

## **POLICY ON BOARD DIVERSITY**

### **Purpose of this Policy:**

This Policy on Board Diversity (the “Policy”) sets out the Company’s approach to ensuring adequate diversity in its Board of Directors (the “Board”) and is devised in consultation with the Nomination and Remuneration Committee (the “Committee”) of the Board.

### **Scope of Application:**

The Policy applies to the Board of Chokhani International Limited.

### **Policy Statement:**

The Company recognizes and embraces the benefits of having a diverse Board of Directors and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage in the complex business that it operates. It is recognized that a Board composed of appropriately qualified people with broad range of experience relevant to the business of the company is important to achieve effective corporate governance and sustained commercial success of the Company. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions amongst Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. At a minimum, the Board of the Company shall consist of at least one woman Director. All Board appointments are made on merit, in the context of the skills, experience, independence, knowledge and integrity which the Board as a whole requires to be effective.

### **Review of the Policy:**

The Board and the Committee will review this Policy on a regular basis to ensure its effectiveness and also compliance with revised Clause 49 of the Equity Listing Agreement (the “Clause 49”).

### **Term:**

The Term of the Directors including Managing / Whole time Director / Independent Director shall be governed as per the provisions of the Act and Rules made there under and the Clause 49, as amended from time to time.

Whereas the term of the KMP (other than the Managing / Whole time Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

## **Framework for performance evaluation of Independent Directors and the Board**

As per the provisions of Clause 49, the Nomination and Remuneration Committee (the “Committee”) shall lay down the evaluation criteria for performance evaluation of Independent Directors and the Board. Further, in terms of Clause 49, the Board is required to monitor and review Board Evaluation Framework. This Framework shall contain the details of Board’s self-evaluation framework (including all Committees of the Board and individual directors).

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Committee shall establish the following processes for evaluation of performance of Independent Director and the Board:

1. Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organize the evaluation process and act on its outcome;
2. The Board / Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.
3. In terms of Section 134 of the Act, the Directors’ Report should include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.

As required by the provisions of Schedule IV to the Act and the provisions of Clause 49, the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management. The meeting 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.

This meeting could be held prior or after the Board Meeting. The Independent Directors are free to call such meeting at any point of time, as desired.

## EVALUATION MECHANISM ADOPTED BY THE COMPANY:-

### **1 Formal / informal way of assessing effectiveness of the board members**

The board could recognize the importance of reviewing and improving upon its performance and meets regularly to discuss the effectiveness of its functioning and to agree ways in which performance can be further improved formally or informally.

### **2 Assessing by using the peer-to-peer performance evaluation**

The performance evaluation of non-executive directors could also be done through a peer-to-peer performance evaluation of the Board of Directors and the Directors could be marked on a scale 1 to 3, with respect three broad parameters namely, guiding strategy, monitoring reference and statutory compliance & corporate governance and such other key points which the company thinks of importance.

There could be many other ways of assessing the performance evaluation of the board members which could be decided by the companies depending upon the size of the board and its operations.

### **3 Performance evaluation of the Board of directors**

S. No	Criteria of Evaluation	Rating				Comments
		1	2	3	N/ A	
<b>I</b>	<b>Knowledge to perform the role</b>					
1)	Demonstrates knowledge of the sector in which the company operates					
2)	Has knowledge and familiarity with the business of the Company, its subsidiaries, plants etc.					
3)	Has an understanding of the key risks facing the Company					
4)	Has an understanding of the key policies of the Company					
5)	Is aware of key information furnished by the Company to the Stock exchange.					

II	Time and Level of Participation					
1)	Has attended meetings of the Board or Board committees where he is a member					
2)	Has attended general meetings of the Company including the Annual General Meeting					
3)	Has participated at Audit Committee meetings and discussed with Internal Auditors to understand various concerns					
4)	Has participated at Audit Committee meetings and discussed with Statutory Auditors to understand various concerns					
5)	Has participated at Board Meetings to understand litigations, etc.					
6)	Have had discussions with the management at various meetings to understand the following:-					
i)	Key performance drivers and reason for key variations in financial numbers compared to prior quarters.					
ii)	Key areas of judgment and estimates Key accounting positions taken by the Company which have a bearing on the financial performance					
iii)	Understanding if any expert assistance is needed in any of the areas					
iv)	Adequacy of internal controls on financial reporting					
v)	Does not unfairly obstruct the functioning of the Board or Committee of the Board where he is a member					

