



## **DESCO INFRATECH LIMITED**

(Formerly known as Desco Infratech Private Limited)

(U45201GJ2011PLC063710)

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# **PERFORMANCE EVALUATION POLICY**

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The **DESCO INFRATECH LIMITED** ("The Company") conducts its operations as per the directions provided by the Board of Directors within the framework laid down by the Companies Act, 2013 ("the Act"), the Articles of Association, Securities and Exchange Board of India (Listing obligations and Disclosure requirement) Regulations, 2015, Listing Agreement with stock exchanges and Code of Conduct and policies formulated by the Company for its internal execution. The Company's Board of Directors are dedicated to act in good faith; exercise their judgment on an informed basis, in the best interest of the company and its stakeholders.

## **INTRODUCTION**

As one of the most important functions of the Board of Directors is to oversee the functioning of company's top management, this policy aims at establishing a procedure for conducting periodical evaluation of director's performance and formulating the criteria for determining qualification, positive attribute and independence of each and every director of the company in order to effectively determine issues relating to remuneration of every director, key managerial personnel and other employees of the company. This policy further aims at ensuring that the committees to which the Board of Directors has delegated specific responsibilities are performing efficiently in conformity with the prescribed functions and duties. In addition, the Nomination and Remuneration Committee shall carry out the evaluation of performance of every director in accordance with the criteria laid down.

## **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 of the Company.

## **RESPONSIBILITY**

### **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 director's and committee's 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 analyze 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. Also, the requirement of establishing any new committees shall be reviewed by the Board on an annual basis
- Review the various strategies of the company and accordingly set the performance objectives for directors.
- Ensure that adequate disclosure is made with regard to performance evaluation in the Board's Report.

### **Responsibility of the Nomination & Remuneration Committee**

It shall evaluate the performance of individual Directors of the Company as per its terms of the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of section 178 of the Companies Act, 2013

### **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.

The independent directors at their separate meeting shall

- A. Review the performance of non-independent directors and the board as a whole,
- B. Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- C. 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 their duties

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

### **EVALUATION CRITERIA**

The Board of Directors shall pay regards to the following parameters for the purpose of evaluating the performance of a particular director. In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect

of performance of Board itself, and individual directors. Such evaluation factors may vary in accordance with their respective functions and duties. Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director being evaluated.

Appraisal of each Director of the Company shall be based on the criteria as mentioned herein below.

#### **Rating Scale:**

| <b>Performance</b> | <b>Rating</b> |
|--------------------|---------------|
| Excellent          | 4             |
| Very Good          | 3             |
| Good               | 2             |
| Satisfactory       | 1             |
| Not Satisfactory   | 0             |

#### **Evaluation of Independent Directors**

While evaluating the performance of Independent Directors following points needs to be considered.

**Name of the Director being assessed:** \_\_\_\_\_

| <b>Sr. No.</b> | <b>Assessment Criteria</b>                                                                                           | <b>Rating</b> | <b>Remarks/<br/>Comments</b> |
|----------------|----------------------------------------------------------------------------------------------------------------------|---------------|------------------------------|
| 1.             | Attendance and participations in the meetings                                                                        |               |                              |
| 2.             | Raising of concerns to the Board                                                                                     |               |                              |
| 3.             | Safeguard of confidential information                                                                                |               |                              |
| 4.             | Rendering independent, unbiased opinion and resolution of issues at meetings.                                        |               |                              |
| 5.             | Initiative in terms of new ideas and planning for the Company.                                                       |               |                              |
| 6.             | Safeguarding interest of whistle-blowers under vigil mechanism.                                                      |               |                              |
| 7.             | Directors proactively contributes in to development of strategy and to risk management of the Company.               |               |                              |
| 8.             | Director's contributions at Board / Committee meetings are of high quality and innovative.                           |               |                              |
| 9.             | Director understands governance, regulatory, financial, fiduciary and ethical requirements of the Board / Committee. |               |                              |

