

POLICY FOR
EVALUATION OF
PERFORMANCE

POLICY FOR EVALUATION OF PERFORMANCE OF THE BOARD OF DIRECTORS OF ACE ENGITECH LIMITED
(ERSTWHILE PREM SOMANI FINANCIAL SERVICES LIMITED)

1. **INTRODUCTION:**

ACE ENGITECH LIMITED (ERSTWHILE PREM SOMANI FINANCIAL SERVICES LIMITED) (hereinafter referred to as “the 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 thereunder.

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 **ACE ENGITECH LIMITED (ERSTWHILE PREM SOMANI FINANCIAL SERVICES 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 (6) 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 :

1. Board as a whole
2. Committees of the Board

3. Individual Directors and Chairperson (including Chairperson, CEO, Independent Directors, Non-independent directors, etc.)

4. VARIOUS KINDS OF PERFORMANCE EVALUATION:

A. EVALUATION OF THE PERFORMANCE:

• 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 Board and/ or the Nomination and Remuneration Committee, shall keep in mind the evaluation parameters set out in: (i) **Annexure-1** with respect to all Directors other than the Independent Directors and Chairperson; (ii) **Annexure-2** with respect to the Independent Directors; and (iii) **Annexure-3** with respect to the Chairperson of the Company.
3. While evaluating the performance of individual Directors, the Nomination and Remuneration Committee shall always 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 of: (i) such non-Independent Directors in accordance with the evaluation parameters set out in **Annexure-1**; and (ii) the Chairperson of the Company, taking into account the views of executive Directors and non-executive Directors, and the evaluation parameters set out in **Annexure-3**; . All Independent Directors shall strive to attend such meeting.

• Evaluation of the Board

5. The Board shall, on an annual basis, evaluate its own performance keeping in mind the evaluation parameters set out in **Annexure-4**.
6. In addition, the Independent Directors, in the meeting referred to in paragraph 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 in Annexure 4; and (ii) assess the quality, quantity and timelines of 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.

• Evaluation of the Board Committees

7. The Board shall, on an annual basis, evaluate the performance of each Board Committee as per the evaluation parameters set out in **Annexure-5**.

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, Reappointments and Removal of the non-performing Directors of the Company.

5. SEPARATE MEETING FOR EVALUATION OF PERFORMANCE OF BOARD MEMBERS:

Evaluation of the 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. CRITERIA FOR EVALUATION OF PERFORMANCE:

The criteria for evaluation are laid out in the relevant Annexures. These include quantitative questions along with an option to provide qualitative comments. Each of the questions have the following five options:

Strongly disagree	Disagree	No opinion	Agree	Strongly Agree
1	2	3	4	5

7. FEEDBACK

The Chairman 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 open individual assessment, provision for confidentiality may be made where possible.

8. AMENDMENTS:

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

PERFORMANCE EVALUATION OF DIRECTORS (EXCLUDING INDEPENDENT DIRECTOR AND CHAIRPERSON)

This questionnaire has been designed to enable the assessment of every Individual Director by all members of the Board, saving the Director who is being evaluated.

Every question would need to be evaluated on a 5 point scale as given below.

Strongly disagree	Disagree	No opinion	Agree	Strongly Agree
1	2	3	4	5

Sr. No.	Director - Assessment	Name:
	Designation	
1	Qualifications:	
2	Experience:	
3	Knowledge and Competency: <ul style="list-style-type: none"> • The person is competent, as per the criteria identified by the Nomination and Remuneration Committee for the effective functioning of the entity and the Board • The person has sufficient understanding and knowledge of the entity and the sector in which it operates 	
4	Fulfillment of functions: Whether the person understands and fulfills the functions to him/her as assigned by the Board and the law	
5	Ability to function as a team: The person is able to function as an effective team- member	
6	Initiative: The person actively takes initiative with respect to various areas	
7	Availability and attendance: The person is available for meetings of the Board and attends the meeting regularly and timely, without delay.	
8	Commitment: The person is adequately committed to the Board and the Company	
9	Contribution: The person contributed effectively to the entity and in the Board meetings	
10	Integrity: The person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)	

PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS

This questionnaire has been designed to enable the assessment of every Independent Directors by all members of the Board, saving the Independent Director who is being evaluated.

