



 Angel Broking Limited

(Formerly known as Angel Broking Private Limited)

# **BOARD EVALUATION**

# **POLICY**

# **ANGEL BROKING LIMITED**

**(formerly Angel Broking Private Limited)**



Drafted by	Reviewed by	Recommended by	Approved by	Date of applicability	Version	Review
Naheed Patel (Company Secretary)	Vineet Agrawal Chief Financial Officer  Subhash Menon (Chief Human Resource Officer)	Nomination and Renumeration Committee	Board of Directors	22 <sup>nd</sup> May, 2019	Version 1	As prescribed by the Board of Directors



## **BOARD EVALUATION POLICY**

### **Background:**

Angel Broking Limited (formerly known as Angel Broking Private Limited) ("ABL/Company") conducts its operations under the overall direction of the Board of Directors ("Board") within the framework, powers and procedures laid down by various statutes including the Companies Act, 2013 ("the Act"); the Articles of Association, Code of Conduct and Policies formulated by the Company for its internal execution.

The Board of the Company has basis the recommendation of the Nomination and Remuneration Committee ("NRC"), adopted this Board Evaluation Policy ("Policy") to comply with the provisions of the Act. The Act mandates certain categories of companies to have in place a Performance Evaluation Mechanism of the Board and the Directors.

The Company recognizes and embraces that 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.

This Policy aims at establishing a procedure for the Board to conduct periodic evaluation of its own performance and of its committees and individual directors. Hence it is important that every individual Board Member effectively contributes in the Board deliberations.

### **Identification of persons to act as Directors**

The NRC, while recommending the appointment of Directors may consider the desirable qualifications which may amongst other things include professional qualifications, skills sets, industry experience, background, value addition to the Company and the criteria of independence as prescribed under the Companies Act, 2013. The Policy on remuneration to Directors shall consider the requirements as specified in the Companies Act, 2013.

### **Performance Evaluation**

#### **Board:**

The Board shall carry out the annual evaluation process of its own performance as envisaged in the Companies Act, 2013 and the Individual Directors (excluding the Director being evaluated). The criteria to evaluate encompasses three broad factors namely i) contribution ii) counseling and iii) controlling.



The Board performance evaluation shall:-

- review the role of the Board and the Individual Directors;
- assess the Board effectiveness – both the Board as a whole and Individual Director's contribution to general discussions, business proposals and governance practices;
- evaluate the quality of the discussions at Board meetings, the adequacy of the reports and information they receive, the level of interpersonal cohesion amongst the Board members;
- evaluate its effectiveness in use of time, opportunity to adequately assess the management performance, keeping abreast of developments in the business and regulatory environment, frequency and duration of the meetings.
- factor the suggestions received from Directors for change/improvisation.
- assess the duties are discharged in accordance with provisions of the Act.

### **Chairperson**

The performance of the Chairperson be evaluated, amongst other things, on the basis of leadership qualities, strategic thinking, decision making, business acumen, contribution to resolution of divergent views, time commitment, interaction with management, relationships and communications with the stakeholders.

### **Managing Director and Executive Directors/ Whole Time Director:**

The performance of Managing Director/Executive Director/Whole Time Director shall be first reviewed by the Chairperson and recommendation be made to the Nomination and Remuneration Committee.

Some of the parameters for evaluation that can be considered are:

- to assess the overall contribution to the performance of the Company in terms of the tasks handled.
- leadership qualities
- conduct of Meetings, in the absence of the Chairperson, if the need arises
- contribution to strategic plans
- decision making abilities, relationship with stakeholders.



### **Committees of the Board:**

This Policy is to ensure that the Committees, to whom the Board has delegated responsibilities, are performing efficiently and effectively in accordance with the terms of reference set out in their charter. This encompasses the necessity of establishing any Committee and reviewing the Charter of the Committee from time to time.

### **Non-Executive Directors:**

The performance of Non-Executive Director be evaluated, amongst other things, on the basis of strategic thinking, business acumen, teamwork, contribution to resolution of divergent views, proactive participation, and time commitment. The performance of the Individual Director's will also be assessed on handling the conflict of interest/situation, if any.

### **Independent Directors**

The performance evaluation of Non-Executive Independent Directors ("NEID") shall be done by the entire Board of Directors, excluding the director being evaluated.

Independent directors have key roles to perform namely in the areas of governance, guiding in strategy formulation, ensuring statutory compliances and such other key matters which could be of importance to the Company.

Some of the performance indicators on which the Independent Directors may be evaluated are:-

- contributing and monitoring of Corporate Governance practices.
- attendance at Board, Committee Meetings of the Company, etc.
- making aware of international best practices for improvisement.
- active participation in strategic planning.
- commitment to the fulfillment of duties and fiduciary responsibilities as enshrined in various statutes and charter of Committees.
- not allowing any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.



- refraining from any action that would lead to loss of his independence.
- maintain confidentiality of information provided, unless such disclosure is expressly required by law.

#### **EXTERNAL CONSULTANTS:**

The Board may engage independent external consultants periodically to provide advice and assistance in the evaluation process.

#### **REVIEW OF POLICY:**

The NRC has a right to review and 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 Nomination and Remuneration Committee.

#### **DISCLOSURE:**

ABL will disclose details of its Board Performance Evaluation processes in its Board's Report and the key features of this Policy would also be included in the corporate governance statement contained in the annual report of the Company. The Policy will be available in the public domain i.e. on the website of the Company.



## Annexure I BOARD

This questionnaire has been designed to enable the assessment of the Board by all members of the Board. Every question would need to be evaluated on a 5 point scale as given below.

### Rating Scale

1. Outstanding,
2. Exceeds Expectation,
3. Meets Expectation,
4. Needs Improvement,
5. Poor

Particulars	Assessment
<b>Board Composition &amp; Quality</b>	
The Board as a whole has directors with a proper mix of competencies to conduct its affairs effectively	
Board as a whole has directors with enough experience to conduct its affairs effectively	
Board as a whole has directors with a proper mix of qualifications to conduct its affairs effectively	
There is sufficient diversity in the Board (Gender/background/competence/experience)	
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	
All the independent directors are independent in true letter and spirit i.e. whether the independent Director has given declaration of independence and they exercise their own judgement, voice their concerns and act freely from any conflicts of interests.	
Board members demonstrate highest level of integrity (including maintaining confidentiality and identifying, disclosing and managing conflicts of interests).	
The Board members spend sufficient time in understanding the vision, mission of the company and strategic and business plans, financial reporting risks and related internal controls and provides critical oversight on	



the same.	
The Board understands the legal requirements and obligations under which they act as a Board; i.e. bylaws, corporate governance manual etc. and discharge their functions accordingly.	
The Board has set its goals and measures its performance against them on annual basis	
The Board understands the line between oversight and management.	
The board monitors compliances with corporate governance regulations and guidelines.	
The Board has the proper number of committees as required by legislation and guidelines, with well-defined terms of reference and reporting requirements.	
<b>Board Meetings and Procedures</b>	
The Annual Calendar of Board meetings is communicated well in advance and reviewed from time to time.	
The Board meeting agenda and related background papers are concise and provide information of appropriate quality and detail.	
The information is received by board members sufficiently in advance for proper consideration.	
Adequacy of attendance and participation by the board members at the board meetings.	
Frequency of Board Meetings is adequate	
The facility for video conferencing for conducting meetings is robust.	
Location of Board Meeting (As a good governance practice the Board meeting should be held at different places).	
The Board meetings encourage a high quality of discussions and decision making.	
Openness to ideas and ability to challenge the practices and throwing up new ideas.	
The amount of time spent on discussions on strategic and general issues is sufficient.	
How effectively does the Board works collectively as a team in the best interest of the company?	
The minutes of Board meetings are clear, accurate, consistent, complete and timely.	
The actions arising from board meetings are properly followed up and reviewed in subsequent board meetings.	
The processes are in place for ensuring that the board is kept fully informed on all material matters between meetings (including appropriate external information eg. emerging risks and material regulatory changes).	



Adequacy of the separate meetings of independent directors.	
Appropriateness of secretarial support made available to the Board.	
The Board members understand the terms and conditions of D & O insurance.	
All proceedings and resolutions of the Board are recorded accurately, adequately and on a timely basis.	
<b>Board Development</b>	
Appropriateness of the induction programme given to the new board members.	
Timeliness and appropriateness of ongoing development programmes to enhance skills of its members	
Appropriate development opportunities are encouraged and communicated well in time	
<b>Board Strategy and Risk Management</b>	
The time spent on issues relating to the strategic direction and not day-to- day management responsibilities	
Engaging with management in the strategic planning process, including corporate goals, objectives and overall operating and financial plans to achieve them.	
The Board has developed a strategic plan / policies and the same would meet the future requirement of the Company.	
The Board has sufficient understanding of the risk attached with the business structure and the Board uses appropriate risk management framework and whether board reviewed and understood the risks provided in the internal audit report and the management is taken sufficient steps to mitigate the risk.	
The Board evaluates the strategic plan/ policies periodically to assess the Company's performance, considers new opportunities and responds to unanticipated external developments.	
Monitoring the implementation of the long term strategic goals.	
Monitoring the company's internal controls and compliance with applicable laws and regulations.	
The adequacy of Board contingency plans for addressing and dealing with crisis situations.	
The Board focuses its attention on long-term policy issues rather than short- term administrative matters.	
The Board discusses thoroughly the annual budget of the Company and its implications before approving it.	
The Board periodically reviews the actual result of the Company vis-à-vis the plan/ policies devised earlier and	



