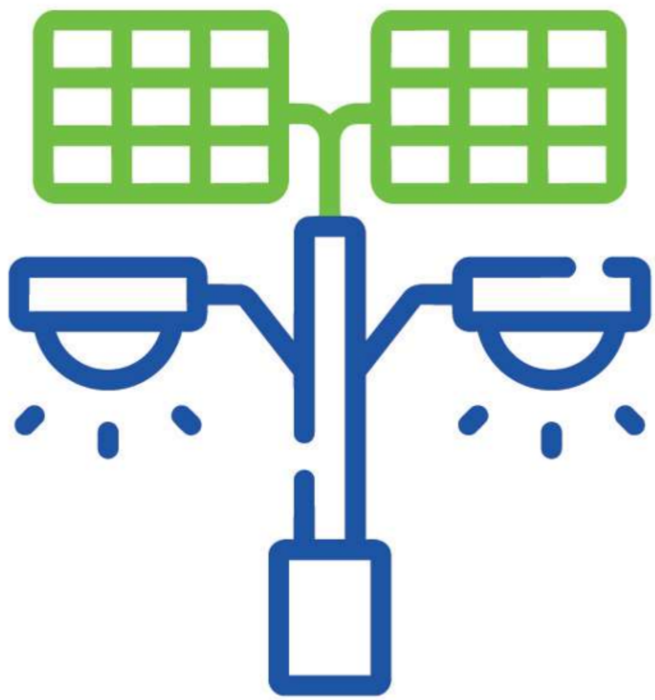
AVAADA
ELECTRO



POLICY ON EVALUATION OF THE PERFORMANCE OF THE BOARD OF DIRECTORS

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1. DEFINITIONS AND INTERPRETATION

Definition

"**Applicable Law**" shall mean all applicable laws, statutes, enactments, acts of central or state legislature, ordinances, rules, regulations, notifications, guidelines, directions, directives, policies, circulars, decisions and any other pronouncements issued in accordance with the Companies Act, SEBI Act, Listing Regulations or any other law applicable to the jurisdiction of India by any central, state, local, or other governmental, administrative or regulatory authority exercising executive, legislative, judicial, regulatory or administrative functions, including but not limited to the RBI and Ministry of Corporate Affairs.

"**Board**" shall mean 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.

"**Code of Conduct**" shall mean the code of conduct for Directors as formulated by Avaada Electro Limited.

"**Company**" shall mean Avaada Electro Limited.

"**Companies Act**" shall mean Companies Act, 2013, and rules and regulations issued thereunder, as amended from time to time.

"**Director**" shall mean a director on the Board of the Company.

"**Independent Director**" shall mean an independent director as defined under section 2(47) to be read with Section 149(5) of the Companies Act, 2013.

"**Listing Regulations**" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

"**NRC**" shall mean the Nomination and Remuneration Committee of the Board of Directors, constituted under the provisions of Section 178 of the Companies Act.

"**Policy**" shall mean this Policy for the evaluation of performance of the Board of Directors of the Company.

"RBI" shall mean the Reserve Bank of India.

"SEBI Act" shall mean the Securities and Exchange Board of India Act, 1992, as amended from time to time.

Interpretation

Unless defined expressly herein, all capitalised terms used in this Policy shall have the meanings assigned to them under the Companies Act, SEBI Act and rules and regulations thereunder. In the event of any conflict between this Policy and Applicable Law, the Applicable Law shall prevail. Any amendment / modification to the Applicable Law shall automatically apply to this Policy to the extent applicable.

2. Introduction

The Board of Directors acknowledges its intention to establish and follow "best practices" in Board governance to fulfill its fiduciary obligation to the Company. Fundamental to sound governance is the practice of undertaking a Board evaluation on an annual basis.

Therefore, the Company has formulated this policy for evaluation of the performance of the board of directors (the "**Board**") of the Company (the "**Policy**") to comply with various provisions under the Companies Act, the SEBI Listing Regulations and the formal annual evaluation made by the Board of its own performance (self-appraisals) and that of its Committees and individual Directors as mentioned under the clause (p) of subsection (3) of Section 134 of the Companies Act.

