

MIRC ELECTRONICS LIMITED

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CRITERIA FOR APPOINTMENT & EVALUATION OF EXECUTIVE DIRECTORS AND INDEPENDENT DIRECTORS.

Purpose of this Policy

- a) Board consists of members with the range of skills and qualities to meet its primary responsibility for promoting the success of the Company in a way which ensures that the interests of shareholders and stakeholders. Performance evaluation of Directors annually will help to know the effectiveness of the Board so as to enable the board to discharge their functions and duties effectively.
- b) To ensure compliance of the applicable provisions of the Companies Act, 2013 and Listing Agreement entered with the Stock Exchanges as amended from time to time.
 - i) Section 178 of the Companies Act 2013 it is necessary to have an evaluation of the performance of each director,
 - ii) As per Clause 49(5) of the Listing Agreement mandates that there has to be Evaluation criteria for performance evaluation of Independent Directors and shall be done by entire Board.
- c) To adopt the best practices to manage the give direction to the Company and achieve good Corporate Governance.

Process for reviews

The Nomination and Remuneration Committee shall adopt a Evaluation criteria for performance evaluation of the Directors. The evaluation of performance of director shall be carried by entire Board of Directors excluding the Director being evaluated. The evaluation will be carried at least once a year. The evaluation will be carried out by a Director or any other persons or professional agencies nominated by the Board.

Criteria and Evaluation of Executive Directors, Independent Directors.

I. Executive Directors

A. Criteria for Appointment

- 1) Executive Directors will be appointed based on the Qualifications, experience, skills, and expertise on related matters.
- 2) The value addition and the contribution to the Company's vision and growth.
- 3) Favorable Industry reports and corporate standing and integrity and ability to manage and motivate employees.

The following persons shall be not eligible to be appointed as Executive Director if:

- 1) He/She is disqualified to act as a Director under the provisions of Section 164(1) and other applicable provisions, if any, of the Companies Act 2013. If the disqualification is subsequently removed, then the said person shall be eligible to be appointed as Executive Director.
- 2) He/She does not satisfy requirements as prescribed in Part I of Schedule V of the Companies Act, 2013. But the person who does not meet the criteria prescribed in Part I of Schedule V, can be appointed as Executive Director if the approval of Central Government is taken.

Evaluation

An annual appraisal/ evaluation of Executive Directors namely Managing Director and Whole time Director shall be carried out by all the other Directors of the Company. The Company shall consider appropriate industry benchmarks and standards. The annual evaluation shall be carried out in the form of questionnaire as mentioned herein below, to be circulated among other Directors except the Executive Director being evaluated. (Annexure A)

II Independent Directors

A. CRITERIA FOR APPOINTMENT

- I. The Committee shall consider the following factors while appointing a person as an Independent Director on the Board:
 1. Integrity and relevant expertise and experience.
 2. Requisite qualification so that he/she will exercise his/her role effectively.
 3. Have an expert knowledge in field of the Company where the company operates and shall provide his/her suggestions to the Board members of the Company to arrive at final decision which is in the best interest of the Company.
 4. Not be a promoter or related to promoter of the Company or its holding, subsidiary or associate company;
 5. Must not have any material pecuniary relationship during the two immediately preceding financial years or during the current financial year with the Company, its holding, subsidiary or associate company or their promoters or directors.
 6. The relatives of such person should not have had any pecuniary relationship or transaction with the Company or its subsidiaries or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or Rs. 50 lacs or such higher amount as may be prescribed, whichever is less, during the two immediately preceding financial years or in the current financial year;

7. He or his relatives must not:

- (i) hold or has held the position of a Key Managerial Personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceeding the financial year in which he is proposed to be appointed.
- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
- (iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds 2% or more of the total voting power of the Company; or
- (v) is not a material supplier, service provider or customer or a lessor or lessee of the company;
- (vi) is not less than 21 years of age

8. Such person who is proposed to be appointed as Independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

9. Other important factors to be considered while appointment of Independent Directors are as follows:

- 1. He/She understands the financial statements like balance sheet, Statement of Profit and loss, and Cash flows.
- 2. He/She shall not be disqualified under section 164, sub-section (1) and (2) of the Companies Act, 2013.

3. He/She shall give his/her declaration as provided in section 149(7).

Evaluation

An annual performance evaluation of an Independent Director shall be carried out by all other Directors at the end of the financial year in the form of questionnaire mentioned in Annexure B:

III Non Executive and Non Independent Directors.

Evaluation

An annual performance evaluation of an Non Executive Non Independent Director shall be carried out by all other Directors at the end of the financial year in the form of questionnaire mentioned in Annexure C:

IV Board of Directors.