suggests corrective measures, if required.	
<b>Board and Management Relations</b>	
The Board sets the overall tone and direction of the Company.	
The Board has approved comprehensive policies and procedures for smooth conduct of all material activities by Company.	
The Board has a range of appropriate performance indicators that are used to monitor the performance of management.	
The Board is well informed on all issues (short and long-term) being faced by the Company.	
The Board adequately reviews proposed departures from the long-and short- term business plans of the Company before they take place.	
<b>Succession Planning</b>	
The Board has a succession plan for the Chairperson and the Chief Executive Officer / Managing Director.	
The Board reviews the existing succession plan and if appropriate, make necessary changes by taking into account the current conditions.	

**Note 1:** Additional Comments and Suggestions, if any, to be written separately and attached to this questionnaire.

Name of Director: .....

Signature:.....

Date : .....

If Externally facilitated,

Comments of evaluator:



## Annexure II

### Chairperson

This questionnaire has been designed to enable the assessment of the Chairperson by all members of the Board, saving the Chairperson. Every question would need to be evaluated on a 5 point scale as given below.

#### **Rating Scale**

1. Outstanding,
2. Exceeds Expectation,
3. Meets Expectation,
4. Needs Improvement,
5. Poor

<b>Particulars</b>	<b>Assessment</b>
The Chairperson has sufficient understanding and knowledge of the entity and the sector/ industry in which it operates	
The Chairperson is able to function as an effective team-member	
The Chairperson actively takes initiative with respect to various areas	
The Chairperson is available for meetings of the Board and the Board Committees he/she is a member in and attends the meeting regularly and timely, without delay.	
The Chairperson is adequately committed to the Board and the entity	
The Chairperson demonstrates high ethical standards.	
The Chairperson has sound business judgement	
The Chairperson contributed effectively to the entity and in the Board meetings	
The Chairperson demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)	
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	
The Chairperson is impartial in conducting discussions, seeking views and dealing with dissent, etc.	
The Chairperson is sufficiently committed to the Board and its meetings.	



The Chairperson is able to keep shareholders' interest in mind during discussions and decisions.	
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	
The Chairperson is impartial in conducting discussions, seeking views and dealing with dissent, etc.	
The Chairperson is sufficiently committed to the Board and its meetings.	
The Chairperson is able to keep shareholders' interest in mind during discussions and decisions	

**Note 1:** Additional Comments and Suggestions, if any, to be written separately and attached to this questionnaire.

Name of Director: .....

Signature:.....

Date : .....

If Externally facilitated,

Comments of evaluator:



### Annexure III

#### Individual Director (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.

#### **Rating Scale**

1. Outstanding,
2. Exceeds Expectation,
3. Meets Expectation,
4. Needs Improvement,
5. Poor

*(Name of the Director)*

<b>Particulars</b>	<b>Assessment</b>
Availability and commitment to attend meetings and to the necessary advance preparation.	
Try to focus on the impact on the Strategic Directions of the Board rather than on administrative or operational matters.	
Listen carefully and is open to considering other points of view.	
Maintain confidentiality regarding sensitive information discussed at Board and committee meetings	
Encourage other Board members to express their opinions	
Voice concerns, raise questions and seek clarification in order to make decisions in the best interests of the Company.	
Do not contribute to unproductive debate or actions.	
Contribute skills and perspective and make a valuable contribution to the functioning of the Board.	
Possesses a depth of knowledge and keen understanding of the Company, business trends & consumer markets in which the Company operates.	
Capable communicator willing to ask thought-provoking questions and challenge conventional thinking relative to policy and strategy.	
Possesses unquestionable integrity and no conflicting	



business interests.	
Appropriately questions data and information presented to the board for its deliberations.	
Effectively applies his/her knowledge, experience and expertise to issues confronting the company.	
Communicates persuasively and logically; voices concerns; raises tough questions in a manner that encourages open discussion.	
Demonstrates high ethical standards and integrity	
Sound business judgement	

**Note 1:** Additional Comments and Suggestions, if any, to be written separately and attached to this questionnaire.

**Note 2:** The Independent Directors of the Company shall evaluate the non-independent director in a meeting without the attendance of the non-independent directors and the management.

