

POPULAR VEHICLES AND SERVICES LIMITED
POLICY FOR EVALUATION OF THE PERFORMANCE OF THE BOARD OF DIRECTORS

1. Introduction

Popular Vehicles and Services Limited (the “**Company**”) believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior, in consonance with the Company’s Code of Conduct for Board and Senior Management Personnel.

The honesty, integrity and sound judgement and performance of the Directors and the senior management are key criteria for the success and for building a good reputation of the Company. Each Director and executive in the senior management are expected to comply with the letter and spirit of this Policy for Evaluation of the Performance of the Board of Directors (“**Policy**”). Any actual or potential violation of the Code of Conduct for Board and Senior Management Personnel and this Policy by the Directors would be a matter of serious concern for the Company.

Therefore, the Company has formulated this Policy to comply with various provisions under the Companies Act, 2013 (“**Act**”) and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and also the formal annual evaluation made by the Board of its own performance (self-appraisals) and that of its committees and individual directors as mentioned under the clause (p) of sub-section (3) of Section 134 of the Act. The Committee shall evaluate the performance of each of the director as per sub section (2) of Section 178 of the Act and based on the functions of the Independent Directors as indicated under Schedule IV (as per Section 149) annexed to the Act.

2. Definitions

- i. “**Act**” means the Companies Act, 2013, as amended from time to time and the rules made thereunder.
- ii. “**Company**” means Popular Vehicles and Services Limited.
- iii. “**Committee**” shall mean the Nomination and Remuneration Committee of the Board of Directors formed under the provisions of Section 178 of the Act.
- iv. “**Director**” or “**Board**” means the Director or the Board, in relation to the Company, and deemed to include the collective body of the Board of the Company including the Chairman of the Company.
- v. “**Independent Director**” shall mean an Independent Director as defined under Section 2 (47) to be read with Section 149 (5) of the Act.
- vi. “**Listing Regulations**” means Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- vii. “**Policy**” shall mean this Policy for Evaluation of performance of Board of Directors of the Company.

3. Objective

The object of this Policy is to formulate the procedures and prescribe the criteria to evaluate the performance of the entire Board. Further, to adopt best practices to manage the affairs of the Company in a seamless manner and ensure long term value creation for stakeholders by achieving good corporate governance.

4. Various Kinds of Performance Evaluation

A. **APPRAISAL SYSTEM:** Appraisal of each Director of the Company shall be based on the criteria as mentioned herein below. This appraisal is mandatory and will be done under the provision of the clause (p) of sub section (3) of Section 134 of the Act.

CRITERIA FOR EVALUATION *

The criteria for evaluation are laid out in the relevant Annexures. These include quantitative questions along with an option to provide qualitative comments. Each of the questions have the following five options:

Strongly disagree	2	Neither agree nor disagree	4	Strongly Agree
1		3		5

B. EVALUATION OF THE PERFORMANCE

The Committee shall evaluate the performance of each Director as per the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of Section 178 of the Act and based on their functions as mentioned in the Code of Conduct of the Directors and Senior Management Personnel and the criteria for the evaluation of the performance as prescribed in the clause 6 of this Policy.

Evaluation of Independent Director 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.

Based on the performance evaluation of each and every Director and the Chairman of the Company, the Committee shall provide the ratings based on each criteria and sub-criteria.

C. EFFECTIVENESS OF THE BOARD

Based on the ratings given by the Committee to each Director, the overall effectiveness of the Board shall be measured and accordingly the Board shall decide the appointments, re-appointments and removal of the non-performing Directors of the Company.

5. SEPARATE MEETING FOR EVALUATION OF PERFORMANCE OF BOARD MEMBERS

Evaluation of the executive Directors shall be carried out by entire Board except the executive Director being evaluated.

**Evaluation criteria forming part of the policy amended w.e.f. 30.03.2022.*

The meeting for the purpose of evaluation of performance of Board members shall be held at least once in a year and the Company shall disclose the criteria laid down by the Committee for performance evaluation on its web site for the reference and also in the annual report of the Company.

6. CRITERIA FOR EVALUATION OF PERFORMANCE

The Committee has laid down the criteria for evaluation of performance of executive Directors, Independent Directors, Chairman and the Board:

1. Attendance and contribution at Board and Committee meetings.
2. His / her stature, appropriate mix of expertise, skills, behaviour, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.
3. His / her knowledge of finance, accounts, legal, investment, marketing, foreign exchange / hedging, internal controls, risk management, assessment and mitigation, business operations, processes and corporate governance.
4. His / her ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
5. Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency.
6. Open channels of communication with executive management and other colleague on Board to maintain high standards of integrity and probity.
7. Recognize the role which he / she is expected to play, internal board relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board.
8. His / her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.
9. Quality of decision making on source of raw material / procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc.
10. His / her ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
11. His / her contribution to enhance overall brand image of the Company.

COMPANY – BOARD MEMBER FEEDBACK

The Company believes in value for its stakeholders through ethical processes and integrity. The Board plays a very important role in ensuring the Company’s 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 to the Board deliberations.

Name of the Director: _____

Evaluation Annexures

Annexure 1- Board evaluation

This questionnaire has been designed to evaluate the Board. Every question would need to be evaluated on a 5-point scale as given below.

Strongly disagree 1	2	Neither agree nor disagree 3	4	Strongly Agree 5
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The questionnaire also provides for space for qualitative comments.

A. Structure of the Board	
<i>Competency of Directors: The Board as a whole has directors with a proper mix of competencies to conduct its affairs effectively.</i>	
<i>Experience of Directors: The Board as a whole has directors with enough experience to conduct its affairs effectively.</i>	
<i>Mix of qualifications: The Board as a whole has directors with a proper mix of qualifications to conduct its affairs effectively.</i>	
<i>Diversity of the Board under various parameters: There is sufficient diversity in the Board in parameters such as gender/ background/ competence/ experience, etc.</i>	
<i>Appointment to the Board: The process of appointment to the Board of directors is clear and transparent and includes provisions to consider diversity of thought, experience, knowledge, perspective and gender in the Board of directors.</i>	
B. Functions of the Board	
<i>The role and responsibilities of the Board are clearly documented E.g. difference in roles of Chairman and CEO, matters reserved for the Board, etc.</i>	
<i>Strategy and performance evaluation:</i>	
<i>1. Significant time of the Board is being devoted to management of current and potential strategic issues.</i>	
<i>2. Various planning scenarios are used to evaluate strategic risks.</i>	
<i>3. The Board overall reviews and guides corporate strategy, major plans of action, risk policy,</i>	

<i>annual budgets and business plans, sets performance objectives, monitors implementation and corporate performance, and oversees major capital expenditures, acquisitions and divestments.</i>	
Governance and compliance:	
<i>1. Adequate time of the Board is being devoted to analyse and examine governance and compliance issues.</i>	
<i>2. The Board monitors the effectiveness of its governance practices and makes changes as needed.</i>	
<i>3. The Board ensures the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.</i>	
<i>4. The Board oversees the process of disclosure and communications.</i>	
<i>5. The Board evaluates and analyses the compliance certificate from the auditors/ practicing company secretaries regarding compliance of conditions of corporate governance.</i>	
Evaluation of Risks:	
<i>1. The Board undertakes a review of the high-risk issues impacting the organization regularly.</i>	
<i>2. In assessment of risks, it is ensured that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the company to excessive risk.</i>	
Grievance redressal for Investors:	
<i>The Board regularly reviews the grievance redressal mechanism of investors, details of grievances received, disposed of and those remaining unresolved.</i>	
Conflict of interest:	
<i>1. The Board monitors and manages potential conflicts of interest of management, members of the Board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.</i>	
<i>2. A sufficient number of non-executive members of the Board of directors capable of exercising independent judgement are assigned to tasks where there is a potential for conflict of interest</i>	
Stakeholder value and responsibility:	
<i>1. The decision-making process of the Board is adequate to assess creation of stakeholder value.</i>	
<i>2. The Board has mechanisms in place to communicate and engage with various stakeholders.</i>	
<i>3. The Board acts on a fully informed basis, in good faith, with due diligence and care, with high ethical standards and in the best interest of the company and the stakeholders.</i>	
<i>4. The Board treats shareholders and stakeholders fairly where decisions of the Board of directors may affect different shareholder/ stakeholder groups differently.</i>	
<i>5. The Board regularly reviews the Business Responsibility Reporting / related corporate</i>	

<i>social responsibility initiatives of the company and contribution to society, environment etc.</i>	
Corporate culture and values: <i>The Board sets a corporate culture and the values by which executives throughout a group shall behave.</i>	
Review of Board evaluation: <i>The Board monitors and reviews the Board evaluation framework.</i>	
Facilitation of independent directors: <i>The Board facilitates the independent directors to perform their role effectively as a member of the Board of directors and also a member of a committee of Board of directors and any criticism by such directors is taken constructively.</i>	
C. Board & Management	
Evaluation of performance of the management and feedback:	
<i>1. The Board evaluates and monitors management, especially the CEO regularly and fairly and provides constructive feedback and strategic guidance.</i>	
<i>2. The measures used are broad enough to monitor performance of the management.</i>	
<i>3. The management’s performance is benchmarked against industry peers.</i>	
<i>4. Remuneration of the management is in line with its performance and with industry peers.</i>	
<i>5. Remuneration of the Board and the management is aligned with the longer-term interests of the company and its shareholders.</i>	
<i>6. The Board selects, compensates, monitors and, when necessary, replaces key managerial personnel based on such evaluation.</i>	
<i>7. The Board ‘steps back’ to assist executive management by challenging the assumptions underlying strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the company’s focus.</i>	
Independence of the management from the Board: <i>The level of independence of the management from the Board is adequate.</i>	
Access of the management to the Board and Board access to the management: <i>The Board and the management are able to actively access each other and exchange information.</i>	
Secretarial support: <i>Adequate secretarial and logistical support is available for conducting Board meetings.</i>	

Overall Comments

Annexure B – Non-independent director

This questionnaire has been designed to enable assessment by non-independent director.

Every question would need to be evaluated on a 5-point scale as given below.

Strongly disagree 1	2	Neither agree nor disagree 3	4	Strongly Agree 5
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Name of the Non-Independent Director: Mr. Francis K. Paul

Individual Director Effectiveness – Self Assessment	
A. Knowledge and Competency	
<i>He/She meet the competencies as identified for effective functioning of the company and the Board.</i>	
<i>He/She possess sufficient understanding and knowledge of the company and the sector in which it operates.</i>	
B. Fulfillment of functions	
<i>He/She understands and fulfill the functions as assigned to him by the Board and the law.</i>	
C. Ability to function as a team	
<i>He/She is able to function as an effective team- member.</i>	
D. Initiative	
<i>He/She actively take initiative with respect to various areas.</i>	
E. Availability and attendance	
<i>He/She is available for meetings of the Board and attends the meetings regularly and timely, without delay.</i>	
F. Commitment	
<i>He/She is adequately committed to the Board and the company.</i>	
G. Contribution	
<i>He/She contributes effectively to the company and in the Board meetings.</i>	
H. Integrity	
<i>He/She demonstrates a high level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.).</i>	

Annexure C - Chairperson

This questionnaire has been designed to enable assessment of the Chairperson of the Company with the views of Executive and Non-Executive Directors.

Every question would need to be evaluated on a 5-point scale as given below.