Every question would need to be evaluated on a 5 point scale as given below.

Strongly disagree	Disagree	No opinion	Agree	Strongly Agree
1	2	3	4	5

Sr. No.	Independent Director - Assessment	Name:
1	Qualifications:	
2	Experience:	
3	Knowledge and Competency: <ul style="list-style-type: none"> • The person is competent, as per the criteria identified by the Nomination and Remuneration Committee for the effective functioning of the entity and the Board • The person has sufficient understanding and knowledge of the entity and the sector in which it operates 	
4	Fulfillment of functions: Whether the person understands and fulfills the functions to him/her as assigned by the Board and the law	
5	Ability to function as a team: The person is able to function as an effective team- member	
6	Initiative: The person actively takes initiative with respect to various areas	
7	Availability and attendance: The person is available for meetings of the Board and attends the meeting regularly and timely, without delay.	
8	Commitment: The person is adequately committed to the Board and the Company	
9	Contribution: The person contributed effectively to the entity and in the Board meetings	
10	Integrity: The person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)	
11	Independence: The person is independent from the entity and the other directors and there if no conflict of interest	
12	Independent views and judgement: The person exercises his/ her own judgement and voices opinion freely	

PERFORMANCE EVALUATION OF CHAIRPERSON

The Chairperson of the company plays a vital role in ensuring the Company's overall performance. Timely inputs by the chairperson are very crucial to enhance company's performance and set the right direction for growth. Hence, it is important that chairperson of the company effectively contributes in the Board deliberations.

As the Company does not have an elected Chairperson, the Directors may elect one of themselves to be the Chairperson of the particular Meeting. Therefore, the Board and Independent Directors evaluated the performance of Chairperson of the Meeting.

Every question would need to be evaluated on a 5 point scale as given below.

Strongly disagree	Disagree	No opinion	Agree	Strongly Agree
1	2	3	4	5

Sr. No.	Chairperson - Assessment	Name:
1	Qualifications:	
2	Experience:	
3	Knowledge and Competency: <ul style="list-style-type: none"> • The person is competent, as per the criteria identified by the Nomination and Remuneration Committee for the effective functioning of the entity and the Board • The person has sufficient understanding and knowledge of the entity and the sector in which it operates 	
4	Fulfillment of functions: The person understands and fulfills the functions to him/her as assigned by the Board and the law	
5	Ability to function as a team: The person is able to function as an effective team- member	
6	Initiative: The person actively takes initiative with respect to various areas	
7	Availability and attendance: The person is available for meetings of the Board and attends the meeting regularly and timely, without delay.	
8	Commitment: The person is adequately committed to the Board and the Company	
9	Contribution: The person contributed effectively to the entity and in the Board meetings	
10	Integrity: The person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)	
11	Effectiveness of leadership and ability to steer the meetings: The Chairperson displays efficient leadership, is open-minded, decisive, courteous, displays professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively	

12	Impartiality: The Chairperson is impartial in conducting discussions, seeking views and dealing with dissent, etc.	
13	Commitment: The Chairperson is sufficiently committed to the Board and its meetings.	
14	Ability to keep shareholders' interests in mind: The Chairperson is able to keep shareholders' interest in mind during discussions and decisions.	

PERFORMANCE EVALUATION OF BOARD AS A WHOLE

Board of Directors forms a base of efficient management for every organization, it's timely and effective decisions put an eyesight on company's growth and progress movement, therefore it is needed to monitor and evaluate the performance of board as a whole to keep the operations of organization on a right track.

Every question would need to be evaluated on a 5 point scale as given below.

