



PERFORMANCE EVALUATION POLICY

Effective From: Approval of the Board pursuant to its resolution dated 22.05.2015.
Amended: Approval of the Board pursuant to its resolution dated 12-02-2018.

INTRODUCTION

In an endeavor to safeguard the interest of stakeholders at large, the Companies Act, 2013, as amended (“Act”) provides that the board of directors (“Board”) of every listed company and such other class of companies, as may be prescribed, must constitute a Nomination and Remuneration Committee that shall, *inter alia*, evaluate the performance of the senior management of the company regularly.

Bharat Hotels Limited (the “Company”) has accordingly constituted the Nomination and Remuneration Committee under Section 178 of the Act and Regulation 19 read with Part D of Schedule II, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

The Nomination and Remuneration Committee has to formulate a policy setting out the criteria based on which the performance of each and every director, the Board as a whole, and the key managerial personnel (KMPs) and other senior employees of the Company shall be evaluated.

Based on such performance evaluation, remuneration of whole time directors, key managerial personnel (KMPs) and other senior employees of the Company shall be determined and whether the term of appointment of an independent director may be continued or extended.

This policy aims at establishing a procedure for conducting periodical evaluation of directors’ performance and formulating the criteria for determining qualification, positive attribute and independence of each and every director of the Company in order to effectively determine issues relating to remuneration of director, key managerial personnel and other employees of the Company (this “Policy”).

This Policy further aims at ensuring that the committees to which the Board of the Company has delegated specific responsibilities are performing efficiently in conformity with the prescribed functions and duties.

For this purposes, the Nomination and Remuneration Committee shall be responsible to identify the persons who are qualified to become directors and who may be appointed in the senior management of the Company and recommend to the Board their appointment and removal.

Accordingly, the Nomination and Remuneration Committee of the Company shall carry out the evaluation of performance of every director, key managerial personnel and other employees in accordance with the criteria contained herein below.

RESPONSIBILITY OF THE BOARD

It shall be the duty of the Chairperson of the Board, who shall be supported by the Company Secretary, Chief Financial Officer and Head of Corporate Human Resource of the Company, to organize the evaluation process and accordingly conclude the steps required to be taken in relation to this Policy. The evaluation process will be used constructively as a system to improve the directors' and committees' effectiveness, to maximize their strength and to tackle their shortcomings.

The Board shall undertake the following activities on an annual basis:

- a) The Chairperson of the Company shall meet with each and every director individually to discuss his / her performance throughout the year.
- b) Review performance evaluation reports submitted by the Chairman/Chairperson of various committees along with their suggestions on improving the effectiveness of the committee. Also, the requirement of establishing any new committees shall be reviewed by the Board on an annual basis.
- c) Review the various strategies of the Company and accordingly set the performance objectives for directors, consistent with varying nature and requirements of Company's business.
- d) The Board as a whole shall discuss and analyze its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.

In conformity with the requirement of the Act, annual performance evaluation shall be made by the Board of its own performance and that of its committees and individual directors and also performance evaluation of independent directors shall be done by the entire Board of the Company, excluding the director being evaluated.

RESPONSIBILITY OF INDEPENDENT DIRECTORS

Independent directors shall evaluate the performance of non - independent directors and the Board of the Company as a whole.

The independent directors of the Company shall hold at least one meeting in a year to review the performance of the non-independent directors, performance of the Chairperson of the Company and Board as a whole, taking into account the views of executive directors and non-executive directors.

EVALUATION FACTORS

The Board of the Company shall consider the following parameters for the purpose of evaluating the performance of directors:

In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect of performance of independent directors, non-independent directors, other employees of the Company and committees of directors separately, as, such evaluation factors may vary in accordance with their respective functions and duties.

Rating Scale

Scale	Performance
5	Exceptionally good
4	Good
3	Satisfactory
2	Needs improvement
1	Unacceptable

INDEPENDENT DIRECTORS

S.No	Evaluation factors	Rating of each factors (from 5 to 1)*
1.	Compliance with Articles of Association, Companies Act & other Laws	
2.	Attendance and presence in meetings of Board and committees, if any	
3.	Punctuality	
4.	Attendance and presence in general meetings	
5.	Leadership skills	
6.	Qualifications	
7.	Rendering independent, unbiased opinion	
8.	Disclosure of non – independence, if exists	
9.	Appointment & removal of KMPs	
10.	Determination of level of remuneration of KMPs	
11.	Objective evaluation of Board's performance	
12.	Review of integrity of financial information & risk management	
13.	Safeguard of stakeholders' interests	
14.	Updation of skills and knowledge	
15.	Information regarding external environment	
16.	Seeking expert opinion, when required	
17.	Raising of concerns to the Board	
18.	Reporting of frauds, violation etc.	
19.	Team work attributes	
20.	Safeguard of confidential information	
21.	Professional Conduct	
22.	Role & Functions	
	Total Rating	_____
	Overall Rating (average)	
	(Total Rating / 20)	_____

Scale	Performance
5	<i>Exceptionally good</i>
4	<i>Good</i>
3	<i>Satisfactory</i>
2	<i>Needs improvement</i>
1	<i>Unacceptable</i>

NON - INDEPENDENT DIRECTORS / EXECUTIVE DIRECTORS

S.No	Evaluation factors	Rating of each factors (from 5 to 1)*
1.	Compliance with Articles of Association, Companies Act & other Laws	
2.	Attendance and presence in meetings of Board and committees, if any	
3.	Punctuality	
4.	Attendance and presence in general meetings	
5.	Leadership skills	
6.	Qualifications	
7.	Strategic planning- financial & business	
8.	Operational performance of the Company	
9.	Monitoring performance against plans	
10.	Steps initiated towards Business Development	
11.	Steps initiated towards Branding of the Company	
12.	Exercising duties diligently	
13.	Leadership skills	
14.	Updation of skills and knowledge	
15.	Motivating employees, providing assistance & directions	
16.	Seeking expert opinion, when required	
17.	Establishment of internal control processes	
18.	Supervising & training the staff members	
19.	Team work attributes	
20.	Safeguard of confidential information	
21.	Professional Conduct	
22.	Role & Functions	
Total Rating		_____
Overall Rating (average) <i>(Total Rating / 20)</i>		_____

Scale	Performance
5	Exceptionally good
4	Good
3	Satisfactory
2	Needs improvement
1	Unacceptable

COMMITTEES OF BOARD

The Board of the Company has constituted certain committees of the Board including the following:

1. **Audit Committee;**
2. **Share Transfer and Stakeholders Relationship Committee;**
3. **Nomination and Remuneration Committee;**
4. **Corporate Social Responsibility (CSR) Committee; and**
5. **Management Committee**

For evaluating the performance of each committee, the Board shall consider the following aspects:

S.No	Evaluation factors	Rating of each factors (from 5 to 1)*
1.	Compliance with Articles of Association, Companies Act & other Laws	
2.	Compliance with its charter documents	
3.	Attendance and presence in meetings of committees	
4.	Punctuality	
5.	Committee's accomplishments w.r.t. performance objectives	
6.	Redressal of complaints & grievances	
7.	Coordination with other committees and Board of Directors	
8.	Fulfillment of roles & responsibilities	
9.	Seeking expert opinion, when required	
10.	Adherence to Company's policies and internal procedures	
Total Rating		_____
Overall Rating (average)		_____
(Total Rating / 10)		_____

Scale	Performance
5	<i>Exceptionally good</i>
4	<i>Good</i>
3	<i>Satisfactory</i>
2	<i>Needs improvement</i>
1	<i>Unacceptable</i>

COMPANY SECRETARY

S.No	Evaluation factors	Rating of each factors (from 5 to 1)*
1.	Reporting and advising to the Board about compliance with applicable laws	
2.	Compliance with ethical standards & code of conduct of Company	
3.	Ensuring compliance with secretarial standards	
4.	Assistance to the Board	
5.	Discharge of duties assigned by Board	
6.	Success of meetings convened and preparation of minutes	
7.	Attendance and presence in meeting of Board, committees of Board and general meeting	
8.	Assistance in obtaining required approvals from Board, shareholders, Government and other authorities	
9.	Representation before various regulators on behalf of the Company	
10.	Punctuality and other personality related aspects	
Total Rating		_____
Overall Rating (average) <i>(Total Rating / 10)</i>		_____

Scale	Performance
5	<i>Exceptionally good</i>
4	<i>Good</i>
3	<i>Satisfactory</i>
2	<i>Needs improvement</i>
1	<i>Unacceptable</i>

CHIEF FINANCIAL OFFICER AND OTHER SENIOR PERSONNEL

SN	Evaluation factors	Rating
1.	Reporting and advising to the Board about compliance with	

	applicable laws	
2.	Compliance with ethical standards & code of conduct of Company	
3.	Ensuring compliance with accounting standard	
4.	Discharge of duties assigned by Board	
5.	Attendance and presence in meeting of Board, committees of Board and general meeting	
6.	Fulfilment of roles and responsibilities granted	
7.	Achievement of target fixed	
8.	Development of strategies for internal growth and effectiveness in managing the revenue of the Company.	
9.	Representation before various regulators on behalf of the Company	
10.	Punctuality and other personality related aspects	
Total Rating		_____
Overall Rating (average) <i>(Total Rating / 10)</i>		_____

REMUNERATION

The Company aspires to pay performance linked remuneration to its whole time directors, key managerial personnel and other senior employees.

For this reason, based on the above stated criteria of evaluation of performance of directors (independent as well as non-independent directors), Company Secretary and other Key Managerial Personnel and senior employees, their remuneration shall be determined and reviewed from time to time by the Chairperson and Managing Director of the Company..

While determining the remuneration for each of the directors, the key managerial employees and other senior employees, the Company shall ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

Effective date

The Performance Evaluation Policy has been adopted by Board pursuant to its resolution dated 22.05.2015.

This Amended Policy has been issued with the approval of the Board pursuant to its resolution dated 12-02-2018.

DISCLOSURE

This Policy and evaluation criteria shall be disclosed in the annual report of the Company and posted on the website of the Company, if required under the Companies Act, 2013 and rules thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and any other regulatory requirements.

AMENDMENTS AND UPDATION:

Subject to the approval of Board of the Company, the “Nomination and Remuneration Committee” reserves its right to review and amend this Policy, if required, to ascertain its appropriateness as per the needs of the Company. This Policy may be amended by adopting a resolution at a meeting of the Nomination and Remuneration Committee.

DATE: 12-02-2018