<b>III</b>	<b>Performance of Duties and Level of Oversight</b>					
1)	Has reviewed levels of remunerations and terms of appointment of executive directors, key management personnel and senior management					
2)	Has reviewed levels of remunerations and terms of appointment of statutory auditors, including independence compliance of non-audit services rendered by the statutory auditors.					
3)	Has ensured that concerns raised are addressed by the Board. If significant concerns are not addressed, ensures that these are recorded in the minutes of the Board meeting.					
4)	Has reviewed the Related Party transactions and ensured that they are in the interest of the Company.					
5)	Has participated constructively and objectively in all meetings of the Board or committee of the Board where he is a member					
6)	Has evaluated all significant complaints and whistle blower information received by the Company					
7)	Has ensured that the money spent on CSR has been as per the CSR policy approved by the CSR committee.					
8)	Has reviews the Annual Report.					
<b>IV</b>	<b>Professional Conduct and Independence</b>					
1)	Has complied with the Code of Ethics of the Company					
2)	Has complied with the Insider Trading Policy of the Company					
3)	Has maintained confidentiality of all information obtained in the capacity of an Independent Director.					
4)	Has provided timely declaration to the Company as required by section 149 (6) and					

5)	149 (7) of Companies Act 2013. Has intimated the Company immediately if there is any issues relating to Independence.					
6)	Has not abused his position for gaining any personal benefit either for himself or any person related.					
7)	Has no litigation pending relating to issues of integrity.					

### **Key to Ratings**

Description Rating

Does not meet evaluation parameter -1

Meets evaluation parameter -2

Exceeds evaluation parameter- 3

Not Applicable -N/A

### **4 Evaluation Criteria of Independent directors:-**

Independent directors could have key roles such as, Governance, Control and Guidance. Some of the performance indicators based on which the independent directors could be evaluated as under:-

- Ability to contribute to and monitor our corporate governance practices
- Ability to contribute by introducing international best practices to address top management issues
- Active participation in long-term strategic planning
- Commitment to the fulfillment of a director's obligation and fiduciary responsibilities - this includes participation and attendance.

The performance evaluation of the non-executive director should include an assessment of the individual's continuing commitment to the role, in terms of commitment of time for board and committee meetings and other duties.

Here is a list of questions which would be of use for the assessment of each of the Independent Director. The questions are as under:-

S. No	Criteria of Evaluation	Rating				Comments
		1	2	3	N/A	

1.	How well prepared and well informed the I.D. for board meetings?					
2.	Is the attendance of I. D at meetings satisfactory?					
3.	Do the I.D. show willingness to spend time and effort learning about the company and its business?					
4.	Do the I.D. willing to participate in events outside board meetings such as site visits?					
5.	What has been the quality and value of I.D's contributions at board meetings?					
6.	What has been his/her contribution to the development of:- (i) Strategy and (ii) Risk Management					
7.	How successfully the I.D. brought their knowledge and experience to bear in the consideration of strategy?					
8.	How effectively the I.D. probed to test assumptions?					
9.	Where necessary, how resolute is s/he in holding to their views and resisting pressure from others?					
10.	How effectively has s/he followed up matters about which they have expressed concern?					
11.	How good is his/her relationship with other board members, the company secretary and senior management?					
12.	How actively and successfully does s/he refresh their knowledge and skill?					
13.	Is s/he up-to-date with the latest developments in areas such as the corporate					

	governance framework and financial reporting and in the industry and market conditions?					
14.	How well does s/he communicate with other board members, senior management and others? (E.g. shareholders)					
15.	Can s/he present their views convincingly, yet diplomatically?					

### **Key to Ratings**

Description Rating

Does not meet evaluation parameter -1

Meets evaluation parameter -2

Exceeds evaluation parameter- 3

Not Applicable -N/A

The list given above is not an exhaustive one or definitive and the company may design their own questions depending upon the approach of the company and having regard to the particular circumstances. The answers to these questions could provide an assessment of performance and also indicate the areas in which the performance may be required to be improved upon.

### **Familiarization Programme for Independent Directors**

As required by the provisions of Schedule IV to the Act and the provisions of Clause 49, the Company is required to develop a Familiarization Programme for the Independent Directors of the Company. The Company will impart Familiarization Programmes for new Independent Directors inducted on the Board of the Company.

The Familiarization Programme of the Company will provide information relating to the Company, business model of the Company, geographies in which Company operates, etc. The programme also intends to improve awareness of the Independent Directors on their roles, rights, responsibilities towards the Company. Further, the Familiarization Programme should also provide information relating to the financial performance of the Company and budget and control process of the Company.

The Managing Director or such other authorized officer(s) of the Company shall lead the Familiarization Programme on aspects relating to business / industry. The Chief Financial Officer or such other authorized officer(s) of the Company may participate in the programme for providing inputs on financial performance of the Company and budget, control process, etc.