Name of Director: .....

Signature:.....

Date : .....

If Externally facilitated,

Comments of evaluator:



## Annexure IV

### **Non-executive Director and Independent Director (Excluding Executive Directors 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.

#### **Rating Scale**

1. Outstanding,
2. Exceeds Expectation,
3. Meets Expectation,
4. Needs Improvement,
5. Poor

***(Name of the Director)***

<b>Particulars</b>	<b>Assessment</b>
Availability and commitment to attend meetings and to the necessary advance preparation.	
Try to focus on the impact on the Strategic Directions of the Board rather than on administrative or operational matters.	
Listen carefully and is open to considering other points of view.	
Maintain confidentiality regarding sensitive information discussed at Board and committee meetings	
Encourage other Board members to express their opinions	
Voice concerns, raise questions and seek clarification in order to make decisions in the best interests of the Company.	
Do not contribute to unproductive debate or actions.	
Contribute skills and perspective and make a valuable contribution to the functioning of the Board.	
Possesses a depth of knowledge and keen understanding of the Company, business trends & consumer markets in which the Company operates.	
Capable communicator willing to ask thought-provoking questions and challenge conventional thinking relative to policy and strategy.	
Director proactively contributes in to development of	



strategy and to risk management of the Company	
Possesses unquestionable integrity and no conflicting business interests.	
Appropriately questions data and information presented to the board for its deliberations.	
Effectively applies his/her knowledge, experience and expertise to issues confronting the company.	
Communicates persuasively and logically; voices concerns; raises tough questions in a manner that encourages open discussion.	
Demonstrates high ethical standards and integrity	
Sound business judgement	
Director acts within his authority and assists in protecting the legitimate interest of the Company, Shareholder and employees.	
Director maintains high level of confidentiality.	
Director adheres to the applicable code of conduct for independent directors	

**Note 1:** Additional Comments and Suggestions, if any, to be written separately and attached to this questionnaire.

**Note 2:** The Independent Directors of the Company shall evaluate the non-independent director in a meeting without the attendance of the non-independent directors and the management.

Name of Director: .....

Signature:.....

Date : .....

If Externally facilitated,

Comments of evaluator:



## Annexure V

### Committees of the Board

This questionnaire has been designed to enable the assessment of every Committee of the Board of Directors. Every question would need to be evaluated on a 5 point scale as given below.

#### Rating Scale

1. Outstanding,
2. Exceeds Expectation,
3. Meets Expectation,
4. Needs Improvement,
5. Poor

Name of the Committee:

Sr. No.	Parameter	Description	Rating
1	<b>Mandate and Composition</b>	The Mandate and The composition of the committee is in compliance with the legal requirement.	
2	<b>Effectiveness of the Committee</b>	The terms of reference for the committee are appropriate with clear defined roles and responsibilities.	
3	<b>Structure of the Committee and meetings</b>	The Committee has properly structured and regular meetings.	
		The frequency of such meetings is enough for the Committee to undertake its duties properly.	
		The agenda is circulated well before the meeting	
		The agenda has all the relevant information to take decisions on the matter	
		The agenda is up to date, regularly reviewed and involves major substantial decisions	
		The time allotted for the every item (especially substantive items) in the agenda of the meeting is sufficient for adequate discussions on the subject	
		The Committee is able to finish discussion and decision on all agenda items in the meetings	
		Adequate and timely inputs are taken from the committee members prior to setting of the Agenda for the meeting	
		The committee discusses every issue comprehensively and depending on the	



		importance of the subject	
		The environment of the meeting induces free-flowing free flowing discussions, healthy debate and contribution by everyone without any fear	
		The discussions generally add value to the decision making	
		The Committee tends towards groupthink and critical and dissenting suggestions are welcomed	
		All members actively participate in the Discussions	
		Overall, the Committee functions constructively as a team	
		The minutes of the Committee meeting are being recorded properly – clearly, completely, accurately and consistently	
		The minutes of the Committee are approved properly in accordance with set procedures	
		The minutes of the Committee are circulated to all the Committee members	
		All the information pertaining to the meeting are disseminated to the members timely, frequently, accurately, regularly	
		Committee is adequately informed of material matters in between meetings	
4	<b>Independence of the Committee from the Board</b>	The independence of the Committee is ensured from the Board.	
5	<b>Contribution to decisions of the Board</b>	The Committee's recommendations contribute effectively to the decisions of the Board.	

Name of Director: .....

Signature:.....

Date : .....

If Externally facilitated,

Comments of evaluator: