

## **AURO LABORATORIES LIMITED**

### **POLICY ON PERFORMANCE EVALUATION**

#### **Objective**

This Policy has been framed with an objective to ensure compliance of the applicable provisions of the Companies Act, 2013 (the Act) and the Listing Agreement entered into with the Stock Exchanges (as amended or re-enacted from time to time) relating to the evaluation of performance of the Directors and the Board and to ensure individual directors of the Company (“Directors”) and the Board as a whole, work efficiently and effectively in achieving their functions, for the benefit of the Company and its stakeholders.

#### **Evaluation**

As per the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Board evaluation would generally include following:

1. Evaluation of the Board as a whole
2. Evaluation of the Committees
3. Evaluation of Individual Directors
  - Managing Director / Whole time Director / Executive Director
  - Independent Directors
  - Non-executive Directors
4. Evaluation of the Chairperson

#### **Responsibility**

It shall be the duty of the Chairman of the Board, who shall be assisted by the Company Secretary of the Company 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 directors’ and committees’ effectiveness, to maximize their strength and to tackle their shortcomings.

#### **Responsibility of Board of Directors**

The Board of Directors shall undertake the following activities on an **ANNUAL** basis:

- The Chairman of the Company shall meet with each and every director individually to discuss his / her performance throughout the year.
- 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

In conformity with the requirement of the Act, the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

### **Responsibility of Independent Directors**

Independent Directors shall hold at least one meeting in a year (without the attendance of non-independent directors and management), and 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.

The independent directors shall bring an objective view in the evaluation of the performance of board and management.

### **Policy review**

Subject to the approval of the Board, the Nomination and Remuneration Committee reserves its right to review and amend this Policy, if required, to ascertain its appropriateness as per the needs of the Company.

### **Feedback**

Providing feedback to the individual directors, the Board and the Committees is crucial for success of Board Evaluation. The Chairperson or any person suitably appointed by the Board may give a written assessment/ oral feedback to:

- (i) Each Director separately;
- (ii) The entire Board; and
- (iii) Each Board Committee.

Provided in case the members are not comfortable with an open individual assessment, provision for confidentiality may be made wherever possible.

### **Reporting**

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.