excellent** and 5 denotes **Distinguished**.

*Private & Confidential*

Date:  
Place:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

**(Name and signature of the Appraiser)**

FORM 5

FORM FOR PERFORMANCE EVALUATION OF THE BOARD COMMITTEES

Names of the Board Committee : \_\_\_\_\_

Names of the Members of the Committee : \_\_\_\_\_

Financial year for which evaluation to be done: \_\_\_\_\_

Sr. No.	Parameters / criteria	Rating*	Comments, if any
1.	<p><b>Mandate and composition:</b> The mandate, composition and terms of reference of committees of the board of directors is clearly defined and disclosed.</p>		
2.	<p><b>Effectiveness of the Committee:</b> The Committee has fulfilled its functions as assigned by the Board and laws as may be applicable.</p>		
3.	<p><b>Structure of the Committee:</b> The Committees have been structured properly and regular meetings are being held.</p>		
4.	<p><b>Meetings of the Committee:</b> (i) Meetings are being held on a regular basis; (ii) The frequency of meetings is enough for the Committee to undertake its duties properly; (iii) The logistics for the meeting is being handled properly-venue, format, timing, etc.</p>		
5.	<p><b>Agenda for the meetings:</b> (i) The agenda is circulated well before the meeting (ii) The agenda has all relevant information to take decision on the matter (iii) Outstanding items of previous meetings are followed-up and taken up in subsequent agendas</p>		

	<p>(iv) The time allotted for every item (especially substantive items) in the agenda of the meeting is sufficient for adequate discussions on the subject</p> <p>(v) The Committee is able to finish discussion and decision on all agenda items in the meetings</p>		
6.	<p><b>Discussions and dissent:</b></p> <p>(i) The Committee gives due importance to critical issues and discusses issues comprehensively;</p> <p>(ii) The environment of the meeting induces free-flowing discussions, healthy debate and contribution by everyone without any fear or favour;</p> <p>(iii) The Committee tends towards group thinking and whether critical and dissenting suggestions are welcomed;</p> <p>(iv) The Committee functions constructively as a team.</p>		
7.	<p><b>Recording of minutes:</b></p> <p>(i) The minutes are being recorded properly- clearly, completely, accurately and consistently;</p> <p>(ii) The minutes are approved properly in accordance with set procedures;</p> <p>(iii) The minutes are timely circulated to all the Committee members;</p> <p>(iv) Dissenting views are recorded in the minutes.</p>		
8.	<p><b>Dissemination of information:</b></p> <p>All the information pertaining to the meeting are disseminated to the members timely, frequently, accurately, regularly.</p>		
9.	<p><b>Independence of the Committee from the Board:</b></p> <p>Adequate independence of the Committee is ensured from the Board</p>		
10.	<p><b>Contribution to decisions of the Board:</b></p> <p>The Committee's recommendations contribute effectively to decisions of the Board</p>		
<b>Total (Average) rating</b>			

\*Rating to be done in the scale of 5 where 1 denotes **Poor**, 2 denotes **Adequate**, 3 denotes **Considerable**, 4 denotes **Excellent** and 5 denotes **Distinguished**.

*Private & Confidential*

Date:  
Place:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

**(Name and signature of the Appraiser)**