

**POLICY FOR BOARD EVALUATION AND**  
**BOARD DIVERSITY**  
**OF**  
**MATRU-SMRITI TRADERS LIMITED**

## **1. Introduction**

The Company conducts its operations under the overall direction of the Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013; the Articles of Association, listing agreement with stock exchanges, internal code of conduct and policies formulated by the Company for its internal execution.

The Company's Board of Directors is dedicated to act in good faith; exercise their judgment on an informed basis and in the best interest of the company and its stakeholders. Accordingly, the present policy for Board evaluation is being put into place in accordance with the requirements of section 178 of the Companies Act, 2013 which provides that a policy is to be formulated and recommended to the Board, setting the criteria, based on which the performance of every director including the performance of the Board as a whole shall be assessed by the Board of Directors of the Company. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the directors and will ensure that they exercise their powers in a rational manner.

With an aim to maintain a proactive and effective Board, the Board is committed to a continuing process of recommending and laying down the criteria to evaluate the performance of the entire Board of the Company.

## **2. Purpose**

The primary objective of the Policy is to provide a framework and set standards for the evaluation of the people as stated under the aforesaid statutes.

## **3. Scope of the Policy**

- a. Determination of evaluation criteria of the Board as a whole and diversity thereof
- b. Determination of evaluation of every individual directors' performance
- c. Determination of evaluation criteria of the Independent Directors and determination of qualification, positive attributes and independence of a director
- d. Determination of evaluation/ review criteria of the performance of the non-independent directors

- e. Determination of evaluation/ review criteria of the performance of the Chairperson
- f. Determination/ review of remuneration of Directors, Key Managerial Personnel and other employees.

#### **4. Evaluation of the Board as a whole**

The evaluation should be carried out by the Nomination & Remuneration Committee of the Board as set up pursuant to Section 178 of the Companies Act, 2013.

Each director to evaluate the performance of the Board, with regard to the following criteria and submit its observation to the Nomination & Remuneration Committee:

- 1. Board composition and composition of committees
- 2. Diversity of the Board
- 3. Strategy determination effectiveness thereof
- 4. Board meetings and procedure followed therein

Such evaluation to be carried out once in every year. Based on the views expressed the Nomination & Remuneration Committee shall assess and discuss the performance of the Board and ascertain key areas for improvement.

#### **5. Evaluation of Individual Directors / Independent Directors / Non-Independent Directors / Chairperson**

- 1. The evaluation criteria are as follows:
  - a. Leadership and stewardship abilities
  - b. Qualification
  - c. Fulfilment of conditions of independence, wherever applicable
  - d. Attendance record, intensity of participation at meetings, quality of interventions and special contributions during the Board meeting
  - e. Communication of expectations and concerns
  - f. Effective review of results, budgets, etc.
  - g. Identification, monitoring & mitigation of significant corporate risks
  - i. Assessment of policies, structures & procedures
- 2. Evaluation of every individual director shall be carried out by the Nomination & Remuneration Committee, based on the aforesaid criteria.

3. Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.
4. The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.
5. The Executive Director(s), Non-Executive Director(s) and the Independent Directors together will evaluate/assess performance of the Chairperson.
6. The evaluation(s)/assessment(s) stated above shall be conducted on an annual basis.
7. Outcome of each evaluation shall be reported to the Chairman of the Nomination & Remuneration Committee, who in turn will discuss the findings with the entire Board and ascertain key areas for improvement.

**6. Determination and review of remuneration**

The Nomination & Remuneration Committee shall determine remuneration of Directors, Key Managerial Personnel and other employees. While undertaking the aforesaid, the Committee shall consider the following:

- a. Whether the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the respective persons of quality required to run the company successfully;
- b. Whether the relationship of remuneration to performance is clear and meets appropriate benchmarks; and
- c. Whether remuneration to the respective persons involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.