



# **GANDHAR OIL REFINERY (INDIA) LIMITED**

## **POLICY**

### **ON**

# **POLICY ON EVALUATION OF INDEPENDENT DIRECTORS AND THE BOARD OF DIRECTORS**

w.e.f. 16<sup>th</sup> November, 2022

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## Gandhar Oil Refinery (India) Limited

### Policy on evaluation of independent directors and the board of directors

#### 1. INTRODUCTION

Based on the recommendation of the Nomination and Remuneration Committee (“**Committee**”), the board of directors (the “**Board**”) of Gandhar Oil Refinery (India) Limited (“**Company**”) has adopted this policy on evaluation of independent directors and the board of directors (“**Policy**”) to comply with the various provisions under Regulation 19 and Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and the Companies Act, 2013 (“**Act**”).

The Policy, as approved by the IPO Committee on 16<sup>th</sup> November, 2022 shall be applicable to the Company with effect from 16<sup>th</sup> November, 2022.

Performance evaluation is important to provide a system of checks and balances on the performance of the directors so as to ensure that they exercise their powers in a rational manner.

#### 2. BOARD PARTICIPATION

All the Independent Directors and Board will have to comply with the evaluation criteria as laid down under this Policy and are encouraged to further discuss and refine their views during Committee or Board meetings.

#### 3. FREQUENCY & TIMING

Pursuant to Section 134 (3) (p) of the Act, it can be inferred that there has to be a formal annual evaluation of Board of its own performance and that of its committees and individual directors. The Company may undertake annual evaluation either in accordance with calendar year or financial year. Ideally, the same should be as per financial year.

#### 4. EVALUATION CRITERIA

The Committee shall evaluate the performance of each director of the Company under the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of section 178 of the Act.

Independent Directors are duty bound to evaluate the performance of non-independent directors, chairperson of the Company and the Board. The Act empowers the Independent Directors to hold separate meeting without the presence of other directors to assess the performance of Board.

Evaluation of Independent Directors shall be carried on by the entire Board which shall include- (a) performance of the directors, and (b) fulfilment of the independence criteria as specified in the Listing Regulations and their independence from the management. The directors who are subject to evaluation shall not be allowed to participate.

The Board of Directors shall take into consideration the following parameters for the purpose of evaluating the performance of a particular director:

In respect of each of the evaluation parameters, various descriptors have been provided to assist with the evaluation process in respect of performance of Board itself; and of its committees and individual directors, as such evaluation factors may vary in accordance with their respective functions and duties.

The evaluation scale is a five-point scale - Appraisal of each Director of the Company by the other Directors shall be based on the criteria as mentioned herein below:

#### 5. RATING SCALE

Scale	Performance
5	Outstanding
4	Exceeds Expectations

3	Meets Expectations
2	Needs Improvement
1	Poor

## 6. BOARD PERFORMANCE EVALUATION PROCESS

### 1. Independent Directors

Some of the specific issues and questions that should be considered in the performance evaluation of an Independent Director (the exercise in which the concerned director being evaluated shall not be included) are set out below:

S. No.	Assessment Criteria
1	Attendance and participations in the Meetings and timely inputs on the minutes of the meetings
2	Adherence to ethical standards & code of conduct of Company and disclosure of non-independence, as and when it exists and disclosure of interest
3	Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings
4	Interpersonal relations with other directors and management
5	Objective evaluation of Board's performance, rendering independent, unbiased opinion
6	Understanding of the Company and the external environment in which it operates and contribution to strategic direction
7	Safeguarding interest of whistle-blowers under vigil mechanism and safeguarding of confidential information

This process of evaluation shall be done by the entire Board excluding the director who is being evaluated, and the Nomination and Remuneration Committee. Based on the above criteria each of the Independent Directors has to be assessed by giving a rating as per the Rating Scale mentioned above. The total of the ratings so awarded will be averaged over the number of persons who have awarded the rating.

Assistance in conducting the process of evaluation shall be provided by a person as authorized by the Board and for this purpose, such person shall report to the Board.