Strongly disagree 1	2	Neither agree nor disagree 3	4	Strongly Agree 5
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Chairperson	
A. Knowledge and Competency	
<i>He meets the competencies as identified for effective functioning of the company and the Board. (the company to identify various competencies on a regular basis)</i>	
<i>He possess sufficient understanding and knowledge of the company and the sector in which it operates</i>	
B. Fulfillment of functions	
<i>He understands and fulfills the functions as assigned to him by the Board and the law</i>	
C. Ability to function as a team	
<i>He is able to function as an effective team- member</i>	
D. Initiative	
<i>He actively take initiative with respect to various areas</i>	
E. Availability and attendance	
<i>He is available for meetings of the Board and attend the meetings regularly and timely, without delay.</i>	
F. Commitment	
<i>He is adequately committed to the Board and the company (in his capacity as a director).</i>	
<i>He is sufficiently committed to the Board and its meetings (in his capacity as the Chairman of the Board).</i>	
G. Contribution	
<i>He contributes effectively to the company and in the Board meetings.</i>	
H. Integrity	
<i>He demonstrates a high level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.).</i>	
I. Effectiveness of leadership and ability to steer the meetings	
<i>He displays efficient leadership, is open-minded, decisive, courteous, displays</i>	

Chairperson	
<i>professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively.</i>	
J. Impartiality	
<i>He is impartial in conducting discussions, seeking views and dealing with dissent, etc.</i>	
K. Ability to keep shareholders' interests in mind	
<i>He keeps shareholders' interest in mind during discussions and decisions.</i>	

Annexure D – Board Process

This questionnaire has been designed to enable assessment of Board process.

Every question would need to be evaluated on a 5-point scale as given below.

Strongly disagree 1	2	Neither agree nor disagree 3	4	Strongly Agree 5
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Assess the Board process	
Regularity of meetings: <i>The meetings are being held on a regular basis.</i>	
Frequency: <i>1. The Board meets frequently.</i>	
<i>2. The frequency of such meetings is enough for the Board to undertake its duties properly.</i>	
Logistics: <i>The logistics for the meeting is being handled properly- venue, format, timing, etc.</i>	
Agenda: <i>1. The agenda is circulated well before the meeting.</i>	
<i>2. The agenda has all relevant information to take decision on the matter.</i>	
<i>3. The agenda is up to date, regularly reviewed and involves substantial decisions.</i>	
<i>4. The quality of agenda and Board papers is up to the mark (explains issues properly, not overly lengthy, etc.).</i>	
<i>5. The outstanding items of previous meetings are followed-up and taken up in subsequent agendas.</i>	
<i>6. The time allotted for every item (especially substantive items) in the agenda of the meeting is sufficient for adequate discussions on the subject.</i>	
<i>7. The Board is able to finish discussion and decision on all agenda items in the meetings.</i>	
<i>8. Adequate and timely inputs are taken from the Board members prior to setting of the agenda for the meeting.</i>	

<i>9. The agenda includes adequate information on committee activities.</i>	
Discussions and dissent:	
<i>1. The Board discusses every issue comprehensively and depending on the importance of the subject.</i>	
<i>2. The environment of the meeting induces free-flowing discussions, healthy debate and contribution by everyone without any fear or favor.</i>	
<i>3. The discussions generally add value to the decision making.</i>	
<i>4. The Board does not tend towards groupthink and critical and dissenting suggestions are welcomed.</i>	
<i>5. All members actively participate in the discussions.</i>	
<i>6. Overall, the Board functions constructively as a team.</i>	
Recording of minutes:	
<i>1. The minutes are being recorded properly- clearly, completely, accurately and consistently.</i>	
<i>2. Minutes are approved properly in accordance with set procedures.</i>	
<i>3. Minutes are timely circulated to all the Board members.</i>	
<i>4. Dissenting views are recorded in the minutes</i>	
Dissemination of information:	
<i>1. All the information pertaining to the meeting are disseminated to the members timely, frequently, accurately, regularly.</i>	
<i>2. The Board is adequately informed of material matters in between meetings.</i>	

7. PROCEDURE TO RATE THE PERFORMANCE

Based on evaluation criteria, the Committee and the Board shall rate the performance of the each and every Director. The performance rating shall be given within minimum 1 and maximum 10 categories, the rating 1 being least effective and 10 being most effective. Based on the rating of performance the Board can decide the strategy to extend or continue the term of appointment or to introduce new candidate as a member of the Board or retirement of the member based on his/her performance rating as to create and maintain the most effective and powerful top-level management of the Company for its future growth, expansion, diversification and also to maximize the returns on investments to the stakeholders of the Company.