3. Objectives

The objective of this Policy is to formulate the procedures and prescribe the criteria to evaluate the performance of the Board. The Policy is to assess and enhance the effectiveness of the Board as a whole. An individual director is assessed on his/ her effective contribution and commitment to the role and responsibilities as a director The object of this policy is to formulate the procedures and to prescribe and lay down the criteria to evaluate the performance of the entire Board of the Company.

4. Applicability

This Policy applies to the Board, the Committees of the Board, as well as to all the Directors , including Independent Director and the Chairperson of the Company individually.

5. Responsibility

5.1 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.
- Review performance evaluation reports of various Committees along with their suggestions on improving the effectiveness of the Committee and the requirement of reconstitution and/or re-composition of various committees. Ensure that adequate disclosure is made with regard to performance evaluation in the Board's Report.

5.2 Responsibility of the NRC

It shall evaluate the performance of individual Directors of the Company as per its terms of reference framed in accordance with the provisions of section 178 of the Companies Act. The evaluation of individual Directors including Independent Directors shall be done by the Board as a whole keeping in view the inputs provided by NRC.

5.3 Responsibility of Independent Directors

Independent Directors are duty bound to evaluate the performance of 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. This process is being diligently followed by the Company.

The Independent Directors at their separate meetings shall:

➢ review the performance of non-independent directors and the Board as a whole;

➢ review the performance of the Chairperson of the company, 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 its duties.

Evaluation of Independent Director shall be carried out by the entire Board of Directors of the Company except the Director getting evaluated.

6. Framework for Performance Evaluation

6.1 Process For Evaluation of the performance

Evaluation of the executive directors of the Company shall be carried out by the Board, excluding the executive director being evaluated. The performance of the whole-time director/ chief executive officer/ managing director shall be evaluated by the Committee in accordance with this Policy. Evaluation of the independent directors of the Company shall be carried out by the Board, excluding the independent director being evaluated.

The following shall be evaluated: (i) the performance of the directors; (ii) fulfilment of the independence criteria as specified in the SEBI Listing Regulations; and (iii) their independence from the Company and other directors and there is no conflict of interest.

The Performance evaluation will consist of the following parts:

- Independent Director evaluation (**Annexure 1**),
- Chairperson evaluation by Independent Directors (**Annexure 2**),
- Overall Board evaluation (**Annexure 3**)
- Committee Evaluation (**Annexure 3A**)
- Directors' Evaluation by the Committee (**Annexure 4**)

6.2 Performance Evaluation of Independent Directors

The performance evaluation of Independent Directors shall be carried out by the entire Board excluding the Independent Director being evaluated in the same manner as above in the form provided at **Annexure 1**. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent Director.

6.3 Performance Evaluation of the Chairperson

The performance evaluation of Chairperson shall be carried out by the Independent Directors in the same manner as above in the form provided at **Annexure 2.**

6.4 Performance Evaluation of the Board and NRC

i. In the Overall Board and Committees Evaluation, each Board / Committee member will be asked to provide written inputs which will be submitted for evaluation in **Annexure 3 and 3A.**

ii. Copies of the above-Board evaluation forms as mentioned at Annexure 1, 3 & 4 will be distributed to each Board Member approximately 2-3 weeks before the meeting scheduled for the purpose of evaluation. Board members shall complete the forms and return them to the Chairman or Board designee or the consultant within 1 (one) weeks of receipt of the forms.

iii. Results will be tabulated and analysed prior to the meeting and presented in a summary report to include composite scoring.

iv. The individually completed forms will also be preserved and presented to the Board and the Committee for evaluation.

v. The Board will discuss areas that are working well, and those that need attention. The Board will then decide if changes in its governance practices and policies need to be made going forward.

6.5 Performance Evaluation of Individual Directors by the Committee

Apart from the above, the Committee will also independently carry out an evaluation of every director's performance in the form provided at **Annexure 4**. The Committee would provide feedback to the Board for its consideration.

