

***MODEL CRITERIA FOR  
PERFORMANCE EVALUATION OF  
BOARD & ITS COMMITTEE &  
DIRECTORS***

***{AMENDING THE CRITERIA DATED 12<sup>th</sup> AUGUST, 2014}***

## **BACKGROUND**

Ansal Properties & Infrastructure Limited {including its subsidiaries, affiliates, associate(s), joint venture(s), group company (ies)} (hereinafter referred as the 'Company' ) believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior and in complete compliance of laws, as amended from time to time.

## ***BRIEF OVERVIEW OF THE LAW***

### ***SECURITIES AND EXCHANGE BOARD OF INDIA {Listing Obligations and Disclosure Requirements} Regulations 2015***

1. One of the key functions of the Board is to monitor and review Board Evaluation framework.
2. Performance evaluation of Independent Directors is stipulated.
3. The Nomination & Remuneration Committee shall lay down the evaluation criteria of the Independent Director and evaluation shall be done by the entire Board of Directors (excluding the director being evaluated).
4. The Criteria shall be disclosed in the Annual Report.
5. 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. The independent directors shall hold at least one meeting in a year wherein interalia-
  - (a) they shall review the performance of non-independent directors and the board of directors as a whole;
  - (b) review the performance of the chairperson 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 management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

## ***GUIDANCE NOTE OF SEBI***

Vide its Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 5, 2017 SEBI has stipulated a Guidance Note in order to guide listed entities by

elaborating various aspects of Board evaluation that may help them to improve the evaluation process, derive the best possible benefit and achieve the objective of the entire process. The purpose is to educate the listed entities and their Board of Directors about various aspects involved in the Board Evaluation process and improve their overall performance as well as corporate governance standards to benefit all stakeholders. This would serve as a guide for listed entities and may be adopted by them as considered appropriate. Anything mentioned in the Guidance Note shall not be construed as interpretation of provisions of SEBI LODR or any other law.

### ***Companies Act 2013 and its Rules***

1. In the Board's Report a statement has to be given indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors [Section 134 & Companies {Accounts} Rules 2014].
2. The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance {Section 178 & Companies [Meetings of Board and its Powers] Rules 2014}}
3. The performance evaluation of independent directors {as defined in these provisions} shall be done by the entire Board of Directors, excluding the director being evaluated. 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 {Section 149 - Schedule IV & Companies [Appointment and Qualification of Directors] Rules 2014 }
4. Code for Independent Directors has been laid down. {Section 149 - Schedule IV}
5. The independent directors shall hold at least one meeting in a year wherein inter-alia- (a) they shall review the performance of non-independent directors and the board of directors as a whole; (b) review the performance of the chairperson 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 management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

## **INDIVIDUAL DIRECTOR EVALUATION & OVERALL BOARD EVALUATION PROCESS**

The criteria are based for assessment of peer directors and assessment of the overall performance of the Board.

**EACH DIRECTOR** has to complete a evaluation sheet by giving the appropriate rating number related to each of the criteria mentioned below that most closely reflects:-

1. performance of individual peer directors, and
2. overall performance of the Board and its various Committee(s).
3. Evaluation of Independent Directors by all directors

For each of the criteria, rating number ranges between 1 and 5 as follows:-

**01- indicating minimum positive.**

**05- indicating maximum positive.**

**00- indicating where the particular criterion is not applicable or Director does not have enough knowledge or information.**

Separate sheet would be provided to each director for evaluation.

The ratings will be compiled and placed before the Board for discussions and evaluation.

The evaluation exercise is to be completed within a time frame.

### **RATING CRITERIA {Ratings from 1-5}**

#### ***INDIVIDUAL PEER REVIEW {By all directors}***

- ❖ Whether the Directors uphold ethical standards of honesty and virtue?
- ❖ Whether the Directors have appropriate qualifications to meet the objectives of the Company?
- ❖ Whether they have financial/accounting or business literacy/skills?
- ❖ Whether they have real estate industry knowledge?
- ❖ How actively and successfully do they refresh their knowledge and skill & are they up-to-date with the latest developments in areas such as the corporate governance framework and financial reporting and in the real estate industry and market conditions?
- ❖ How well prepared and well informed are they for Board/Committee meetings?

- ❖ Do they show willingness to spend time and effort learning about the Company and its business?
- ❖ Is the attendance of Directors at Board /Committee meetings satisfactory?
- ❖ Do they actively participate in the Board /Committee meetings?
- ❖ Can they present their views convincingly, yet diplomatically?
- ❖ Do they listen to the views of others?
- ❖ How cordial are their relationships with other Board/Committee members and Senior Management?
- ❖ What have been the quality and value of Director's contributions at Board/Committee meetings?
- ❖ What has been their contribution to the development of strategy and risk management and how successfully they have brought their knowledge and experience to bear in the consideration of these areas?
- ❖ Where necessary, how resolute are they in holding to their views and resisting pressure from others?
- ❖ How effectively have they followed up matters about which they have expressed concern?
- ❖ How well do they communicate with other Board/Committee members, senior management and others?

**BOARD/COMMITTEE EVALUATION {By all directors} :-**

- ❖ Whether Board / Committee have diversity of experiences, backgrounds & appropriate composition?
- ❖ Whether Board / Committee monitor compliance with corporate governance, laws, regulations and guidelines?
- ❖ Whether Board / Committee demonstrate integrity, credibility, trustworthiness, an ability to handle conflict constructively, and the willingness to address issues proactively?
- ❖ Whether Board / Committee dedicate appropriate time and resources needed to execute their responsibilities?
- ❖ Whether Agenda and related information are circulated in advance of Board / Committee meetings to allow Directors sufficient time to study and understand the information?
- ❖ Whether written materials provided to Board / Committee members are relevant and concise?
- ❖ Whether the Chairman encourages inputs on agenda of Board / Committee meetings from their members, management, the internal auditors, and the independent auditor?
- ❖ Whether meetings of Board / Committee are conducted effectively, with sufficient time spent on significant matters?
- ❖ How well does management respond to request from the Board/ Committee for clarification or additional information?
- ❖ Whether proper minutes are maintained of each meeting of Board / Committee?

- ❖ Whether Board / Committee meetings are held with enough frequency to fulfill the Board's /Committee's duties?
- ❖ Whether Board / Committee {as required} consider the quality and appropriateness of financial/ accounting and reporting, including the transparency of disclosures?
- ❖ Whether Board / Committee consider the statutory audit plan and provide recommendations?
- ❖ Whether Board / Committee ensure that management takes action to achieve resolution when there are repeat comments from statutory auditors?
- ❖ Whether adjustments to the financial statements that resulted from the statutory audit are reviewed by the Audit Committee, regardless of whether they were recorded by management?
- ❖ Whether Board / Committee oversee the role of the statutory auditors and have an effective process to evaluate the auditor's qualifications and performance?
- ❖ Whether Board / Committee review the audit fees paid to the statutory auditors?
- ❖ Whether Board / Committee consider internal audit reports, management's responses, and steps toward improvement?
- ❖ Whether Board / Committee oversee the process and are notified of communications received from governmental or regulatory agencies related to alleged violations or areas of non-compliance?
- ❖ Whether the contributions of the Board / Committee to ensuring robust and effective risk management are adequate?

### **EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS**

***Each Independent director shall be evaluated by all other directors of the Board BUT not by HIM/HER.***

Rating Criteria for **PEER REVIEW** {By all Directors} as stated hereinabove shall also apply to Independent directors to the extent there is no overlapping with the Rating Criteria of Independent Directors as stated hereinafter.

Whether Independent director/s {ID} follow/s Professional Conduct, carry out their Roles and Functions and Duties as required in section 149 and Schedule IV of the Companies Act 2013 & given herein below?

#### ***Evaluation based on professional conduct***

- ❖ Whether ID upholds ethical standards of integrity and probity?
- ❖ Whether ID acts objectively and constructively while exercising their duties?
- ❖ Whether ID exercises his/her responsibilities in a *bona fide* manner in the interest of the Company?

- ❖ Whether ID devotes sufficient time and attention to his/her professional obligations for informed and balanced decision making?
- ❖ Whether ID not allow any extraneous considerations that will vitiate his/her 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?
- ❖ Whether ID does not abuse his/her positions to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person?
- ❖ Whether ID refrains from any action that would lead to loss of his/her independence ?
- ❖ Where circumstances arise which make an independent director lose his/her independence, whether the independent director has immediately informed the Board accordingly?
- ❖ Whether ID assists the Company in implementing the best corporate governance practices?

#### ***Evaluation based on Role and functions***

- ❖ Whether ID helps in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct?
- ❖ Whether ID brings an objective view in the evaluation of the performance of Board and management?
- ❖ Whether ID scrutinizes the performance of management in meeting agreed goals and objectives and monitor the reporting of performance?
- ❖ Whether ID satisfies himself/herself on the integrity of financial information and that financial control and the systems of risk management are robust and defensible?
- ❖ Whether ID has taken actions to safeguard the interests of all stakeholders, particularly the minority shareholders?
- ❖ Whether IDs balances the conflicting interest of the stakeholders?
- ❖ Whether ID during the Board/ Committee meetings along with other members determines appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management?
- ❖ Whether ID moderates and arbitrates in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest?

#### ***Evaluation based on Duties***

- ❖ Whether ID undertakes appropriate induction and regularly update and refresh his/her skills, knowledge and familiarity with the Company?

- ❖ Whether ID seeks appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts?
- ❖ Whether IDs strive to attend all meetings of the Board of Directors and of the Committees of which he/she is a member?
- ❖ Whether ID participates constructively and actively in the Committees of the Board in which he/she is chairperson or member?
- ❖ Whether ID strives to attend the general meetings of the Company?
- ❖ Where ID has concerns about the running of the Company or a proposed action, whether he/she ensures that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting?
- ❖ Whether ID does not unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board?
- ❖ Whether ID gives sufficient attention and ensures that adequate deliberations are held before approving related party transactions and assure himself/herself that the same are in the interest of the Company?
- ❖ Whether ID ascertains and ensures that the Company has an adequate and functional vigil mechanism and also ensures that the interests of a person who uses such mechanism are not prejudicially affected on account of such use?
- ❖ Whether ID reports concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct?
- ❖ Whether ID acts within his/her authority, assist in protecting the legitimate interests of the Company, shareholders and its employees?
- ❖ Whether ID does not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law?

### **COMPLIANCES**

1. The Nomination & Remuneration Committee of the Board has laid down the evaluation criteria of the Independent Director and evaluation shall be done by the entire Board (excluding the director being evaluated).
2. All evaluation shall be done annually.
3. Criteria and Evaluation shall be disclosed in the Annual Report of the Company.
4. On the basis of the report of performance evaluation, it shall be determined by the Nomination & Remuneration Committee & Board whether to extend or continue the term of appointment of the independent director subject to all other applicable compliances.



## **REVIEW**

The Process, the Rating criteria and the Evaluation Criteria enumerated in this Document essentially reflect the principles laid down in the aforesaid Guidance Note of SEBI. Although the said Note has no force of law at present, any change in this position in future shall require this Document to be reviewed by the Nomination & Remuneration Committee and the Board. Even otherwise this Document shall need to be reviewed by the said Committee and the Board, from time to time.

**12<sup>th</sup> August, 2017**



**Sushil Ansal**  
**Chairman & Whole Time Director**

