



# KANDAGIRI SPINNING MILLS LIMITED

Post Box No.3, Udayapatti, Salem 636 140.Ph. 0427-2244400; Fax-0427-2244422

CIN: L17111TZ1976PLC000762

E mail: [sales@kandagirimills.com](mailto:sales@kandagirimills.com); Website: [www.kandagirimills.com](http://www.kandagirimills.com)

## **PERFORMANCE EVALUATION POLICY**

### **PREAMBLE**

This Policy has been formulated in compliance with Section 178 (3) of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the SEBI Equity Listing Agreement.

### **OBJECTIVE**

The Object of this policy is to formulate the procedures and also to prescribe and lay down the criteria to evaluate the performance of the entire Board and of its Committees and individual directors of the Company.

### **DEFINITIONS**

For the purposes of this policy references to the following shall be construed as

“**Act**” means the Companies Act, 2013.

“**Board**” means Board of Directors of the Company.

“**Committee**” means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board from time to time.

“**Company**” refers to Kandagiri Spinning Mills Limited.

“**Independent Director**” shall have the meaning as defined under the Companies Act, 2013 read with relevant rules and the Clause 49 of the Listing agreement; as amended from time to time.

All terms not defined herein shall take their meaning from the Companies Act, 2013 and Listing Agreement, as amended from time to time.

### **EVALUATION PROCESS**

#### ***1. TYPES OF EVALUATION***

With regard to the compliance specified under the provisions of section 134, Section 178 and Schedule IV of the Act and clause 49 of the Equity listing agreement, the following evaluations have to be carried out:

- a. Evaluation of Board as a whole
- b. Review and evaluate the performance of the directors irrespective of the category i.e. independent or non-independent
- c. Review performance of the Chairman
- d. Review performance and effectiveness of the Committees of the Board

**Contd...2**

- e. Assess the quality, quantity and timeliness of flow of information between management and Board

## **2. EVALUATION CRITERIA**

The Nomination and Remuneration Committee has laid down the following criteria for evaluation of the Directors and the Board

### **Evaluation Criteria for Independent Directors**

- Attendance and active participation in Board, Committees and General Meetings
- Qualification, Knowledge, Skills and Expertise
- Updation of skills and knowledge
- Participation in familiarization programmes
- Independent and unbiased opinion
- Informed and balanced decision making
- Leadership qualities
- Safeguarding Stakeholders interest
- Compliance with Articles of Association, Companies Act, 2013 and other laws and regulations
- Compliance with ethical standards , Corporate governance practices and code of conduct of the Company
- Review of integrity of financial information and risk management
- Active participation in determination of remuneration of directors, KMPs and other senior management
- Reporting of frauds, violation etc
- Safeguard of confidential information
- Information about the Company and the external environment in which it operates
- Reviewing vigil mechanism and safeguarding interest of whistle blowers
- Effective participation in the deliberations of related party transactions
- Seek expert opinion if required
- Moderates and arbitrates conflicts of interest between Stakeholder and Management in the interest of the Company as a whole.

### **Evaluation Criteria for non-Independent Directors**

- Attendance and active participation in Board, Committees and General Meetings
- Qualification, Knowledge, Skills and Expertise
- Updation of skills and knowledge

- Compliance with Articles of Association, Companies Act, 2013 and other laws and regulations
- Compliance with ethical standards , Corporate governance practices and code of conduct of the Company
- Leadership qualities
- Adherence to roles & Responsibilities
- Strategic Planning- both financial and business
- Stakeholder Focus
- Communication & Influence
- Quality & Capability
- Sharing of Knowledge and providing feedback
- Drive and Commitment
- Problem Solving
- Performance Improvement
- Financial & Risk Awareness
- Safeguard of confidential information
- Personnel Management

**Evaluation Criteria for Board Committees**

The Board has constituted the following Committees

1. Audit Committee
2. Stakeholder Relationship Committee
3. Nomination and remuneration Committee
4. Corporate Social Responsibility Committee
5. Share Transfer Committee and
6. Finance Committee

For evaluating the above Committees, the following criteria had been laid down

- Defined set of objectives and its achievements
- Compliance with Articles of Association, Companies Act, 2013 and other laws and regulations
- Compliance with ethical standards , Corporate governance practices and code of conduct of the Company
- Fulfillment of roles & Responsibilities
- Coordination with other Committees and board of Directors

- Adherence to Company's Policies and Procedures
- Effective conduct of meetings
- Qualification, Knowledge, Skills and Expertise and Contribution of Committee members

**Evaluation Criteria for Chairman**

- Attendance and active participation in Board, Committees and General Meetings
- Qualification, Knowledge, Skills and Expertise
- Updation of skills and knowledge
- Leadership Qualities
- Effectiveness in resolving conflicts of interest, queries and grievances
- Coordination with the other board members
- Informed and balanced decision making
- Unbiased behaviour
- Compliance with Articles of Association, Companies Act, 2013 and other laws and regulations
- Compliance with ethical standards , Corporate governance practices and code of conduct of the Company

**Evaluation Criteria for the Board**

- Qualification, Knowledge, Skills and Expertise of the Board Members
- Diversity of the Board
- Proper Conduct of the Meetings
- Defined set of objectives and its achievements
- Compliance with Articles of Association, Companies Act, 2013 and other laws and regulations
- Compliance with ethical standards , Corporate governance practices and code of conduct of the Company
- Fulfillment of roles & Responsibilities
- Seek expert opinion if required
- Risk Management
- Performance Evaluation
- Adherence to Internal Control, audit Functions and Reporting
- Coordination

### 3. **PERFORMANCE EVALUATION**

- The Nomination and Remuneration Committee shall evaluate the performance of every director based on the criteria specified above.
- Based on the evaluation carried out by the Nomination and Remuneration Committee for each director and the pre-set criteria for Committees as mentioned above, the overall effectiveness of the Board, directors and its Committees shall be measured and accordingly, appropriate steps shall be taken by the Board in conformity with the requirements of the Act and the rules and schedules framed thereunder and provisions of listing agreement.
- Independent Directors shall evaluate the performance of non- Independent directors and board as a whole. The Independent Directors of the Company shall hold atleast one meeting in a year to review the performance of the non-independent directors, chairman of the Company and board as a whole, taking into account the views of the executive and non- executive directors.
- Evaluation of the Independent directors shall be carried out by the Board without the presence of the Director being evaluated and accordingly, appropriate steps shall be taken by the Board in conformity with the requirements of the Act and the rules and schedules framed thereunder and provisions of listing agreement.

#### **REVIEW OF THE POLICY**

This Policy shall be reviewed by the Nomination and Remuneration Committee and any changes or amendments made to the policy by the Committee due to changes in the applicable law or any other reasons felt appropriate by the Committee would be placed before the Board for approval.

#### **DISCLOSURE**

The Evaluation criteria and the manner in which the formal performance evaluation has been done by the Board of its own performance and that of its committees and individual directors will be disclosed in the Board Report as per the Compliance requirement under the provisions of Companies Act, 2013 and the relevant rules framed thereunder and listing agreement.

**Date : 28<sup>th</sup> May, 2015**

**Place : Salem**

**By order of the Board  
Kandagiri Spinning Mills Limited**

