SHREE DIGVIJAY CEMENT COMPANY LIMITED

POLICY ON EVALUATION OF PERFORMANCE OF DIRECTORS AND THE BOARD

1. INTRODUCTION:

India has moved recently from a voluntary Board evaluation under Clause 49 of the Listing Agreement (SEBI) and Corporate Governance Voluntary Guidelines of MCA to a mandatory Board evaluation under Companies Act, 2013 (the "Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"). The Act and SEBI LODR provide for several mandatory provisions for Board Evaluation on who is to be evaluated, who is to evaluate such persons, disclosure requirements, etc. The Act and SEBI LODR also provides for the role of the Nomination and Remuneration Committee, Independent Directors and Board of Directors on evaluation of performance of Board, committees and individual director.

2. OBJECTIVE:

Identifying the objectives of the evaluation is the first and a crucial step in the Board Evaluation process. Clear identification of objectives is key to streamlining the process of evaluation, analyzing the results and taking appropriate and corrective action.

The objectives may be:

a) General objectives- Standard Objectives for all Board evaluations of the entity

b) Specific objectives- Objectives specific to the current Board evaluation based on recent events, new issues of concern, etc.

This Policy aims to:

I. Ensure compliance of the applicable provisions of the Act and SEBI LODR (as amended or reenacted from time to time) relating to the evaluation of performance of the Directors, Committees and the Board

II. adopt best practices to manage the affairs of the Company in seamless manner.

III. achieve good corporate governance as well as sustained long-term value creation for stakeholders.

IV. This will be effective from 1st April, 2017.

3. DEFINITIONS:

A. "**the Act**":
The Act shall mean The Companies Act, 2013;

B. "**the Company**":
The Company shall mean 'Shree Digvijay Cement Company Limited'.

C. "**the Board**":
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 the Chairman of the Company.

D. "**Director**" or "**Directors**":
Director or Directors, in relation to the Board of the Company, shall mean and deemed to include each Member of Board of the Company.

D. “**the Independent Director**”:

The Independent Director shall mean an Independent Director as defined under Section 2 (47) to be read with section 149 (5) of the Act.

DI. “**the Policy**” or “**this Policy**”:

The policy or this Policy shall mean the Policy for Evaluation of performance of Board of Directors of the Company, various Committees of Board, and individual director (both Independent Directors and Non-Independent Directors).

DII. “**the Group Policy**”:

The Group Policy shall mean the Performance Evaluation Policy, if any, as approved at its parent company, including any amendments or modifications thereto.

DIII. “**Committee**” or “**Committees**”:

Committee or Committees shall mean all the Committee of the Board constituted by the Board of Directors of the Company including the Audit Committee, Nomination and Remuneration Committee (NRC), Risk Management Committee (RMC), Stakeholders Relationship Committee (SRC), Corporate Social Responsibility Committee (CSR Committee) or any other committee(s) of Board that may be constituted by Board of Directors of Company.

4. EVALUATION:

The evaluation of performance of Board, Committees, executive & non-executive (Non-Independent Director) and Independent Directors (IDs) shall be carried out as per methodology annexed hereto.

The evaluation of performance of India CEO, if he is also a member of Board, shall be subject to and in addition to the guidelines and process defined under Group Policy.

Methodology for Performance Evaluation of the Directors, Board and Board Committees

	Board	**Committees**	**Independent Directors**	**Directors (excluding Independent Directors)**
Time Frame	Annually by end of March	Annually by end of March	Annually by end of March	Annually by end of March
Evaluation	Self- evaluation by all Directors as a legal body	Self-Evaluation by all the Committee Members as a legal body	Peer-Evaluation by other Directors	Peer-Evaluation by IDs
Process	• Process to be initiated by the Chairman • Each Board Member (including Independent Directors) completes the self-evaluation form and submits the same to the Chairman at least 15 days before the Board Meeting for adoption of March Results • The Independent Directors (IDs) meet separately to discuss the performance of the Board and its Directors. The IDs will submit their assessment of the performance of the Board and its Directors to the Chairman • The Chairman will discuss the evaluations reports with the MD and present a summary/analysis to the Board in the next Board Meeting by May	• Process to be initiated by the Chairman • Each Committee Member completes the evaluation form and submits the same to the Chairman of the respective Committees • Chairman of the Committees submit the evaluation reports to Chairman of the Board at least 15 days before Board Meeting for adoption of March Results • The Chairman will discuss the evaluations reports with the MD and present a summary/analysis to the Board in the next Board Meeting by May	• Process to be initiated by the Chairman • Each Board Member completes a separate peer evaluation form for all Directors • Evaluation forms are handed over to the Chairman at least 15 days before Board Meeting for adoption of March Results • Chairman conveys feedback individually to the concerned Directors by May	• Process to be initiated by the Chairman • IDs complete the peer-evaluation of other Directors on the Board • The Independent Directors (IDs) meet separately to discuss the performance of the Directors, other than IDs. The IDs will submit their assessment of the performance to the Chairman • Chairman conveys feedback individually to the concerned Directors by May

PERFORMANCE EVALUATION OF THE BOARD

Shree Digvijay Cement Company Limited shall evaluate the performance of the Board and its functioning on annual basis (1st April to 31st March, i.e. the financial year). While conducting the performance evaluation, following process shall be followed:

1. The Chairman of the Company shall send a self-evaluation form (see Annex 1) to all Directors in the month of March of relevant financial year, every year.

2. The self-evaluation shall be completed by the month of April (not later than Board meeting fixed for adoption of March Results) every year and will be for the financial year i.e. from 1st April till 31st March.

3. All Board Members shall complete the self-evaluation form and submit the same to the attention of Chairman in a sealed envelope marked to Company Secretary at least 15 days prior to Board meeting fixed for adoption of March Results.

4. On behalf of the Chairman, Company Secretary will present all information in a graphical model and provide to Independent Director for discussion at the Separate Meeting of Independent Directors.

5. The Company shall facilitate a meeting of Independent Directors to discuss the performance of the Board and submit their assessment to the Chairman of the Company.

6. The Chairman will discuss the outcome of performance appraisal and the actions points arising from the evaluations to the Board in the next Board Meeting.

PERFORMANCE EVALUATION OF THE COMMITTES OF THE BOARD

Shree Digvijay Cement Company Limited shall evaluate the performance and functioning of the Committees of its Board on annual basis (1st April to 31st March, i.e. the financial year). While conducting the performance evaluation, the following process shall be followed:

1. The Chairman of the Company shall send a self-evaluation form (see Annex 2) to the Members of all Committees in the month of March of relevant financial year, every year.

2. The self-evaluation shall be completed by the month of April (not later than Board meeting fixed for adoption of March Results) every year and will be for the financial year i.e. from 1st April till 31st March.

3. All Committee Members will complete the self-evaluation form and submit the same in a sealed envelope marked to the Company Secretary at least 15 days prior to Board meeting fixed for adoption of March Results.

4. On behalf of the Chairman, the Company Secretary shall compile the self-evaluation questionnaires submitted.

5. The evaluations will be completed before the date of the Board Meeting wherein the Q4 Results are to be adopted by the Board.

6. The Chairman will present a summary of and the actions points arising from the evaluations to the Board in the next Board Meeting.

PERFORMANCE EVALUATION OF THE INDEPENDENT DIRECTORS

Shree Digvijay Cement Company Limited shall evaluate the performance and functioning of its Independent Directors on annual basis (1st April to 31st March, i.e. the financial year). While conducting the performance evaluation, the following process shall be followed:

1. The Chairman of the Company shall send a peer-evaluation form (see Annex 3) to all Directors in the month of March of relevant financial year, every year.

2. The peer-evaluation shall be completed by the month of April (not later than Board meeting fixed for adoption of March Results) every year and will be for the financial year i.e. from 1st April till 31st March.

3. All Directors will complete the peer-evaluation form for all other Directors and submit the same to the attention of Chairman in a sealed envelope marked to Company Secretary at least 15 days prior to Board meeting fixed for adoption of March Results.

4. On behalf of the Chairman, the Company Secretary shall compile the self-evaluation questionnaires submitted.

5. The evaluations will be completed before the date of the Board Meeting wherein the Q4 Results are to be adopted by the Board.

6. The Chairman may discuss the evaluations with the concerned Directors individually.

PERFORMANCE EVALUATION OF THE NON-INDEPENDENT DIRECTORS

Shree Digvijay Cement Company Limited shall evaluate the performance and functioning of its Non-Independent Directors on annual basis (1st April to 31st March, i.e. the financial year). While conducting the performance evaluation, the following process shall be followed:

1. The Chairman of the Company shall send a peer-evaluation form (see Annex 4) to all Independent Directors in the month of March or relevant financial year, every year.

2. The peer-evaluation shall be completed by the month of April (not later than Board meeting fixed for adoption of March Results) every year and will be for the financial year i.e. from 1st April till 31st March.

3. The Company shall also facilitate a meeting of Independent Directors to discuss the performance of the Board and submit their assessment to the Chairman of the Company at least 15 days prior to Board meeting fixed for adoption of March Results.

4. The evaluations will be completed before the date of the Board Meeting wherein the Q4 Results are to be adopted by the Board.

5. The Chairman may discuss the evaluations with the Non-Independent Directors individually.

Annex - 1

FORM FOR EVALUATING THE BOARD OF DIRECTORS

Name of the Director: ___________________________
Assessment Period: Financial Year [1st April, ____to 31st March, ____]
Date of Assessment: __________

Please rate the functioning of the Board on the following scale:
1 = Strongly disagree; 2 = Disagree; 3 = Not Applicable; 4 = Agree; 5 = Strongly agree

S. No.	Criteria	Assessment Rating				
		1	2	3	4	5
1.	The Board as a whole has proper mix of competencies to conduct its affairs effectively	○	○	○	○	○
2.	There is sufficient diversity in the Board viz., Gender/Background/Experience etc.	○	○	○	○	○
3.	The meetings of the Board are well scheduled and planned in advance	○	○	○	○	○
4.	Frequency of the meetings are sufficient for the Board to undertake the duties effectively	○	○	○	○	○
5.	Wherever necessary, Committees have been formed to look into specific issues and this system is functioning effectively	○	○	○	○	○
6.	The Board Members receive agenda and relevant background documentation in advance to prepare for the meetings	○	○	○	○	○
7.	The agenda contains sufficient details to understand the business to be conducted at the Board meetings	○	○	○	○	○
8.	Board meetings are conducted effectively, with sufficient time spent on significant or emerging issues	○	○	○	○	○
9.	The presentations/discussions at the meetings give sufficient details to understand the business being conducted at the meeting	○	○	○	○	○
10.	The Board reviews Company's business and financial performance	○	○	○	○	○
11.	The Board reviews best practices in governance, risk management framework, compliance issues and other controls	○	○	○	○	○
12.	The Board sufficiently reviews external environment and its impact on the Company	○	○	○	○	○
13.	Any critical / dissenting suggestions made by the Director are taken constructively and recorded in the minutes	○	○	○	○	○
14.	Minutes of each meeting are prepared and discussions at the meeting are captured appropriately	○	○	○	○	○
15.	Follow up points identified during the meetings are discussed at the later meetings with relevant details	○	○	○	○	○
16.	The Board is informed of material matters in between the meetings	○	○	○	○	○
17.	The Board has freedom to communicate and engage with internal stakeholders	○	○	○	○	○
18.	The Board reviews environment, social and governance policy & plans and other sustainability & climate change issues	○	○	○	○	○
19.	The Board regularly reviews Corporate Social Responsibility initiatives of the Company	○	○	○	○	○
20.	There is adequate level of independence of the management from the Board	○	○	○	○	○

Comments, if any:

Annex 2

FORM FOR EVALUATING AUDIT/RMC/NRC/SRC/CSR COMMITTEE

Name of the Member: ________________
Name of the Committee: **Audit/RMC/NRC/SRC/CSR Committee**
Assessment period: Financial Year (1^{st} April, _____ to 31^{st} March, _____)
Date of Assessment: ___________

Please rate the functioning of the Committee on the following scale:
1 = Strongly disagree; 2 = Disagree; 3 = Not Applicable; 4 = Agree; 5 = Strongly agree

Sr. No.	Criteria	Assessment Rating				
		1	2	3	4	5
1	The Committee is sufficiently formed and the roles of the Committees are clearly defined	◯	◯	◯	◯	◯
2	The meetings of the Board are well scheduled and planned in advance	◯	◯	◯	◯	◯
3	Frequency of the meetings are sufficient for the Committee to undertake the duties effectively	◯	◯	◯	◯	◯
4	The Members receive the agenda and relevant background documentation in advance to prepare for the meetings	◯	◯	◯	◯	◯
5	The agenda contains sufficient details to understand the business to be conducted at the meetings	◯	◯	◯	◯	◯
6	Committee meetings are conducted effectively, with sufficient time spent on significant or emerging issues	◯	◯	◯	◯	◯
7	The Committee spends sufficient time on reviewing the matters within the scope of the Committee's charter	◯	◯	◯	◯	◯
8	The presentations / discussions shared at the meetings give sufficient details to understand the business being conducted at the meetings	◯	◯	◯	◯	◯
9	The Chairperson of the Committee display efficient leadership and is able to steer the meeting effectively	◯	◯	◯	◯	◯
10	Any suggestions made by the Members on the change in process / further details / information is attended to	◯	◯	◯	◯	◯
11	Minutes of each meeting are prepared and discussions at the meetings are captured appropriately	◯	◯	◯	◯	◯
12	Follow up points identified during the meetings are discussed at the later meetings with relevant details	◯	◯	◯	◯	◯

Comments, if any:

FORM FOR EVALUATING INDEPENDENT DIRECTORS

Name of the Director being evaluated: ____________________
Assessment period: Financial Year (1st April, ____ to 31st March, ____)
Date of Assessment: ______________

Part 1 (to be filled by the Company)

No. of Board meetings held in the tenure of Director	
No. of Board meetings attended by the Director	
No. of Committees in which Director is member	
No. of Committee meetings held in the tenure of Director (add all committee meetings)	
No. of Committee meetings attended by the Director (add all committee meetings)	
Attendance at AGM	Yes
Whether declaration of independence has been received from the Director	Yes

Part 2 (to be filled by the Director evaluating other Director)

Please rate the functioning of the Committee on the following scale:
1 = Strongly disagree; 2 = Disagree; 3 = Not Applicable; 4 = Agree; 5 = Strongly agree

Sr. No.	Criteria	Assessment Rating				
		1	2	3	4	5
1	Director's background, knowledge and skills are relevant to the Board and business of the Company	○	○	○	○	○
2	Director devotes sufficient time for Board matters and actively participates in the matters that are being discussed at the meetings	○	○	○	○	○
3	Director is available for any discussions / inputs outside of Board / Committee meetings	○	○	○	○	○
4	Director helps in bringing an independent judgment to bear on the deliberations especially on strategy, risk management and performance of the company	○	○	○	○	○
5	Director works towards safeguarding the interest of all stakeholders in the Company	○	○	○	○	○
6	Director brings quality and value in Board discussions	○	○	○	○	○
7	Director demonstrates highest level of Integrity (including but not limited to, avoiding conflict of interest, maintaining of confidentiality etc.)	○	○	○	○	○

Comments, if any:

FORM FOR EVALUATING NON-INDEPENDENT DIRECTORS

Name of the Director being evaluated: ____________________
Assessment period: Financial Year (1st April, ___ to 31st March, ____)
Date of Assessment: ______________

Part 1 (to be filled by the Company)

No. of Board meetings held in the tenure of Director	
No. of Board meetings attended by the Director	
No. of Committees in which Director is member	
No. of Committee meetings held in the tenure of Director (add all committee meetings)	
No. of Committee meetings attended by the Director (add all committee meetings)	
Attendance at AGM	Yes

Part 2 (to be filled by the Director evaluating other Director)

Please rate the functioning of the Committee on the following scale:
1 = Strongly disagree; 2 = Disagree; 3 = Not Applicable; 4 = Agree; 5 = Strongly agree

Sr. No.	Criteria	Assessment Rating				
		1	2	3	4	5
1	Director's background, knowledge and skills are relevant to the Board and business of the Company	○	○	○	○	○
2	Director devotes sufficient time for Board matters and actively participates in the matters that are being discussed at the meetings	○	○	○	○	○
3	Director is available for any discussions / inputs outside of Board / Committee meetings	○	○	○	○	○
4	Director helps in bringing an independent judgment to bear on the deliberations especially on strategy, risk management and performance of the company	○	○	○	○	○
5	Director works towards safeguarding the interest of all stakeholders in the Company	○	○	○	○	○
6	Director brings quality and value in Board discussions	○	○	○	○	○
7	Director brings relevant issues to the notice of the Independent Directors at Board and/or Committee Meetings, as and when required and actively shares all relevant details relating to Board agenda	○	○	○	○	○
8	Director demonstrates highest level of Integrity (including but not limited to, avoiding conflict of interest, maintaining of confidentiality etc.)	○	○	○	○	○

Comments, if any: