

PERFORMANCE EVALUATION POLICY



| Version | Approved by | Approved On | Effective From |
|-------------|--------------------|-------------------|-------------------|
| Version 1.0 | Board of Directors | May 13, 2021 | May 13, 2021 |
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PERFORMANCE EVALUATION POLICY

1. INTRODUCTION

In an endeavor to safeguard the interest of the Company and as prescribed under section 178 of the Companies Act, 2013 ('Act') based on the recommendation of the Nomination and Remuneration Committee ("**NRC**"), the Board of Directors ("**Board**") of Krsnaa Diagnostics Ltd. ("Company") has formulated a policy setting out the criteria for the performance of directors including the performance of the Board as a whole. Based on the performance evaluation to be carried out by the Board, remuneration of directors, key managerial personnel and employees shall be determined. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the directors.

This policy aims at establishing a procedure for conducting periodical evaluation of directors' performance and formulating the criteria for determining the qualification, positive attribute and independence of each director of the Company in order to effectively determine issues relating to remuneration of every director, key managerial personnel and other employees of the Company. This policy further aims at ensuring that the committees to which the Board of Directors has delegated specific responsibilities are performing efficiently in conformity with the prescribed functions and duties. For this purpose, 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.

In addition, the Nomination and Remuneration Committee shall carry out the evaluation of the performance of every Director, Key Managerial Personnel and other employees in accordance with the criteria contained herein, based on which their remuneration shall be determined.

2. RESPONSIBILITY OF BOARD

It shall be the duty of the Chairman of the Board, who shall be assisted by the Company Secretary of the Company to organize the evaluation process and accordingly conclude the steps required to be taken. 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 of Directors shall undertake the following activities on an annual basis:

- I. The Chairman of the Company shall meet with each and every Director individually to discuss his / her performance throughout the year.

- II. Review performance evaluation reports submitted by the 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.
- III. Review the various strategies of the Company and accordingly set the performance objectives for directors, in consistency with varying nature and requirements of Company's business.
- IV. The Board as a whole shall discuss and analyse 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, the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

3. RESPONSIBILITY OF INDEPENDENT DIRECTORS

Independent Directors shall evaluate the performance of non-independent directors and board 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 chairperson of the Company and board as a whole, taking into account the views of executive directors and non-executive directors.

4. EVALUATION FACTORS

The Board of Directors shall pay regards to the following parameters for the purpose of evaluating the performance of a particular director. 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 and committees of directors separately, as such evaluation factors may vary in accordance with their respective functions and duties.

| Rating Scale | Scale Performance |
|--------------|----------------------|
| 5 | Outstanding |
| 4 | Exceeds Expectations |
| 3 | Meets Expectations |
| 2 | Needs improvement |
| 1 | Poor |

5. INDEPENDENT DIRECTORS AND NON-EXECUTIVE DIRECTORS OVERALL RATING

| Criteria | Rating |
|--|--------|
| Participation in the Board/ Committee Meetings | |
| Director comes well prepared and informed for the Board / committee meeting(s). | |
| Director has the ability to remain focused at a governance level in Board/ Committee meetings. | |
| Director's contributions at Board / Committee meetings are of high quality and innovative. | |
| Director exercises objective independent judgment in the best interest of Company. | |
| The Director has effectively assisted the Company in implementing the best corporate governance practice and then monitors the same. | |
| Director keeps himself/ herself well informed about the Company and external environment in which it operates. | |
| Managing Relationship | |
| Director is effective and successful in managing relationships with fellow Board members and senior management | |
| Knowledge and Skill | |
| Director understands governance, regulatory, financial, fiduciary and ethical requirements of the Board / Committee. | |
| Personal Attributes | |
| Director has maintained high standard of ethics and integrity. | |

6. EXECUTIVE DIRECTORS OVERALL RATING

| Criteria | Rating |
|---|--------|
| LEADERSHIP | |
| The MD / ED has shown clear vision in correctly anticipating business trends, opportunities, and priorities affecting the Company's prosperity and operations. | |
| The MD / ED has clearly translated his/her vision and strategy into feasible business or operational plans to achieve strategic success for the Company. | |
| STRATEGY FORMULATION & EXECUTION | |
| The MD / ED has developed clear mission statements, policies, and strategic plans that harmoniously balance the needs of shareholders, clients, employees, and other stakeholders. | |
| The MD/ED has timely and effectively executed strategies on priorities and with measures set by the Board. | |
| FINANCIAL PLANNING / PERFORMANCE | |
| The MD/ED has possessed a good understanding of the company's financial measures relevant to its business and financial situation. | |
| RELATIONSHIP WITH THE BOARD | |
| The MD/ED has built strong working relationships with Board members and has worked closely and cooperatively with the board in developing the mission, and short, medium and long-term strategic plans. | |
| EXTERNAL RELATIONS | |
| The MD/ED has served as an effective Company's representative in communicating with all stakeholders. | |
| HUMAN RESOURCE MANAGEMENT / RELATIONS | |
| The MD/ED has created and maintained an organizational culture and climate which attracts, keeps and motivates staff to carry out the Company's mission, strategic directions and organizational goals. | |
| PRODUCT / SERVICE KNOWLEDGE | |
| The MD/ED has a good understanding of the company's business model and allocation of its resources, as well as the business and industry environment. | |
| PERSONAL QUALITIES | |
| The MD/ED has attained an image that reflects positively on the company, as well as demonstrated a personality, outlook, and attitude that wins trust and support from all stakeholders. | |

7. COMMITTEES OF BOARD

The Board has constituted the following committees:

1. Audit Committee;
2. Stakeholders Relationship Committee;
3. Nomination and Remuneration Committee;
4. Corporate Social Responsibilities Committee;
5. Risk Management Committee
6. Operation Committee

For evaluating the performance of each committee, the Board of Directors shall take into consideration the following aspects:

- Compliance with the Companies Act & other laws
- Compliance with its charter documents
- Compliance with ethical standards & code of conduct of Company
- Committee's accomplishments with respect to performance objectives
- Redressal of complaints & grievances
- Coordination with other committees and Board of Directors
- Fulfilment of roles & responsibilities
- Adherence to Company's policies and internal procedures.

8. REMUNERATION

The Company aspires to pay performance linked remuneration to its Executive Directors, Key Managerial Personnel and other Senior Management Personnel. For this reason, based on the aforementioned criteria of evaluation of performance of Directors (Non-Independent Directors), Key Managerial Personnel and Senior Management Personnel, their remuneration shall be determined and reviewed from time to time by the Nomination and Remuneration Committee and Chairman of the Company.

9. AMENDMENTS

The Company is dedicated to regularly assess and update its policies and procedures. Consequently, this policy may be amended from time to time subject to Board approval and in compliance with applicable laws and regulations. This policy and any further modifications/ amendments to the same shall be promptly disclosed on the Company's website and filed in accordance with the applicable laws and regulations.

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 hereunder and this Policy shall stand amended accordingly from the Effective Date as laid down under such amendment(s), clarification(s), circular(s) etc.