1	Structure of the Board	Strongly Disagree 1	Disagree 2	No Opinion 3	Agree 4	Strongly Agree 5
1.1	Competency of directors: The Board as a whole has directors with a proper mix of competencies to conduct its affairs effectively					
1.2	Experience of directors: Board as a whole has directors with enough experience to conduct its affairs effectively					
1.3	Mix of qualifications: Board as a whole has directors with a proper mix of qualifications to conduct its affairs effectively					
1.4	Diversity in Board under various parameters: There is sufficient diversity in the Board (Gender/background/competence/experience)					
1.5	Appointment to the Board: The process of appointment to the board of directors is clear and transparent and includes provisions to consider diversity of thought, experience, knowledge in the Board					

2	Meetings of the Board	Strongly Disagree 1	Disagree 2	No Opinion 3	Agree 4	Strongly Agree 5
2.1	Regularity of meetings: The meetings are being held on a regular basis					
2.2	Frequency: The Board meets frequently and the frequency of such meetings is enough for the Board to undertake its duties properly					

2.3	Logistics: The logistics for the meeting is being handled properly -, venue, format, timing, etc.					
2.4	Agenda: The Board meeting agendas are well-balanced, allowing appropriate time for the most critical issues and the Board receives timely, accurate, and useful information upon which to make decisions.					
2.5	Discussions and dissent: The Board brings discussions to a conclusion with clear direction to Management for implementation and is collegial and polite during meetings.					
2.6	Recording of minutes: the minutes are being recorded properly- clearly, completely, accurately and consistently; approved properly in accordance with set procedures; timely circulated to all the Board members and dissenting views are recorded in the minutes.					
2.7	Dissemination of information: Board is adequately informed of material matters in between meetings					

3	Functions of the Board	Strongly Disagree 1	Disagree 2	No Opinion 3	Agree 4	Strongly Agree 5
3.1	Role and Responsibility of the Board & Strategy and Performance Evaluation					
3.2	Strategy and performance evaluation					
3.3	Governance and compliance					
3.4	Evaluation of Risks					
3.5	Grievance redressal for Investors					
3.6	Conflict of interest					
3.7	Stakeholder value and responsibility					
3.8	Corporate culture and values					
3.9	Review of Board evaluation					

3.10	Facilitation of independent directors					
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4	Board and management	Strongly Disagree 1	Disagree 2	No Opinion 3	Agree 4	Strongly Agree 5
4.1	Evaluation of performance of the management and feedback					
4.2	Independence of the management from the Board					
4.3	Access of the management to the Board and Board access to the management					
4.4	Secretarial support					
4.5	Fund availability					
4.6	Succession plan					

5	Professional development	Strongly Disagree 1	Disagree 2	No Opinion 3	Agree 4	Strongly Agree 5
5.1	Whether adequate induction and professional development programmes are made available to new and old directors					
5.2	Whether continuing directors training is provided to ensure that the members of board of directors are kept up to date					

PERFORMANCE EVALUATION OF COMMITTEES OF THE BOARD

While evaluating the performance of the Committees of the Board the following general criteria as laid out in the SEBI Guidance Note shall be considered by the Board. Every question would need to be evaluated on a 5 point scale as given below.

Strongly disagree	Disagree	No opinion	Agree	Strongly Agree
1	2	3	4	5

Name of the Committee: _____

Sr. No.	Parameter	Description	Rating
1	Mandate and Composition	The mandate, composition and working procedures of committees of the board of directors is clearly defined and disclosed.	
2	Effectiveness of the Committee	The Committee has fulfilled its functions as assigned by the Board and laws as may be applicable	
3	Structure of the Committee and meetings	The Committees have been structure properly and regular meetings are being held	
		In terms of discussions, agenda, etc. of the meetings, similar criteria may be laid down as specified above for the entire Board	
5	Independence of the Committee from the Board	Adequate independence of the Committee is ensured from the Board	
6	Contribution to decisions of the Board	The Committee's recommendations contribute effectively to decisions of the Board.	