

GOKUL REFOILS AND SOLVENT LIMITED (GRSL)
(CIN: 15142GJ1992PLC018745)
DIRECTORS' PERFORMANCE EVALUATION POLICY

1. Short Title & Applicability:

This policy, which is framed to encourage open and frank evaluations of performance of Directors of Gokul Refoils and Solvent Limited (GRSL), lays down the guidelines and mechanism for undertaking programmes of evaluation, and it is titled as the “**Directors’ Performance Evaluation Policy**”.

2. Background and Introduction:

- The directors, employees and committees of the GRSL should have the appropriate balance of skills, experience, independence and knowledge to enable them to discharge their respective duties and responsibilities effectively.
- The search for directors should be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the board, including gender.
- The board of the GRSL should satisfy themselves that plans are in place for orderly succession for appointments to the board so as to maintain an appropriate balance of skills, experience and to ensure progressive refreshing of the board.

3. Need for Performance Evaluation:

The recent failures of Corporate throughout the world have led the investors, regulators and general public at large to question the effective functioning of the Board of any Company. The investors have started questioning the collective decision making competency in terms of quality, skills and even the individual capabilities and capacities of individual directors who hold the position in any Company.

The Challenge for Board is to prevent Crisis in the Company they govern. Performance evaluation is a key means by which boards can recognize and correct corporate governance problem and add real value to the Company.

4. Benefits of Performance Evaluation:

The benefits of an evaluation to the Board are numerous. If conducted properly, evaluation can contribute significantly to performance improvements on three levels – the Company, Board and individual Director Level. Boards who commit to a regular evaluation process find benefits across these levels in terms of improved leadership, greater clarity of roles and responsibilities, improved teamwork, greater accountability, better decision making, improved communication and more efficient board operations.

5. Regulatory Changes:

The regulators throughout the world vigorously brought stringent regulations in Corporate Governance and emphasized the need for the induction of new directors who could focus more attention and also advocated the training of directors and their professional development of directors for both who are already in the service of the boards and new entrants. It was felt necessary that the director's needs to have their training towards their professional development and continuously improve upon their skills and knowledge needed to carry out their role more effectively in a sustainable basis in creating wealth to all the stakeholders of the company.

Worldwide there is also an ongoing increased recognition for the need of a well-organized, open and supportive board culture leading to the high quality of timely information to the stakeholders of the company in terms of transparent disclosures. To achieve this, the individual directors have to make an effective contribution by their effective functioning to the leadership of the company in which they serve.

There is also emphasis on the director's responsibilities at the same time and the directors themselves should undertake a formal and regular objective based evaluation of their own performance in terms of strategies, monitoring control, statutory compliance and corporate governance and as well on the obligation of the whole board to re evaluate the mix of skill and experience.

6. Performance evaluation of Directors:

Executive Directors of the Company are involved in day to day operations of the Company. Their performance can be assessed on the basis of their commitment to achieve Company's goals, their decision making ability and how much they have safe guarded the interest of shareholders of the Company.

With reference to the evaluation mechanism of Non – Executive Directors, since the Non – Executive Directors are not involved in day to day operations of the Company, it is worthwhile to assess individual's continuing commitment to the role, in terms of commitment of time for Board and other Committee meeting and other duties towards Company.

7. Methodology of Carrying Performance Evaluation of Directors:

The board, through its Nomination and Remuneration Committee or similar other committee of members of Board, as may be formed from time to time, will regularly review and evaluate the performance of Individual Directors, considering their commitment and their involvement towards the Company's goal, to ensure that the members of the Board are with required mix of skills, experience and other qualities such as its demographics and diversity.

The evaluations as mentioned above should be conducted at least annually or at the time of appointment of any new directors into the Board or at the time when it was requested by any one or more of the Directors.

In case of need, the Committee can also take feedback or ask questions to such directors or employees as they may deem fit.

8. Reporting to the Board:

The report on the evaluation process undertaken by the Nomination and Remuneration Committee shall be placed before the Board of Directors and it shall be approved by the Board of Directors.

9. Disclosure through Annual Report:

The Board should make sure to convey the information of evaluation of Directors to the shareholders by way of disclosure in the Annual Report and through its website. The provision of Section 134(3) and section 178(4) of the Companies Act 2013 enforced with effect from 1.04.2013 make it mandatory for Company to include in its Directors report.

10. General:

- In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to Managing Director.
- Any or all provisions of this Directors' Performance Evaluation Policy would be subject to revision/ amendment in accordance with the guidelines on the subject as may be issued from Government from time to time.
- The Board of Directors of the Company reserves the right to review the policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications, as may be necessary.