Evaluation

Evaluation of Board of Directors shall be carried out in the form of questionnaire mentioned in Annexure D:

SEPARATE MEETINGS OF THE INDEPENDENT DIRECTORS

The independent directors of the company shall hold at least one meeting in a year:

The independent directors in the meeting shall, inter-alia:

1. review the performance of non-independent directors and the Board as a whole;
2. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
3. 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.

FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTOR

The Company shall familiarize the Independent Directors with their roles, responsibilities, rights, nature of the business in which the Company operates, etc. through various programmes. The details of such familiarization programmes shall be disclosed on the website of the Company and a web link thereto shall also be given in the Annual Report.

Evaluation of Executive Director

Mr.....

Annexure A

Sr No	Questions	1	2	3	4	5
	Leadership					
i	Whether he/she establishes and maintains positive and effective working relationships with all staff.					
ii	Whether /she encourages innovative thinking and solutions and effectively incorporates the ideas and contributions of others.					
iii	Whether he/she demonstrates an ability to foresee problems and utilize preventive problem solving strategies.					
iv	Whether he/she models behaviors and attitudes which promote individual responsibility, programmatic and professional excellence and creative initiative.					
	Relationship with the Board of Directors					
i	Establishes and maintains positive and effective working relationships with each member and each committee of the Board.					
ii	Whether he/she conforms to Board policies and directives					
iii	Whether he/she makes periodic reports to the Board regarding all important aspects of the organization's					
iv	Synthesizes information and frames issues and questions in a manner for the board to make appropriate decisions					
v	Whether he/she functions and operations, highlighting both achievements and areas of concern.					
vi	Whether he/she encourages and supports all staff in updating their skills and knowledge.					
	Funds Management					
i	Whether he/she oversees development and execution of a long range fund raising and resource development plan.					
	New Projects					
i	Whether he/she develops, implements and supervises projects that are consistent with the organization's mission and strategic plan.					
	Ethics and Law					
i	Whether he/she ensures that the Company has been in compliant with the applicable accounting standards and Companies Act, Listing Agreement entered in to with Stock Exchanges.					

Rating 1 indicates low rating and 5 indicates high rating.

Director giving feedback Mr.....

Date.

Evaluation of Independent Director

Annexure B

Mr.....

Sr. No.	Questions	1	2	3	4	5
i	Has the attendance of non-executive Independent director at meetings satisfactory?					
ii	Has the non-executive Independent director show willingness to spend time and effort learning about the company and its business?					
iii	What has been his/her contribution to the development of (i) Strategy and (ii) risk management					
iv	How effectively he/she has followed up matters about which they have expressed concern?					
v	How good are his/her relationship with other board members, the Chief Financial Officer, Company secretary and Senior management?					
vi	Is 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?					
vii	Can he/she present his/hers views convincingly, yet diplomatically?					

Rating 1 indicates low rating and 5 indicates high rating.

Director giving feedback Mr.....

Date.

Evaluation of Non Executive Non Independent Director

Annexure C

Mr.....

Sr. No.	Questions	1	2	3	4	5
i	Has the attendance of non-executive non Independent director at meetings satisfactory?					
ii	Has the non-executive non Independent director show willingness to spend time and effort learning about the company and its business?					
iii	What has been his/her contribution to the development of (i) Strategy and (ii) risk management					
iv	How effectively he/she has followed up matters about which they have expressed concern?					
v	How good are his/her relationship with other board members, the Chief Financial Officer, Company secretary and Senior management?					
vi	Is 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?					
vii	Can he/she present his/hers views convincingly, yet diplomatically?					

Rating 1 indicates low rating and 5 indicates high rating.

Director giving feedback Mr.....

Date.

Evaluation of Board of Directors

Mr.....

Annexure D

Sr. No.	Board Responsibility	Questions	1	2	3	4	5
i	Strategy	Board effectively provides strategic direction to the company.					
ii	Performance Management	Board provides effective direction on key decisions impacting the performance of the company. Board effectively reviews the financial performance of the company and suggests corrective actions.					
iii	Execution, Investments and M&A	Board advises on business investments and M&A's to benefit company growth and profitability.					
iv	Organization Health and Talent Management	The Board effectively mentors the senior members of the company besides monitoring the succession plans of senior leaders. Board ensures that the company values are adequately reflected in the way the company is run.					
v	Risk Management	Board effectively reviews the risk management framework in the company and provides appropriate direction for corrective actions where necessary.					
vi	Core Governance & Compliance	Board strives towards adapting best practices in governance while also fully complying with the laws of land.					
vii	Support to the Board	The process for setting the board agenda is transparent, realistic to the current needs and meeting material is shared well in time. The frequency and duration of the board meetings are adequate to ensure a proper discharge of all the responsibilities.					
viii	Overall	Overall board meeting is held in open and objective manner where there is adequate opportunity for members to share their views.					

Rating 1 indicates low rating and 5 indicates high rating.

Director giving feedback Mr.....

Date.