



DIVYASHAKTI GRANITES LIMITED

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BOARD EVALUATION POLICY

DIVYASHAKTI GRANITES LIMITED

Board Evaluation Policy

Effective from 31st July 2014

(Amended on 30th May, 2016)

1. INTRODUCTION:

Divyashakti Granites 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. The honesty, integrity and sound judgment and performance of the Directors and the Senior Management are key criteria for the success and for building a good reputation of the Company. Each Director and executive in the Senior Management is expected to comply with the letter and spirit of this Policy.

Therefore, the Company has made this policy to comply with various provisions under the Regulation 19 and Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also the formal annual evaluation made by the Board of Directors of its own performance (self-appraisals) and that of its committees and individual Directors as mentioned under the clause (p) of sub-section (3) of Section 134 of the Companies Act, 2013. The Nomination & Remuneration Committee shall evaluate the performance of the each Board of Director as per subsection (2) of Section 178 and based on the functions of the Board of Directors as indicated under Schedule IV (as per section 149) annexed to the Companies Act, 2013 and the Rules made thereunder.

2. DEFINITIONS:

A. “**the Act**”:

The Act shall mean The Companies Act, 2013;

B. “**the Company**”:

The Company shall mean Divyashakti Granites Limited.

C. “**the Director**” or “**the Board**”:

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 the Chairman 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.

E. “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.

F. “the Committee” or “this Committee”:

The Committee or This Committee shall mean the Nomination and Remuneration Committee of the Board of Directors formed under the provisions of Section 178 of Companies Act, 2013.

3. OBJECTIVE:

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

4. VARIOUS KINDS OF PERFORMANCE EVALUATION:

A. Appraisal System:

Appraisal of each Director of the Company shall be based on the criteria as mentioned herein below. This appraisal is mandatory and will be done under the provision of the clause (p) of subsection (3) of Section 134.

CRITERIA FOR EVALUATION:

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

<u>Criteria of Performance Evaluation</u>	<u>Sub-Criteria’s of Evaluation of Performance</u>	<u>Rating</u>
Based on Job Profile	1. Knowledge of the Job Profile 2. Skills required to perform or to execute the job profile	
Based on Responsibilities & Obligations	1. Attendance and participations in the Meetings 2. Expert opinions in respect of the serious issues	

Based on Strategies	<ol style="list-style-type: none">1. Strategies formulated and successfully implemented2. Various Directions provided in the best interest of the Company on key issues	
Based on Performance Management	<ol style="list-style-type: none">1. Performance of the Company on the Stock Exchanges2. Financial Performance3. Achievement of Domestic or International Award	
Based on General Knowledge & Skills	<ol style="list-style-type: none">1. Knowledge of old tactics in the field of granite Sector2. Skills required for carrying out Business Activities in the field of granite sector3. Communication skills and quick responsiveness	

B. Evaluation of the Performance:

The Committee shall evaluate the performance of each Director on the Board of the Company with reference of the authority under the Nomination and Remuneration Policy of the company framed in accordance with the provisions of section 178 of the Companies Act, 2013 and based on their functions as mentioned in the Code of Conduct of the Directors and the criteria for the evaluation of the performance as prescribed in the clause 6 of this policy.

Evaluation of Independent Director shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director getting evaluated.

Based on the performance evaluation of each and every Director and the Chairman of the company, the Committee shall provide the ratings based on each criteria and sub-criteria. The detailed process of evaluation and ratings thereon are mentioned in the clause 6 and 7 of this policy respectively.

C. Effectiveness of the Board:

Based on the ratings given by the Nomination & Remuneration Committee to each Director, the overall effectiveness of the Board shall be measured and accordingly the Board shall decide the Appointments, Re-appointments and Removal of the non-performing Directors of the Company.

5. SEPARATE MEETING FOR EVALUATION OF PERFORMANCE OF BOARD MEMBERS:

Evaluation of the Executive Directors of the Company shall be carried out by entire Board except the Director being evaluated. The meeting for the purpose of evaluation of performance of Board Members shall be held at least once in a year and the Company shall disclose the criteria laid down by the Nomination and Remuneration Committee for performance evaluation on its web site for the reference and also in the Annual Report of the Company.

6. CRITERIA FOR EVALUATION OF PERFORMANCE:

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

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

Sl.No.	Question	Rating	Remark
1	Attendance and contribution at Board and 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 company's value and standards.		
3	His/her knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes and Corporate Governance.		
4	Effective decision - making ability to respond positively and constructively to implement the same to encourage more transparency		
5	Open channels of communication with executive management and other colleague on Board to maintain high standards of integrity and probity.		
6	His/her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.		

7	Quality of decision making on source of raw material/procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, forex dealings, geopolitics, human resources etc.		
8	His/her contribution to enhance overall brand image of the Company		

Note: Rating 9.0 and above - excellent, between 7.5 to 8.9 - Very good, between 6.0 to 7.4 - Good, between 3.5 to 5.9 - Satisfactory and Less than 3.5 - Unsatisfactory.

7. PROCEDURE TO RATE THE PERFORMANCE:

Based on evaluation criteria, the Nomination & Remuneration Committee and the Board shall rate the performance of each and every Director. The performance rating shall be given within minimum 1 and maximum 10 categories, the rating 1 being least effective and 10 being most effective. Based on the rating of performance the Board can decide the strategy to extend or continue the term of appointment or to introduce new candidate as a member of the Board or Retirement of the member based on his/her performance rating as to create and maintain the most effective and powerful top level management of the Company for its future growth, expansion, diversification and also to maximize the returns on investments to the stakeholders of the Company.