### **Evaluation of Non-Independent Directors/ Executive Directors**

While evaluating the performance of Non-Independent Directors/ Executive Directors following points needs to be considered:

**Name of the Director being assessed:** \_\_\_\_\_

| <b>Sr. No.</b> | <b>Assessment criteria</b>                                                                                                                                                                           | <b>Rating</b> | <b>Remarks/ Comments</b> |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------|
| 1.             | Leadership initiative                                                                                                                                                                                |               |                          |
| 2.             | Initiative in terms of new ideas and planning for the Company                                                                                                                                        |               |                          |
| 3.             | Professional skills, problem solving and decision making                                                                                                                                             |               |                          |
| 4.             | Compliance with policies of the Company, ethics, Code of Conduct, Good Governance etc.                                                                                                               |               |                          |
| 5.             | The ED has effectively monitored and evaluated financial planning, budget and administrative operations.                                                                                             |               |                          |
| 6.             | Safeguarding of interest of whistle blowers under vigil mechanism.                                                                                                                                   |               |                          |
| 7.             | Regularly demonstration of creativity and initiative in creating new products and services.                                                                                                          |               |                          |
| 8.             | The ED has built strong working relationships with Board members and has worked closely and cooperatively with the board in developing the mission, and short, medium and long-term strategic plans. |               |                          |

### **Evaluation of Board of Directors**

While evaluating the Performance of the Board of Directors as a whole, following points needs to be considered:

| <b>Sr. No.</b> | <b>Assessment criteria</b>                                                                                                                               | <b>Rating</b> | <b>Remarks/ Comments</b> |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------|
| 1.             | The Board of Directors of the company is effective in decision making.                                                                                   |               |                          |
| 2.             | The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities. |               |                          |
| 3.             | The Company's systems of control are effective for identifying material risks and reporting material violations of policies and law.                     |               |                          |
| 4.             | The Board reviews the organization's performance in carrying out the stated mission on a regular basis.                                                  |               |                          |

|     |                                                                                                                                                                                         |  |  |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| 5.  | The Board of Directors is effective in providing necessary advice and suggestions to the company's management.                                                                          |  |  |
| 6.  | Is the board as a whole up to date with latest developments in the regulatory environment and the market?                                                                               |  |  |
| 7.  | The information provided to directors prior to Board meetings meets your expectations in terms of length and level of detail.                                                           |  |  |
| 8.  | Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.                                                 |  |  |
| 9.  | The Board Chairman effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the board.                                              |  |  |
| 10. | The Board appropriately considers internal audit reports, management's responses, and steps towards improvement.                                                                        |  |  |
| 11. | The Board oversees the role of the independent auditor from selection to termination and has an effective process to evaluate the independent auditor's qualifications and performance. |  |  |
| 12. | The board considers the independent audit plan and provides recommendations.                                                                                                            |  |  |

### **Evaluation of Chairman**

While evaluating the performance of Chairman following points shall be kept in mind:

| <b>Sr. No.</b> | <b>Assessment criteria</b>                                                                                    | <b>Rating</b> | <b>Remarks/ Comments</b> |
|----------------|---------------------------------------------------------------------------------------------------------------|---------------|--------------------------|
|                | <b>Managing Relationships</b>                                                                                 |               |                          |
| 1.             | The Chairperson actively manages shareholder, board, management and employee relationships and interests      |               |                          |
| 2.             | The Chairperson meets with potential providers of equity and debt capital, if required.                       |               |                          |
| 3.             | The Chairperson manages meetings effectively and promotes a sense of participation in all the Board meetings. |               |                          |
|                | <b>Leadership</b>                                                                                             |               |                          |
| 4.             | The Chairperson is an effective leader.                                                                       |               |                          |
| 5.             | The Chairperson promotes effective participation of all Board members in the decision-making process.         |               |                          |

|    |                                                                            |  |  |
|----|----------------------------------------------------------------------------|--|--|
| 6. | The Chairperson promotes the positive image of the Company.                |  |  |
| 7. | The Chairperson promotes continuing training and development of directors. |  |  |

### **Evaluation of Key Management Personnel and Senior Executives**

While evaluating the performance of Key Management Personnel and Senior Executives following points shall be kept in mind:

| <b>Sr. No.</b> | <b>Assessment criteria</b>                                                               | <b>Rating</b> | <b>Remarks/ Comments</b> |
|----------------|------------------------------------------------------------------------------------------|---------------|--------------------------|
| 1.             | Abidance and behavior in accordance with ethical standards & code of conduct of Company. |               |                          |
| 2.             | Interpersonal and communication skills                                                   |               |                          |
| 3.             | Team work attributes                                                                     |               |                          |
| 4.             | Safeguard of confidential information                                                    |               |                          |
| 5.             | Compliance with policies of the Company, ethics, code of conduct, etc.                   |               |                          |

### **Evaluation of Committees of the Board**

The Board has constituted the following committees:

1. Audit Committee;
2. Nomination and Remuneration Committee; and
3. Stakeholders Relationship Committee

For evaluating the performance of each Committee, the Board of Directors shall pay regards to the following aspects as set out in the annexure below:

| <b>Sr. No.</b> | <b>Assessment criteria for Committee</b>                                                                  | <b>Rating</b> | <b>Remarks/ Comments</b> |
|----------------|-----------------------------------------------------------------------------------------------------------|---------------|--------------------------|
|                | <b>Function and Duties</b>                                                                                |               |                          |
| 1.             | The Committee of the Board are appropriately constituted.                                                 |               |                          |
| 2.             | The terms of reference for the committee are appropriate with clearly defined roles and responsibilities. |               |                          |
| 3.             | Observing Committees terms of reference                                                                   |               |                          |
| 4.             | The composition of the committee is in compliance with the legal requirement.                             |               |                          |
| 5.             | The amount of responsibility delegated by the Board to each of the committees is appropriate.             |               |                          |

|     |                                                                                                                              |  |  |
|-----|------------------------------------------------------------------------------------------------------------------------------|--|--|
| 6.  | The reporting by each of the Committees to the Board is sufficient.                                                          |  |  |
| 7.  | The performance of each of the Committees is assessed annually against the set goals of the committee.                       |  |  |
| 8.  | Whether the terms of reference are adequate to serve committee's purpose?                                                    |  |  |
| 9.  | The committee regularly reviews its mandate and performance.                                                                 |  |  |
| 10. | Committee takes effective and proactive measures to perform its functions.                                                   |  |  |
|     | <b>Management Relations</b>                                                                                                  |  |  |
| 11. | Committee gives effective suggestion and recommendation.                                                                     |  |  |
| 12. | Committee meetings are conducted in a manner that encourages open communication and meaningful participation of its members. |  |  |
|     | <b>Committee Meetings and Procedures</b>                                                                                     |  |  |
| 13. | Committee meetings have been organized properly and appropriate procedures were followed in this regard?                     |  |  |
| 14. | The frequency of the Committee meetings is adequate.                                                                         |  |  |
| 15. | Committee makes periodically reporting to the Board along with its suggestions and recommendations.                          |  |  |

## POLICY REVIEW

Subject to the approval of Board of Directors, the "Nomination and Remuneration Committee" reserves the 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 at a meeting of the Nomination and Remuneration Committee.

## DISCLOSURE

In accordance with the requirement under the Companies Act, 2013, Rules framed thereunder and SEBI (LODR) Regulations, 2015, disclosures will be made in the Board Report regarding the manner in which the performance evaluation has been done by the Board of Directors of its own performance, performance of various Committees of Board and individual Directors. 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 Policy has been made available on Company's official website and The Company shall disclose the evaluation criteria in its Annual Report.

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(This Policy is approved by the Board of Directors at its meeting held on September 26, 2024)