

DIRECTORS PERFORMANCE EVALUATION POLICY

DIRECTORS PERFORMANCE EVALUATION POLICY

I. PREAMBLE:

The Company conducts its operations under the directions of Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013, the Articles of Association, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Code of Conduct and policies formulated by the Company for its internal execution. The Company's Board of Directors is dedicated to act in good faith; exercise their judgment on an informed basis, in the best interest of the company and its stakeholders.

Accordingly, the present policy for performance evaluation is being put into place in accordance with the requirements of section 178 of the Companies Act, 2013 which provides for a policy to be formulated and recommended to the Board, setting the criteria, based on which the performance of each and every director including the performance of the Board as a whole shall be assessed by the Board of Directors of the Company.

As one of the most important functions of the Board of Directors is to oversee the functioning of Company's top management, this Board Performance Evaluation process aims to ensure individual directors ("Directors") and the Board of Directors of the Company ("Board") as a whole to work efficiently and effectively in achieving their functions. This policy aims at establishing a procedure for conducting periodical evaluation of its own performance and of its committees and individual directors.

II. POLICY OBJECTIVES:

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.

III. DEFINITIONS:

"Act" means the Companies Act, 2013."

"Company" means Panache Innovations Limited

"Director or Board" means and deemed to include the collective body of the Board of Directors of the Company including the Chairman of the Company.

"Independent Director" means an Independent Director as defined under section 2 (47) to be read with section 149 (6) of the Act.

"Policy" mean the Policy for evaluation of performance of Board of Directors of the Company.

"Committee" mean the Nomination and Remuneration Committee of the Board of Directors formed under the provisions of Section 178 of Companies Act, 2013.

IV. RESPONSIBILITY

1. Responsibility of the Board:

It shall be the duty of the chairperson of the board, who shall be supported by a Company Secretary to organise 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 maximise their strength and to tackle their shortcomings.

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

- a. The board as a whole shall discuss and analyse its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.
- b. Review performance 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.
- c. Review various strategies of the company and accordingly set the performance objectives for directors.
- d. Ensure that adequate disclosure is made with regard to performance evaluation in the Board's Report.

2. 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.

3. 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 meetings 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.

V. EVALUATION PROCESS:

1. Evaluation of Independent Director shall be carried on by the entire Board of Directors of the Company except the Director getting evaluated.
2. The Nomination and Remuneration Committee (NRC) shall carry out the evaluation of performance of every Director. The evaluation of performance of the Independent Directors (IDs) shall also be carried out by the entire Board of Directors excluding the Director being evaluated.
3. While evaluating the performance of the Non-Executive Directors (NEDs), the following parameters shall be considered:
 - a. Attendance at meetings of the Board and Committees thereof,
 - b. Participation in Board Meetings or Committee thereof,
 - c. Contribution to strategic decision making,
 - d. Review of risk assessment and risk mitigation,
 - e. Review of financial statements, business performance,
 - f. Contribution to the enhancement of brand image of the Company.
4. While evaluating the performance of the Chairman and Managing Director, the Nomination and Remuneration Committee shall always consider the appropriate benchmarks set as per industry standards, the performance of the individual and also of the Company.
5. Evaluation of performance shall be carried out at least once a year.
6. The Company shall provide suitable training to the Non-Executive Directors including Independent Directors. Any other need based training shall also be provided.
7. The evaluation of the Board as a whole, Directors and Committees shall be carried out based on the questionnaire and feedback form which forms part as Annexure to this Policy.
8. Rating Scale:

| Scale | Performance |
|--------------|--------------------|
| 5 | Very Good |
| 4 | Good |
| 3 | Satisfactory |
| 2 | Needs improvement |
| 1 | Unacceptable |

VI. POLICY REVIEW

Subject to the approval of Board of Directors, 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. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

VII. REPORTING TO THE BOARD:

The Report on the evaluation process undertaken by the Nomination & Remuneration Committee shall be placed before the Board of Directors and it shall be approved by the Board of Directors in their meeting.

VIII. DISCLOSURE:

Company will disclose details of its Board Performance Evaluation processes in its Board’s Report. The Board’s report containing such statement shall indicate the manner in which formal evaluation has been made by the Board of its own performance and that of the committees of the Board and individual directors of the Company. The policy will be available on the website of the Company.

Panache Innovations Limited – Board Evaluation

Panache Innovations Limited believes in value for its shareholders through ethical processes & integrity. The board plays a very important role in ensuring that the company performance is monitored and timely inputs are given to enhance its performance and set the right direction for profitable growth fully complying with relevant regulation requirements.

As a board member, we request you to rate your experience on the following - (1 being least effective and 5 being highly effective) –

| Sr. No. | Assessment Criteria | Rating | Remarks |
|---------|---|--------|---------|
| 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 fulfil 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 | | |

Overall Feedback to improve the effectiveness of Board:

Name:
Designation:
DIN:

Panache Innovations Limited – Board Member Feedback

Panache Innovations Limited (the Company) believes in value for its shareholders through ethical processes & integrity. The board plays a very important role in ensuring that the company performance is monitored and timely inputs are given to enhance its performance and set the right direction for growth. Hence it is important that every individual Board Member effectively contributes in the Board deliberations.

Kindly rate the recipient on the scale of 1 to 5 (1 being least effective and 5 being highly effective) –

| Sr. No. | Assessment Criteria | Rating | Rating | Rating | Rating | Rating | Remarks |
|---------------------------|---|--------|--------|--------|--------|--------|---------|
| Feedback Recipient's Name | | | | | | | |
| 1 | professional qualification | | | | | | |
| 2 | Participation and attendance in Board and Committee meetings actively and consistently | | | | | | |
| 3 | Prepares adequately for Board and Committee meetings | | | | | | |
| 4 | Contributes to strategy and other areas impacting Company's Performance | | | | | | |
| 5 | Brings his/her experience and credibility to bear on the critical areas of performance of the organisation | | | | | | |
| 6 | Keeps updated knowledge of his/her areas of expertise and other important areas | | | | | | |
| 7 | Fulfilment of functions assigned by the Board and laws as may be applicable | | | | | | |
| 8 | Active initiation | | | | | | |
| 9 | Communicates in open and constructive manner | | | | | | |
| 10 | Gives fair chance to other members to contribute, participate actively in discussions and is consensus oriented | | | | | | |
| 11 | Helps to create brand image of the Company | | | | | | |

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | and helps the Company wherever possible to resolve issues, if any | | | | | | |
| 12 | Actively contributes towards positive growth of the Company | | | | | | |
| 13 | Commitment to Board and its meetings | | | | | | |
| 14 | Conduct himself/ herself in a manner that is ethical and consistent with the laws of the land. | | | | | | |
| Additional criteria for Independent director: | | | | | | | |
| 15 | Independence of the director from the entity and other directors | | | | | | |
| 16 | Exercise of his/ her own judgement and voices opinion freely | | | | | | |
| Additional criteria for Chairperson: | | | | | | | |
| 17 | Effectiveness of leadership and ability to steer the meetings | | | | | | |
| 18 | Impartial in conducting discussions, seeking views and dealing with dissent etc. | | | | | | |
| 19 | Ability to keep shareholders' interests in mind | | | | | | |

Overall Feedback to improve effectiveness further:

Name:
Designation:
DIN:

Panache Innovations Limited – Committee Evaluation

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, Kindly rate the Committee on the scale of 1 to 5 (1 being least effective and 5 being highly effective) –:

| Sr. No. | Audit Committee | Rating | Remarks |
|----------------|---|---------------|----------------|
| 1 | Mandate, composition and working procedures of committee | | |
| 2 | Fulfilment of functions assigned by the Board and laws as may be applicable | | |
| 3 | Timely meetings of the committee | | |
| 4 | Contribution of recommendations of Committee to decisions of the Board | | |
| 5 | Timely inputs on the Minutes of the Meetings | | |

| Sr. No. | Nomination and Remuneration Committee | Rating | Remarks |
|----------------|---|---------------|----------------|
| 1 | Mandate, composition and working procedures of committee | | |
| 2 | Fulfilment of functions assigned by the Board and laws as may be applicable | | |
| 3 | Timely meetings of the committee | | |
| 4 | Contribution of recommendations of Committee to decisions of the Board | | |
| 5 | Timely inputs on the Minutes of the Meetings | | |

| Sr. No. | Stakeholders Relationship Committee | Rating | Remarks |
|----------------|---|---------------|----------------|
| 1 | Mandate, composition and working procedures of committee | | |
| 2 | Fulfilment of functions assigned by the Board and laws as may be applicable | | |

| | | | |
|---|--|--|--|
| 3 | Timely meetings of the committee | | |
| 4 | Contribution of recommendations of Committee to decisions of the Board | | |
| 5 | Timely inputs on the Minutes of the Meetings | | |

Overall Feedback to improve effectiveness of the Committee further:

Name:
Designation:
DIN: