

POLICY FOR EVALUATION OF
PERFORMANCE OF THE BOARD OF
DIRECTORS
OF
Dalmia Industrial Development Limited

**POLICY FOR EVALUATION OF THE PERFORMANCE OF THE BOARD OF
DIRECTORS OF DALMIA INDUSTRIAL DEVELOPMENT LIMITED
EFFECTIVE FROM DECEMBER 1, 2015**

1 INTRODUCTION:

Dalmia Industrial Development Limited (hereinafter referred to as the “Company”) believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior, in consonance with the Company’s Code of Conduct Policy for its employees and also for the Board of Directors. Each Director and executive is expected to comply with letter and spirit of this policy. The Code of Conduct is applicable to all the employees and any violation would be matter of serious concern of the Company.

In view of above, the Company has adopted the policy to comply provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors evaluation of its own performance and individual Directors as as mentioned under Clause (f) of sub-section 13 of Section 134 of the Companies Act, 2013. The Nomination and Remuneration Committee shall evaluate the performance of each of Board of Director as per sub-section (2) of section 178 and based on the functions of the Board of Directors as indicated under Schedule IV (Section 149) annexed to the Companies Act, 2013 and the rules made there under.

2. DEFINITION:

- I. The Act shall mean The Companies Act, 2013
- ii. The Company shall mean “Dalmia Industrial Development Limited ”.
- iii. The Director or the Board, in relation to the Company, shall mean and deemed to include the collective body of the Board of Directors of the Company including chairman.
- iv. The Independent Directors shall mean an Independent Director as defined under Section 2(47) to be read with Section 149(5) of the Act.

- v. The Policy shall mean Policy for evaluation of performance of Board of Directors.
- v. The Committee shall mean the Nomination & Remuneration Committee formed under the provisions of Section 178 of the Companies Act, 2013.

3. OBJECTIVE:

The Object of this policy is to formulate the procedures and lay down the criteria to evaluate the performance of Board of Directors of the Company.

4. PERFORMANCE EVALUATION:

a. Appraisal System:

Appraisal of each Director shall be based on the criteria as mentioned below and carried out pursuant to Section (p) of sub-section (3) of Section 134.

CRITERIA FOR EVALUATION

Rating scale shall be 1 to 10 (1 being least effective and 10 being most effective)

| Criteria's of performance evaluation | Sub-criteria of evaluation of performance | Rating |
|--------------------------------------|--|--------|
| Job Profile | 1. Knowledge of the job 2. Skills to perform or to execute | |
| Responsibilities & Obligations | 1. Attendance and participations in the meeting 2. Expert opinion on serious issues | |
| Strategies | 1. Strategies formulated and its implementation 2. Measures on key issues | |
| Management | 1. With regard to Stock Exchanges 2. Financial 3. Achievement/Awards | |
| Risk Management | 1. Avoidance of High Financial Risk while executing 2. Avoidance of any other high risk | |
| Mergers & Acquisitions | 1. Number of mergers & Acquisitions 2. Success rate in executive M & A | |
| Talent Management | 1. Achievement in negotiations 2. Retained at Low, Middle and Top Level | |
| Core Governance & | 1. Review compliances applicable under all | |

| | | |
|-----------------------------------|--|--|
| Compliance Management | laws 2. Review whether business is carried out legally or not | |
| Annual Targets | 1. Achievement in Production, Sales, Finance etc., 2. Consumption | |
| Expansion & Diversification | 1. Any new activities undertaken 2. Status of Execution | |
| Succession Planning | 1. Any Additional Directors [Experts] inducted | |
| Conflict of Interest | 1. Strategy to resolve with Directors 2. Strategy to resolve with Employees | |
| Financial & Operational Mechanism | 1. Control on Finance 2. Control on internal operational activities | |
| Corporate Culture | 1. Initiative for Corporate Culture amongst employees 2. Initiative of Moral values | |
| High level of integrity & ethics | 1. Initiative for high level of integrity 2. Initiative for high level ethics | |
| Code of conduct for Directors | 1. Duties & Responsibilities as per code of conduct 2. Abidance and behavior with code of conduct | |
| General Knowledge & Skills | 1. Knowledge of Ferro Alloys Industry 2. Skills for carrying out Ferro Alloys Sector | |

b. Evaluation of Performance:

The Committee shall evaluate the performance of each Director with reference of the authority of Nomination & Remuneration Policy.

Evaluation of Independent Directors shall be carried on by the entire Board on the same lines of Functional Directors carried out except the Director getting evaluated.

Based on the performance of each Director and Chairman, the Committee shall provide ratings based on each criteria & sub-criteria.

c. Effectiveness of the Board:

Based on the ratings, the overall effectiveness of the board shall be measured and decision will be taken on appointment, re-appointment and removal of non performing Directors.

Separate Meeting for evaluation of performance of Board Members:

Evaluation of Executive Directors shall be carried out by Board except the Director being evaluated. The meeting for evaluation of performance shall be held at least once in a year and the Company shall disclose on its website for the reference and also in the Annual Report.

Criteria for evaluation of performance:

The Nomination & Remuneration Committee has laid down the criteria for evaluation of performance of Independent Directors and the Board.

1. Attendance and Contribution at Board/Committee meetings.
2. His/her stature, appropriate mix of expertise, skills, behavior, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align value and standards.
3. His/Her knowledge of finance, accounts, legal, investment, marketing, foreign exchange, internal controls, risk management, assessment and mitigation, business operation, process and corporate governance
4. His/Her ability to create a performance culture that drives value creation
5. Effective decisions making ability to respond positively and constructively to implement the same for transparency.
6. His/Her ability to monitor the performance of management and satisfy himself/herself with integrity of financial controls and system in place by ensuring right level of contact with external stakeholders.

FEED BACK OF BOARD MEMBERS

The Company believes in value for its stakeholders through ethical process and integrity. The Board plays an important role in ensuring the performance of the company and timely inputs to enhance its performance and set right in right direction for growth.

Name of the Director:.....

Rating scale shall be 1 to 10 (1 being least and 10 being most effective)

| Question | Rating | Remark |
|--|--------|--------|
| Participation and attendance in Board/Committee Meetings | | |

| | | |
|--|--|--|
| Prepares adequately for Board/ Committee Meetings | | |
| Contributes to strategy and other areas impacting company's performance | | |
| Brings his/her experience and credibility to bear on the critical areas of performance of the organization | | |
| Keeps updated knowledge of his/her areas of expertise and other important areas | | |
| Communicates in open and constructive manner | | |
| Allow other members to contribute, participate actively in the discussion and consensus oriented | | |
| Assist to create brand image and resolves issues | | |
| Actively contributes for growth of the Company | | |
| Conduct himself/herself in ethical level and consistent with laws | | |
| TOTAL RATINGS | | |

Note: Rating 90 and above – excellent, between 75 to 89 – Very good, between 60 to 74 – Good, between 35 – 59 – Satisfactory and less than 35 – unsatisfactory

Procedure to rate the performance:

The performance rating shall be given within minimum 1 and maximum 10, The performance of rating shall decide the strategy for appointment / re-appointment / removal etc., and maintain most effective and power top level management for future growth, expansion, diversification and also to maximize returns on investment to the stakeholders.