While evaluating the performance of individual Directors, the NRC 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.

7. Action Plan

7.1 Once responses from all the Directors have been received, a summary of results of the Board evaluation will be placed before the NRC. Based on the feedback from each member, an average rating for each question will be obtained. All questions with average rating of 4.5 or less have been identified as areas for reflection and action planning. These are not necessarily the problem areas but definitely the areas where processes/ practices can be improved to meet the best governance standards and the Board may devise a plan to address such identified areas ("Action Plan"). While identifying the areas for reflections, proposed actions should be suggested for consideration of the evaluation panel. In some areas, suggestions from the evaluation panel are required to be provided.

7.2 The Action Plan should carry in detail the following:

a. The nature of actions, including training and skill building, required to be undertaken to address the identified areas.
b. Timeline within which the actions detailed in the Action Plan shall be completed.
c. Persons responsible for the implementation of the Action Plan.
d. Resources required to achieve the objectives set out in the Action Plan.

The Board must review the actions set out in the Action Plan within a specific time period

8. Separate Meetings for evaluation of performance of Board Members

The meeting for the purpose of evaluation of performance of the members of the Board shall be held at least once in a year. The criteria laid down by the Committee for performance evaluation shall be disclosed in the annual report of the Company.

9. Confidentiality

The rating Sheets for evaluation of Individual Directors shall be kept in the custody of the Chairperson of the Company. The Company shall ensure to keep the individual director's rating sheets strictly confidential.

10. Policy Review and Compliance

This Policy will be reviewed by the NRC at least once in two years and changes, if any will be placed before the Board.

Subject to the approval of Board of Directors, the NRC reserves its right to amend this policy, if required, to ascertain its appropriateness as per the needs of the Company. The Policy may be amended by passing a resolution at a meeting of the NRC .

Any change in the Policy shall be approved by the Board. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

The NRC shall be responsible for supervision of the Policy. Any queries regarding this Policy shall be referred to the NRC, who is in charge of administering, enforcing and updating this, Policy.

11. Disclosure

In accordance with the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), and the Companies Act, disclosure regarding the manner in which the performance evaluation has been done by the Board of its own performance, performance of various Board Committees and individual Directors will be made by the Board in the Board's Report. Further, the Board's Report containing such statement will be made available for the review of shareholders at the general meeting of the Company. The key features of this Policy will be included in the corporate governance statement contained in the annual report of the Company.

12. Amendment

Any subsequent amendment/modification in the Act or the rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy. In the event of any conflict between the provisions of this Policy and any Applicable Law, such Applicable Law in force, shall prevail over this Policy.

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ANNEXURE 1

PERFORMANCE EVALUATION FOR INDEPENDENT DIRECTORS TO BE EVALUATED BY THE BOARD ON BELOW PARAMETERS

Name of the Director being evaluated: _________________________

(Numeric Rating Scale where 5 – Excellent; 4 – Very Good; 3 – Good; 2 – Average; 1- Poor)

Evaluation Criteria	Rating
Helps in bringing an independent judgment to bear on the Board's deliberations	
Brings an objective view in the evaluation of the performance of Board and management	
Seeks appropriate clarification / information and, where necessary, takes appropriate professional advice and opinion of outside experts at the expense of the Company	
Strives to attend all meetings of the Board of Directors / Board committees of which he is a member/general Meetings	
Communicates governance and ethical problems to the Chairman of the Board.	
Pays sufficient attention and ensure that adequate deliberations are held before approving related party transactions	
Ensures that the Company has an adequate and functional vigil mechanism	
Satisfies themselves on the integrity of financial information and those financial controls and the systems of risk management are robust and defensible.	
Assists the Company in implementing the best corporate governance practices	
Prepares for the Board meeting by reading the materials distributed before the Board meeting.	
Regularly participates in discussions at the meetings of the Board and / or committees, as the case may be.	

