

# AIK PIPES AND POLYMERS LIMITED

## **Performance Evaluation Policy**

[Pursuant to Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time]

## 1. Preface:

AIK Pipes and Polymers Limited is committed to conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour, in consonance with the Company's Code of Conduct for Board and Senior Management Personnel.

The honesty, integrity and sound judgement and performance of the Directors and senior management are key factors for 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 for Evaluation of the Performance of the Board of Directors ("Policy"). Any actual or potential violation of the Code of Conduct for Board and Senior Management Personnel and this Policy by any Director would be a matter of serious concern for the Company.

In line with the requirements under the Companies Act, 2013 ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company has established this Policy to guide the annual performance review process. This includes the evaluation by the Board of its own functioning, as well as that of its committees and individual Directors, as per clause (p) of sub-section (3) of Section 134 of the Act. The Nomination and Remuneration Committee shall assess the performance of each Director in accordance with sub-section (2) of Section 178 of the Act, and in alignment with the responsibilities of Independent Directors as outlined in Schedule IV (pursuant to Section 149) of the Act.

## 2. Definitions:

- i. "**Act**" means the Companies Act, 2013, as amended from time to time and the rules made thereunder.
- ii. "**Company**" means AIK Pipes and Polymers Limited.
- iii. "**Committee**" shall mean the Nomination and Remuneration Committee of the Board of Directors formed under the provisions of Section 178 of the Act.
- iv. "**Director**" or "**Board**" means the Director or the Board, in relation to the Company, and deemed to include the collective body of the Board of the Company including the Chairman of the Company.
- v. "**Independent Director**" shall mean an Independent Director as defined under Section 2 (47) to be read with Section 149 (5) of the Act.

- vi. **“Listing Regulations”** means Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- vii. **“Policy”** shall mean this Policy for Evaluation of performance of Board of Directors of the Company.

### 3. Objective of the Policy:

The Performance Evaluation Policy (“the Policy”) aims to maintain a proactive and effective Board. As one of the most important functions of the Board of Directors is to oversee the functioning of Company’s top management, this Performance Evaluation Policy of AIK Pipes and Polymers Limited (“the Company”) aims to ensure that individual directors and the Board as a whole work efficiently and effectively in achieving Company’s objectives.

***The purposes of this policy are as under:***

- Improving the performance of Board towards corporate goals and objectives.
- Assessing the balance of skills, knowledge and experience on the Board.
- Identifying the areas of concern and areas to be focused for improvement.
- Identifying and creating awareness about the role of Directors individually and collectively as Board.
- Building Team work among Board members.
- Effective Coordination between Board and Management.
- Overall growth of the organization.

The performance evaluation of the Board, its Committees, and individual Directors shall be conducted on an annual basis in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations.

### 4. Evaluation Mechanism:

The Committee, Board and Independent Directors as the case may be, shall carry out the evaluation of performance of Board on an annual basis. The evaluation of the Board involves

- The Board as a whole.
- Committees of the Board.
- Individual Directors and Chairperson. (including Chairperson, Independent Directors, Non-independent directors, etc.)

### 5. Evaluation Criteria:

The Committee has laid down the criteria for evaluation of performance of executive Directors, Independent Directors, Chairman and the Board:

- i. Attendance and contribution at Board and Committee meetings.
- ii. His / her stature, appropriate mix of expertise, skills, behaviour, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.
- iii. His / her knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes and corporate governance.
- iv. His / her ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
- v. Effective decision making ability to respond positively and constructively to implement the same to encourage more transparency.
- vi. Open channels of communication with executive management and other colleagues on Board to maintain high standards of integrity and probity.
- vii. Recognize the role which he / she is expected to play, internal board relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board.
- viii. His / her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.
- ix. Quality of decision making on the company's business, human resources, understanding financial statements and business performance, raising of finance, working capital requirement, forex dealings, geopolitics, etc.
- x. His / her ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
- xi. His / her contribution to enhance overall brand image of the Company.

## 6. Evaluation Parameter:

The Board of Directors shall take into consideration the following parameters for the purpose of evaluating the performance of a particular director:

In respect of each of the evaluation parameters, various descriptors 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. The evaluation scale is a simple five points scale i.e.

### Rating Scale

<i>Scale</i>	<i>Performance</i>
5	<i>Excellent</i>
4	<i>Very Good</i>
3	<i>Satisfactory</i>
2	<i>Needs Improvement</i>
1	<i>Unsatisfactory</i>

## 7. Responsibilities:

- **Responsibility of the Board:**

It shall be the duty of the chairperson of the board, who shall be supported by a Company Secretary to organize 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 maximize 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 analyse its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives on each of evaluation factor as provided in **Annexure I**.
- To carry out performance evaluation of various committees on each of evaluation factor as provided in **Annexure II** and review the performance 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.
- Evaluation of every Independent Director shall be carried out by the entire Board of Directors of the Company, except the Director getting evaluated, on each of evaluation factor as provided in **Annexure III**.
- 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.

- **Responsibility of the Nomination & Remuneration Committee:**

It shall evaluate the performance of every individual Director of the Company on each of evaluation factor as provided in **Annexure IV or Annexure V**, as the case may be.

- **Responsibility of Independent Directors:**

Independent Directors are duty bound to evaluate the performance of every 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;

- Review the performance of every non-independent directors and the Board as whole on each of evaluation factor as provided in **Annexure IV or Annexure V**, as the case may be and **Annexure I** respectively;
- Review the performance of the Chairperson of the company on each of evaluation factor as provided in **Annexure VI**, taking into account the views of executive directors and non-executive directors;

- 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.

## 8. Frequency of Board Evaluation:

Board Evaluation is required to be done once in a year.

## 9. Confidentiality:

All individual ratings and feedback collected as part of the Board evaluation process shall be kept strictly confidential. The results shall be compiled by the Company Secretary or an external facilitator (as may be applicable), and only consolidated results or summary findings will be shared with the Board.

This confidentiality is critical to ensure candid responses, protect individual privacy, and uphold the integrity of the evaluation process. No director shall have access to individual evaluations of other members, and all documentation relating to the evaluations shall be retained securely and made available only to authorized persons.

## 10. Disclosure:

In accordance with the requirement under the Act, Company will disclose details of its Board Performance Evaluation Process in its Board's Report, a part of the annual report of the company.

Further, the Board's report containing such statement will be made available to shareholders at the general meeting of the Company. The Policy will be available in the public domain i.e. on website of the company.

## 11. 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 in line with the evolving needs of the company. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

**Annexure I**

**Evaluation of Board as a whole:  
(to be evaluated by All Directors and externally facilitated)**

Sr. No.	Assessment Criteria	Rating
1.	Competency of Directors: Whether Board as a whole has directors with a proper mix of competencies to conduct its affairs effectively.	
2.	Experience of directors: Whether Board as a whole has directors with enough experience to conduct its affairs effectively.	
3.	Mix of qualifications: Whether Board as a whole has directors with a proper mix of qualifications to conduct its affairs effectively.	
4.	Diversity in Board under various parameters: Gender/background/competence/experience, etc. - Whether there is sufficient diversity in the Board on the aforesaid parameters	
5.	Appointment to the Board: Whether 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	
6.	Regularity of meetings: Whether meetings are being held on a regular basis	
7.	Agenda: Whether agenda of meetings to directors meets expectations in terms of length, level of details sufficient for the Board to take decision. Whether Board members come prepared to meetings and discuss the matter at length in the best interest of the Company and address issues that might present a conflict of interest	
8.	Discussions and dissent: Whether the Board discusses every issue comprehensively and depending on the importance of the subject	
9.	Recording of minutes: Whether the minutes are being recorded properly, circulated to all the Board members and dissenting views are recorded in the minutes	
10.	Strategy and performance evaluation: Whether significant time of the Board is being devoted to management of current and potential strategic issues	
11.	Governance and compliance: Whether adequate time of the Board is being devoted to analysing and examine governance and compliance issues	
12.	Evaluation of Risks: Whether Board undertakes a review of the high-risk issues impacting the organization regularly	
13.	Grievance redressal for Investors: Whether the Board regularly reviews the grievance redressal mechanism of investors, details of grievances received, disposed of and those remaining unresolved.	
14.	Review of Board evaluation: Whether the Board monitors and reviews the Board evaluation framework	
15.	Facilitation of independent directors: Whether 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.	

**Comment:**

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Please suggest two things that could improve Board's performance:

- 1.
- 2.

Name of Director:

Signature:

Date:

**Annexure II**

**Evaluation of Board Committee:  
(to be evaluated by entire Board)**

Sr. No.	Assessment Criteria	Rating
1.	Whether the Committees of the Board are appropriately constituted?	
2.	Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable?	
3.	Are sufficient numbers of meetings, of appropriate length, being held to enable proper consideration of agenda?	
4.	Observing Committees terms of reference.	
5.	Whether the Committee's recommendations contribute effectively to the decisions of the Board?	
6.	The performance of each of the Committees is assessed annually against the set goals of the committee?	
7.	The committee regularly reviews its mandate and performance?	
8.	Committee gives effective suggestion and recommendations	
9.	The frequency of the Committee meetings is adequate?	
10.	Committee meetings have been organized properly and appropriate procedures were followed in this regard?	
11.	Committee makes periodically reporting to the Board along with its suggestions and recommendations?	
12.	Overall rating of Committee's performance	

**Comment:**

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Please suggest two things that could improve Committee's performance:

- 1.
- 2.

