

KHANDELWAL EXTRACTIONS LIMITED

POLICY ON EVALUATION OF PERFORMANCE OF DIRECTORS AND THE BOARD

1. Objective:

This Policy aims to:

- i. Ensure compliance of the applicable provisions of the Companies Act, 2013 (the Act) and the Listing Regulations entered into with the Stock Exchanges (as amended or re-enacted from time to time) relating to the evaluation of performance of the Directors 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 10.02.2016.

2. Definitions:

A. “the Act”

The Act shall mean The Companies Act, 2013.

B. “the Company”

The Company shall mean ‘Khandelwal Extractions 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. **Evaluation:**

- i. The Nomination and Remuneration Committee (NRC) shall carry out the evaluation of performance of every Director each year on the basis of self-appraisal by each Director. (**Annexure A**). The Board shall decide for continuation of Directors based on the report of Nomination and Remuneration Committee.
- ii. The evaluation of performance of the Independent Directors (IDs) shall be carried out by the entire Board of Directors excluding the Director being evaluated.
- iii. All Independent Directors shall hold a meeting once in a year to evaluate the performance of:
 - Non-Independent Directors
 - Chairman
 - The Board as a whole

(a) While evaluating the performance of the Non- Independent Directors, the following parameters shall be considered:

 - a. Attendance at meetings of the board and Committees thereof.
 - b. Participation in Board meetings or Committee thereof,
 - c. Contribution to strategic decision making.
 - d. Review of risk assessment and risk mitigation
 - e. Review of financial statements, business performance.

(b) While evaluating the performance of the Chairman and Managing Director, the appropriate benchmarks set as per industry standards, the performance of the individual and also of the Company shall be considered.

(c) While evaluating the performance of the Board, it will assess the quality, quantity and timeliness flow of information between the Company, management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The evaluation of the Board shall be carried out based on the questionnaire and feedback form which forms a part as **Annexure B** to this policy.

4. **Review:**

The Nomination and Remuneration Committee may amend the Policy, if required, to ascertain its appropriateness as per the needs of the Company. The policy may be amended by passing a resolution in a meeting of the Committee.

5. Disclosure:

In accordance with the requirement under the Companies Act, 2013, Rules made thereunder and Listing Regulations, disclosures will be made in the Board Report regarding the manner in which the performance evaluation has been done by the Board of Directors of its own performance, performance of various Committees of Directors and individual Directors. The Company shall disclose the evaluation criteria in its Annual Report. The policy will be available in the public domain i.e. on the website of the Company www.khandelwalextractions.com.

Khandelwal Extractions Limited- Board Member Feedback

Self Appraisal

Khandelwal Extractions Limited (the Company) believes in value for its shareholders through ethical processes & integrity. The Board plays a very important role in ensuring that the Company performance is monitored and timely inputs are given to enhance its performance and set the right direction for growth. Hence it is important that every individual Board member effectively contributes in the Board deliberations.

Parameters on which rating shall be done by every Board member on the scale of 1 to 5 (1 being least effective and 5 being highly effective)-

Question	Rating	Remarks
Participates in the Board meetings actively		
Participates in the Board meeting consistently		
Prepares adequately for the Board meetings		
Contributes to strategy and other areas impacting company performance		
Brings his/her experience and credibility to bear on the critical areas of performance of the organization		
Keeps updated knowledge of his/her area of expertise		
Communicates in open and constructive manner		
Gives fair chance to other members to contribute, participates actively in the discussions and is consensus oriented.		
Helps create positive image of the company and helps the company wherever possible.		
Actively contributes toward positive growth of the organization		
Conducts himself/herself in a manner that is ethical and consistent with the laws of the land.		

Overall Feedback to improve effectiveness further:

Name: _____

Signature: _____

Annexure B

Khandelwal Extractions Limited- Board Evaluation

Khandelwal Extractions Limited believes in value for its shareholders through ethical processes & integrity. The Board plays a very important role in ensuring that the Company performance is monitored and timely inputs are given to enhance its performance and set the right direction for profitable growth fully complying with relevant regulation requirements. Parameters on which performance of Board shall be evaluated (1 being the lowest and 5 being the highest)

S. No.	Particulars	Score (1-5)
A.	<u>Composition and Quality</u>	
1	The Board is broad based	
2	Board members have the appropriate qualifications, skills, experience and knowledge	
3	The Independent Directors meet all applicable independence requirements	
4	The Board monitors compliance with corporate governance norms and other laws applicable to the Company	
5	Board's involvement in forming and reviewing certain key processes, such as long term corporate strategy, risk management, anti-fraud framework, compliance framework, succession planning, etc.	
6	Access to the statutory and internal auditors of the Company	
B)	<u>Understanding Business and Risks</u>	
1	Directors have sufficient knowledge of the Company's businesses to enable them to fulfill their duties and obligations.	
2	The Company keeps the Directors sufficiently informed on developments that affect their responsibilities (recent increased in duties due to enactment of new act)	
3	The Company's management and internal control system is periodically reviewed	
C)	<u>Process and Procedure</u>	
1	The structure and content of the Board meeting agendas are appropriate.	
2	Board documents and updates are received in a timely manner.	
3	Board meetings are conducted effectively, with sufficient time spent on significant or emerging points.	

4	The agenda and related information are circulated in advance of the meetings to allow Board members sufficient time to study and understand the information.	
5	The Board maintains adequate minutes of each meeting	
6	Board members come to meetings well prepared and the attendance at the meetings is satisfactory.	
D)	<u>OVERSIGHT OF FINANCIAL REPORTING PROCESS INCLUDING INTERNAL CONTROLS AND AUDIT FUNCTIONS</u>	
1	The Board considers the quality and appropriateness of financial accounting and reporting including transparency of disclosures.	
2	Reviewing the annual goals (including financials) and comparing the year end achievement.	
3	The Board reviews the Company's significant accounting policies.	
4	The Board understands the coordination of work between independent and internal auditors and clearly articulates its expectations of each.	
5	The Board appropriately considers the suggestions from the Audit Committee, internal audit reports, management's responses, risk framework and steps toward improvement.	
6	The Board reviews the audit fees paid to the independent auditors.	
7	The Board through Audit Committee reviews material related party transactions.	
E)	<u>ETHICS AND COMPLIANCE</u>	
1	The Board is fully aware of the Company's code of conduct and has a well-developed sense of ethics.	
2	Board members oversee the process and are notified of communications received from governmental and regulatory agencies related to alleged violations or areas of non-compliance.	
3	The Board is fully engaged in Corporate Governance and regularly monitors the Company's performance in these areas and compliance with the Company's code of conduct.	
4	The Directors are able to present their views convincingly yet diplomatically and do they listen and take on board the views of others.	
F)	<u>MONITORING ACTIVITIES</u>	
1	The board monitors corporate strategy periodically	
2	An annual performance evaluation of the Board is conducted and any matters that require follow-up are resolved and presented to the Board.	

Comments:

Name: _____

Signature: _____