(Please tick the appropriate column)

signature with Date: ________________

Name of Director: __________________

ANNEXURE 2

PERFORMANCE EVALUATION FOR CHAIRPERSON TO BE EVALUATED BY THE INDEPENDENT DIRECTORS ON BELOW PARAMETERS

Name of the Chairperson being evaluated: __________________________

(Numeric Rating Scale where 5 – Excellent; 4 – Very Good; 3 – Good; 2 – Average; 1- Poor)

Evaluation Criteria	Rating
The Chairperson of the Board guides the Board in meeting as per the and requirements under the Companies Act and Listing Regulations.	
The Chairperson conducts the Board meetings in a respectful and efficient manner facilitating open and productive discussion.	
The Chairperson is available accessible to Directors. He communicates and consults with Directors between Board Meetings, if required.	
The Chairperson provides confidential and constructive feedback to Directors to help them enhance their contribution and effectiveness.	
The Chairperson is open to receive feedback and suggestions from Directors to enhance Board's and his/her own effectiveness.	
The Board Chairperson acts as an effective bridge between the Board and the Committee Chairpersons.	

(Please tick the appropriate column)

Signature with Date: ___________

Name of Director: _____________

ANNEXURE 3

CRITERIA FOR EVALUATION OF BOARD

Evaluate the following statements in relation to overall Board performance and provide a rating mechanism:

(Numeric Rating Scale where 5 – Excellent; 4 – Very Good; 3 – Good; 2 – Average; 1- Poor)

Evaluation Criteria	Rating
The Board knows and understands the Company's mission and engages in long range strategic thinking and planning.	
The Board ensures that new Board members receive a prompt, thorough orientation.	
Board meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.	
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.	
The Board recognizes its Policy-making role, and reconsiders and revises policies, as necessary.	
The Board as a whole (and Board members as individuals) evaluates its performance on an annual basis and in a meaningful way.	
The Board reviews and adopts an operating budget / business plan that is followed and monitored throughout the year.	
The Board brings discussions to a conclusion with clear direction to Management for implementation and is collegial and polite during meetings.	

(Please tick the appropriate column)

Signature with Date: _______________

Name of Director: ___________________

ANNEXURE 3A

CRITERIA FOR EVALUATION OF THE COMMITTEES

(Numeric Rating Scale where 5 – Excellent; 4 – Very Good; 3 – Good; 2 – Average; 1- Poor)

Evaluation Criteria	Rating
The Committee is comprised of the right number and type of members and is effective.	
The composition, terms of reference, roles and responsibilities of the Committee are in line with the applicable laws and are actively adhered to by the members.	
The Committee 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.	
Committee meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.	

(Please tick the appropriate column)

Signature with Date: _______________

Name of Director: __________________

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ANNEXURE 4

EVALUATION OF EACH DIRECTOR BY THE COMMITTEE

Name of the Director being evaluated: ____________________

(Numeric Rating Scale where 5 – Excellent; 4 – Very Good; 3 – Good; 2 – Average; 1- Poor)

Evaluation Criteria	Rating
The Director attends the Board and Committee meetings and contributes to the discussion in a meaningful and helpful way, listening to others and making their points concisely.	
The Director prepares adequately for the meetings, is succinct, to the point and contributes effectively to the deliberations	
The Director understands their fiduciary duties and acts for the benefit of all members.	
The Director understands and keeps abreast with the external operating environment of the Company.	
The Director makes efforts to be educated on the aspects of the business of the Company that they do not understand.	
The Director is adequately well-versed on Company’s business.	
The Director works with the other Board members as a team, striving for consensus when it is called for.	
The Director works with the other Directors in a way that creates an atmosphere of trust and cooperation.	
The Director communicates governance and ethical problems to the Chairman of the Committee / Board.	
The Director understands the Company's strategic direction and critical issues and prompts as well as contributes to the board discussion on strategic issues.	
The Director seeks opportunities for self-development and is open to feedback as well as takes action to rectify	

(Please tick the appropriate column)

Signature with Date: ______________

Name of Director: _________________