### 2. Non-Independent Directors / Managing Director / Other Directors

Some of the specific issues and questions that should be considered in a performance evaluation of Non-Independent Director / MD/ Other Directors are set out below:

S. No.	Assessment Criteria
1	Attendance, participations in the Board meetings and timely inputs on the minutes of the meetings
2	Contribution towards growth of the Company including actual vs budgeted performance
3	Leadership initiative, like new ideas and planning for the growth of the Company and steps initiated for branding of the Company
4	Adherence to ethical standards and code of conduct of Company
5	Team work attributes and supervising and training of staff members
6	Compliance with policies, reporting of frauds, violation etc. and disclosure of interest
7	Safeguarding of interest of whistle blowers under vigil mechanism and safeguarding of confidential information

Based on the above criteria each of the Non-Independent Directors / MD / Other Directors has to be assessed by giving a rating as mentioned above. The total number of ratings awarded will be averaged over the number of persons who have awarded the rating.

This process of evaluation shall be done by the entire Board excluding the director who is being evaluated, and the Nomination and Remuneration Committee. Assistance in handling the process will be provided by a person so authorized by the Board, and for this purpose, the person will report to the Board.

### 3. Board of Directors

Some of the specific issues and questions that should be considered in a performance evaluation of the entire Board by the Independent Directors are set out below:

S. No.	Assessment Criteria
1	Is the composition of the Board appropriate with the right mix of knowledge and skills required to drive organizational performance in the light of future strategy?
2	Members of the Board meet all applicable independence requirements
3	The Board is effective- in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards and compliance with applicable laws and regulations
4	The Board is effective in developing a corporate governance structure that allows and encourages the Board to fulfil its responsibilities.
5	The Company's systems of control are effective for identifying material risks and reporting material violations of policies and law and the Board is provided with sufficient information about material risks and problems that affects the Company's business and prospects.
6	The Board receives regular financial updates and takes all necessary steps to ensure the operations of the organization are sound and reviews the organization's performance in carrying out the stated mission on a regular basis.
7	Are sufficient numbers of Board meetings, of appropriate length, being held to enable proper consideration of issues?
8	The information provided to directors prior to Board meetings meets expectations in terms of length and level of detail and Board members come prepared to meetings and ask appropriate questions of management and address issues that might present a conflict of interest.
9	Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution.
10	The Chairman of the Board effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board.
11	Nomination and appointment of Board members and their remuneration follow clearly established procedures using known criteria as laid down by the Nomination and Remuneration Committee.
12	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 (through its audit committee).
13	Company has a system for corporate social responsibility, stakeholder relationships and for prohibition of insider trading.
14	Company has necessary Committees which are required and these Committees are working effectively.

Based on the above criteria the Board has to be assessed by giving a rating as mentioned above. The total number of the ratings awarded will be averaged over the number of persons who have awarded the ratings. The process of evaluation shall be done by Independent Directors only. Assistance in the process will be provided by a person so authorized by the Board, and for this purpose the person will report to the Board.

The performance of Committees of Board shall also be reviewed from time to time.

Notwithstanding the criteria set out above, the Board, as applicable, shall also be guided by the criteria provided under the guidance note on Board evaluation dated January 5, 2017 bearing reference number SEBI/HO/CFD/CMD/CIR/P/2017/004 issued by SEBI and a guide to Board evaluation dated August, 2020 issued by the Institute of Company Secretaries of India, as amended from time to time.

### 7. CONFIDENTIALITY

The discussions held during the Committee meeting are to be kept confidential among those who attend the meeting. The written evaluation results are not public records. They will be kept in the confidential personnel file of the Independent Director and the Board of Directors.

## **8. REVIEW**

The performance evaluation process and related tools will be reviewed by the Nomination and Remuneration Committee on need basis, and the Committee may periodically seek independent external advice in relation to the process.

The Committee may amend the Policy, if required, to ascertain its appropriateness as per the needs of the Company. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

## **9. DISCLOSURE**

The Company will disclose details of its Board Performance Evaluation processes in its Board's Report and the key features of this Policy would also be included in the corporate governance statement contained in the annual report of the Company.

Further, the Board's report containing such statement will be made available to shareholders at the general meeting of the Company.