



Cyient DLM Limited

Policy on Board Evaluation

Cyient DLM Limited

Mysore Office:
Plot no.347, D1 &2, KIADB
Electronics City, Hebbal Industrial
Area, Mysore 570 016,
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Regd Off:
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Policy Information:

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CS/DLM/B-EVAL/V0	Company Secretary	Board of Directors	27 December 2022

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1. Introduction

The CA 2013 clearly defines the duties of the Board to promote the objects of the Company for the benefit of its members, and in the best interests of all the stakeholders. This enhanced role of Directors requires the Board to be more engaged, more knowledgeable and more effective.

Board Evaluation is the most effective way to ensure Board members understand their duties and adopt good, effective governance practices. This requires clearly defined steps.

As per the CA 2013, the NRC shall specify the manner for effective evaluation of the performance of the Board, its Committees and individual Directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance. Accordingly, based on the recommendations of the NRC, the Board has formulated this Policy.

This Policy is effective from 27 December 2022

2. Objective

This Policy aims to:

- i. ensure that the Company's Directors and the Board as a whole, work efficiently and effectively in fulfilling their functions, for the benefit of the Company and its stakeholders;
- ii. ensure compliance of the applicable provisions of the CA 2013 and LODR 2015 relating to the evaluation of performance of the Directors and the Board;
- iii. adopt best practices in connection with the evaluation, to achieve good corporate governance as well as sustained long-term value creation for stakeholders;
- iv. provide guidance on the manner, periodicity, disclosures, responsibilities and action plan with respect to Board evaluation and on specifically reviewing areas in which the Board and/or management believes improvement may be desirable.

3. Applicability

This Policy shall apply to:

- i. The Board as a whole;
- ii. The Committees of the Board;
- iii. Individual Directors (including Chairperson and Independent Directors).

4. Definitions

- 4.1 "**Board**" means Board of Directors of the Company, as constituted from time to time.
- 4.2 "**CA 2013**" means the Companies Act, 2013 and rules made thereunder, as amended from time to time.
- 4.3 "**Company**" or "**Cyient DLM**" means Cyient DLM Limited.
- 4.4 "**NRC**" or "**Committee**" means the Nomination and Remuneration Committee constituted by the Board of the Company from time to time as per the provisions of CA 2013 and LODR 2015.

- 4.5 **“Director”** shall mean Directors as defined under section 2(34) of CA 2013.
- 4.6 **“Independent Director”** means a Director referred to in Section 149(6) of CA 2013 read with relevant rules and LODR 2015.
- 4.7 **“LODR 2015”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- 4.8 **“Policy”** means this Policy on Board Evaluation as amended and approved by the Board from time to time.

Capitalised terms used in this Policy and not defined above shall have the same meaning as assigned to them under the CA 2013 or LODR 2015 or any other applicable law or guidelines.

5. Policy Requirements

The Company will carry out both peer & self-evaluation of Directors of the Board, its Committees and individual Directors annually.

The Company's evaluation process will also include feedback from the Non-Executive Directors to the Chairman and feedback on management support to the Board. The evaluation process will elicit responses from the Directors in a judicious manner - ranging from composition and induction of the Board to effectiveness and governance. Feedback on Board and Committee charters, strategy, risk management and quality of discussion and deliberations at the Board is also sought.

5.1. Peer and Self-evaluation

a. **Criteria**

The NRC shall set out the evaluation criteria for performance of the Board and accordingly, the evaluation process shall consist of four parts. The forms for the evaluation are provided in Annexures.

i. **Evaluation of Board and Committees**

The Members of Board and Committees shall carry out self-evaluation of performance of the Board and Committees, respectively.

ii. **Evaluation of Chairperson**

The performance evaluation of the Chairperson shall be carried out by the entire Board other than the Chairperson.

iii. **Evaluation of Individual Directors**

The performance evaluation of Individual directors shall be carried out by the entire Board, excluding the Director being evaluated.

iv. **Evaluation of Independent Directors**

The performance evaluation of Independent Directors shall be carried out by the entire Board excluding the Independent Director being evaluated.

b. **Process of evaluation**

- i. Copies of the Board evaluation forms/online questionnaire will be distributed to each Board member,

approximately 15 days before the meeting at which the evaluation is to be considered. Board members shall complete the forms/ online questionnaire.

- ii. Results will be tabulated and analyzed prior to the meeting and presented in a summary report to include composite scoring.
- iii. The individually completed forms will also be preserved and presented to the NRC / Board for final evaluation. The following will also be presented to the NRC and the Board:
 - Observations of Board evaluation carried out for the year;
 - Previous year's observations and actions taken;
 - Proposed actions (including timelines and responsibilities) based on current year observations.
- iv. Based on the results, the Board will decide if changes to its governance practices and policies need to be made.

c. Periodicity

The performance evaluation of the Board, Committees, Chairperson and Directors will be done on an annual basis. The NRC and Board will specifically discuss the evaluation at least once a year.

5.2. Evaluation by Independent Directors under Schedule IV of the CA 2013

In addition to the Board evaluations, the Independent Directors shall hold at least 1 (one) meeting in a financial year without the attendance of the non-independent directors and members of management and shall:

- i. review the performance of Non-Independent Directors and the Board as a whole;
- ii. review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- iii. 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.

5.3. Independent Third-party Evaluation

The Committee will engage a third-party professional agency to conduct an annual evaluation of the Board, the individual Directors and the Committees.

5.4. Annual review of process

The NRC will review the following on an annual basis:

- i. Whether objectives and criteria for evaluation are adequate or need to be changed / updated?
- ii. Whether the process / method of evaluation is appropriate for individual members, Committees and the Board?
- iii. Whether the actions based on the Board evaluation are being followed up on a timely basis?
- iv. Whether the Board evaluation has enhanced effectiveness of the Board?
- v. Whether the review of the process is being done on a regular basis?
- vi. Whether feedback of the members to improve the process is being taken into account?

Such review may be done based on feedback from management, Board members, Chairperson, external assessors, various stakeholders etc.

6. Reporting

In accordance with the requirement under the CA 2013, disclosures regarding the manner in which the performance evaluation has been done by the Board of its own performance, performance of various Committees of the Board and individual Directors' performance will be made by the Board in the Board's Report.

Further, in accordance with the LODR 2015, the Company will also disclose the criteria for performance evaluation of Independent Directors in the Corporate Governance Report.

The NRC will be responsible for implementation and compliance under this Policy.

7. Website Disclosures

This Policy will be uploaded on the website of the Company.

8. Review and Amendment

The Board may at any time, based on the recommendation of the Committee, amend this Policy either pursuant to any change in law or otherwise. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy.

9. Detailed Version Control Sheet

This section is the control sheet of all the changes that have been carried out in the Policy and shall list the changes done since inception.

Change in version no.	Page no.	Section no.	Erstwhile section	New/Modified section	Reason for change