Name of Director:

Signature:

Date:

**Annexure III**

**Evaluation of Independent Director:  
(to be evaluated by entire Board except the Director getting evaluated)**

**Name of Director:** \_\_\_\_\_

**Category: Independent Director**

<b>Sr. No.</b>	<b>Assessment Criteria</b>	<b>Rating</b>
1.	Attendance at meetings of the Board and Committees	
2.	Participation at the Board Meeting and Committee Meetings.	
3.	Understanding of the Company and the external environment in which it operates and contribution to strategic direction.	
4.	Adherence to ethical standards and Code of Conduct of Company and disclosure of non – independence, as and when it exists and disclosure of interest.	
5.	Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings	
6.	Contribution towards growth of the Company including actual vis-a-vis budgeted performance	
7.	Interpersonal relations with other directors and management.	
8.	Objective evaluation of Board’s performance, rendering independent, unbiased	
9.	Safeguarding of confidential information.	
10.	Contribution to the enhancement of brand image of the Company	
11.	Overall rating of Independent Director’s performance	

**Comment:**

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Please suggest two things that could improve Independent Director’s performance:

- 1.
- 2.

Name of Director:

Signature:

Date:

**Annexure IV**

**Evaluation of Non-Executive Director:  
(to be evaluated by N&R Committee and Independent Directors)**

**Name of Director:** \_\_\_\_\_

**Category: Non-Executive Director**

Sr. No.	Assessment Criteria	Rating
1.	Attendance at meetings of the Board and Committees	
2.	Participation at the Board Meeting and Committee Meetings	
3.	Leadership initiative like innovative ideas and planning towards growth of the Company and steps initiated towards Branding of the Company	
4.	Adherence to ethical standards and Code of Conduct of Company	
5.	Compliance with policies, Reporting of frauds, violation etc. and disclosure of interest.	
6.	Contribution towards growth of the Company including actual vis-à-vis budgeted performance	
7.	Interpersonal relations with other directors and management	
8.	Safeguarding of confidential information.	
9.	Overall rating of Non-Executive Director's performance	

**Comment:**

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Please suggest two things that could improve Non-Executive Director's performance:

- 1.
- 2.

Name of Director:

Signature:

Date:

**Annexure V**

**Evaluation of Whole Time Director/ Managing Director/  
Executive Director:  
(to be evaluated by N&R Committee and Independent Directors)**

**Name of Director:** \_\_\_\_\_

**Category: Managing Director/Whole-Time Director/Executive Director**

Sr. No.	Assessment Criteria	Rating
1.	Attendance at meetings of the Board and Committees	
2.	Participation at the Board Meeting and Committee Meetings	
3.	Leadership initiative like innovative ideas and planning towards growth of the Company and steps initiated towards Branding of the Company	
4.	Achievement of financial/business targets prescribed by the Board	
5.	Adherence to ethical standards and Code of Conduct of Company	
6.	Compliance with policies, Reporting of frauds, violation etc. and disclosure of interest.	
7.	Contribution towards growth of the Company including actual vis-à-vis budgeted performance	
8.	Interpersonal relations with other directors and management	
9.	Safeguarding of confidential information.	
10.	Overall rating of Managing/Whole-Time Director's performance	

**Comment:**

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Please suggest two things that could improve WTD/MD/ED's performance:

- 1.
- 2.

Name of Director:

Signature:

Date:

**Annexure VI**

**Evaluation of Chairperson:  
(to be evaluated by Independent Directors)**

**Name of Director:** \_\_\_\_\_

**Category: Chairperson**

Sr. No.	Assessment Criteria	Rating
1.	Achievement of Financial and Business targets	
2.	Effective Leadership and independence of views	
3.	Establishment of an effective organisation structure and Succession planning for the Organisation	
4.	Managing relationships, communication with the Board, Management team, Regulators, Bankers, Industry Representatives and other stakeholders	
5.	Compliance & implementation of the Board decisions	
6.	Impartiality in conducting discussions, seeking views and dealing with dissent, etc.	
7.	Safeguarding of confidential information	
8.	Adherence to ethical standards and Code of Conduct of Company.	
9.	Encouraging the discussion on issues and concerns by the Board members in a transparent manner and providing leadership to Board	
10.	Overall rating of Chairperson's performance	

**Comment:**

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Please suggest two things that could improve Chairperson's performance:

- 1.
- 2.

Name of Director:

Signature:

Date: