



# PERFORMANCE EVALUATION POLICY

Approved on: October 20, 2020  
First Revision on: October 29, 2021

**Registered Office: INDIGO Paints Limited (Formerly INDIGO Paints Pvt Ltd)**  
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## INTRODUCTION

In an endeavor to safeguard the interest of stakeholders at large, the Companies Act, 2013, as amended ("Act") provides that the board of directors ("Board") of every listed company and such other class of companies, as may be prescribed, must constitute a Nomination and Remuneration Committee that shall, inter alia, evaluate the performance of the senior management of the company regularly.

Indigo Paints Limited (the "Company") has accordingly constituted the Nomination and Remuneration Committee under Section 178 of the Act and Regulation 19 read with Part D of Schedule II, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

This policy sets out the criteria based on which the performance of every director, the Board as a whole, and committees of the Board of the Company shall be evaluated.

This policy aims at establishing a procedure for conducting periodical evaluation of directors' performance and formulating the criteria for determining qualification, positive attribute and independence of every director of the Company in order to effectively determine issues relating to performance of a director of the Company.

This Policy further aims at ensuring that the committees to which the Board of the Company has delegated specific responsibilities are performing efficiently in conformity with the prescribed functions and duties.

For this purposes, the Nomination and Remuneration Committee shall be responsible to identify the persons who are qualified to become directors and who may be appointed in the senior management of the Company and recommend to the Board their appointment and removal.

Accordingly, the Nomination and Remuneration Committee and the Board of the Company shall carry out the evaluation of performance of every director, board as a whole and committees of the Board in accordance with the criteria contained herein below.

## OBJECTIVE

This Policy aims to:

- (i) Ensure compliance of the applicable provisions of the Act and applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended relating to the evaluation of performance of the Directors and the Board.





- (ii) adopt best practices to manage the affairs of the Company in seamless manner.
- (iii) achieve good corporate governance as well as sustained long-term value creation for stakeholders.
- (iv) This policy shall be effective from 20.10.2020

## RESPONSIBILITY OF THE BOARD

It shall be the duty of the Chairperson of the Board, who shall be supported by the Company Secretary and Chief Financial Officer to organize the evaluation process and accordingly conclude the steps required to be taken in relation to this Policy. 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 shall undertake the following activities on an annual basis:

- a) The Chairperson of the Company shall meet with each and every director individually to discuss his / her performance throughout the year.
- b) Review performance evaluation reports of the various board committees submitted by the Chairperson of the Nomination and Remuneration Committee along with suggestions on improving the effectiveness of such committees. Also, the requirement of establishing any new committees shall be reviewed by the Board on an annual basis.
- c) Review the various strategies of the Company and accordingly set the performance objectives for directors, consistent with varying nature and requirements of Company's business.
- d) 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.

In conformity with the requirement of the Act, annual performance evaluation shall be made by the Board of its own performance and that of its committees and individual directors and also performance evaluation of independent directors shall be done by the entire Board of the Company, excluding the director being evaluated.





## RESPONSIBILITY OF INDEPENDENT DIRECTORS

Independent directors shall evaluate the performance of non-independent directors and the Board of the Company as a whole.

The independent directors of the Company shall hold at least one meeting in a year to review the performance of the 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.

## EVALUATION FACTORS

The Board of the Company shall consider the following parameters for the purpose of evaluating the performance of directors:

In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect of performance of independent directors, non-independent directors, and other employees of the Company and committees of directors separately, as, such evaluation factors may vary in accordance with their respective functions and duties.





| Performance Evaluation of the Board       |   |                                    |
|---|---|------------------------------------|
| Name of Director carrying the Evaluation: |   | 1 Being Lowest and 5 Being Highest |
| Criteria                                  | Question  | Ranking (between 1 to 5)           |
| Strategy                                  | Board effectively provides strategic direction to the Company.  |                                    |
| Performance Management                    | Board provides effective direction on key decisions impacting the performance of the Company.   |                                    |
| Organisation Health and Talent Management | Board effectively mentors the senior members of the Company and also monitors the succession plans of Senior Members.   |                                    |
| Financial Planning and Decisions          | Board effectively reviews the financial performance of the Company and suggests corrective actions.   |                                    |
| Business Growth and Development           | Board discusses, suggests and monitors actions to be undertaken for future growth and development of the business of the Company.   |                                    |
| Risk Management                           | Board effectively reviews the risk management framework in the Company and suggests corrective actions whenever necessary.  |                                    |
| Core Governance and Compliance            | Board strives towards adopting the best practices in governance and also monitors the completion of the statutory compliances applicable to the Company.  |                                    |
| Use of Information Technology             | Board discusses and strives to implement digital tools for various process in the company (for eg. ERP system, Compliance management, R&D etc.)   |                                    |
| Support to the Board                      | The process for setting up the Board agenda is transparent to the current needs and meeting material for the same is provided well in advance. The frequency and duration of Board meetings are adequate to ensure proper discharge of duties of the Board. |                                    |
| Overall Opinions                          | Board members freely and openly communicate their opinions on agenda matters and affairs of the Company.  |                                    |

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| Performance Evaluation of the Directors  |   |  |
|--|---|--|
| Name of Director being evaluated:<br>Name of Director carrying out the evaluation: |   | 1 Being Lowest<br>and 5 Being<br>Highest |
| Sr. No   | Question  | Ranking<br>(between 1 to<br>5)           |
| 1  | Participates in the Board Meeting actively.   |  |
| 2  | Participates in the Board Meeting consistently.   |  |
| 3  | Prepares adequately for the Board Meetings.   |  |
| 4  | Contributes to strategy and other areas impacting company's performance.  |  |
| 5  | Uses his/her experience and credibility for the growth and development of the Company.                                  |  |
| 6  | Communicates in an open and constructive manner.  |  |
| 7  | Gives fair chance to other members to contribute and participate actively in the discussions and is consensus oriented. |  |
| 8  | Helps create positive image of the Company.   |  |
| 9  | Conducts himself/herself in a manner that is ethical and consistent.  |  |

| Performance Evaluation of Committees of Board |   |  |                                       |               |                           |                                    |
|---|---|--|---------------------------------------|---------------|---------------------------|------------------------------------|
| Name of Director carrying the Evaluation:     |   | Ranking (between 1 to 5)<br>(1 Being Lowest and 5 Being Highest) |                                       |               |                           |                                    |
| Sr. No  | Particulars   | Audit Committee  | Nomination and Remuneration Committee | CSR Committee | Risk Management Committee | Stakeholder Relationship Committee |
| <b>A</b>                                      | <b>Functions and Duties</b>                               |  |                                       |               |                           |                                    |
| 1   | The Committee of the Board are appropriately constituted. |  |                                       |               |                           |                                    |
| 2   | The terms of reference for the committee are              |  |                                       |               |                           |                                    |



|          |   |  |  |  |  |  |
|----------|---|--|--|--|--|--|
|          | appropriate with clear defined roles and responsibilities.  |  |  |  |  |  |
| 3        | The reporting by each of the committee to the Board is sufficient.                                  |  |  |  |  |  |
| 4        | Committee gives effective suggestions and recommendations   |  |  |  |  |  |
| <b>B</b> | <b>Committee Meetings and Procedures</b>  |  |  |  |  |  |
| 1        | The frequency of the Committee meetings is adequate.  |  |  |  |  |  |
| 2        | Committee makes periodically reporting to the Board along with its suggestions and recommendations. |  |  |  |  |  |

#### Amendments

The of Board of Directors reserves its right to review and amend this Policy, if required, to ascertain its appropriateness as per the requirement of the Company.

#### Disclosure

In accordance with the requirement under the Companies Act, 2013, Rules made thereunder and Listing Agreement, 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 Directors and individual Directors. The Company shall disclose the evaluation criteria in its Annual Report.

