

**PERFORMANCE EVALUATION  
POLICY  
OF  
ASHAPURA MINECHEM LIMITED  
(CIN: L14108MH1982PLC026396)**

# **PERFORMANCE EVALUATION POLICY**

## **1. INTRODUCTION**

The Company believes in conducting its business affairs in a fair and transparent manner by adopting the highest standards of integrity, honesty, professionalism and ethical behaviour. The business operations of the Company are conducted under the overall supervision, control and direction of the Board of Directors within the framework laid down by the law. The role of the Board of Directors, however, has undergone rapid transformation over the past decade. Investors, Regulators, Stakeholders and the Society at large are increasingly demanding that the Board demonstrates leadership, control and deliver on their responsibilities and their company's results – the expectation from the Board is to go beyond compliance.

In order to meet up to the expectations of all the stakeholders at large, this Policy for evaluation of the performance of the each and every Director of the Board, Committees of the Board including the performance of the Board as a whole, is being formulated in accordance with the requirements of Section 178 of the Companies Act, 2013, which would contribute significantly to performance improvements at three levels: the organizational, board and individual director level, which in turn would help in increased accountability, better decision making, enhanced communication and more efficient Board operations.

## **2. DEFINITIONS**

- a. **“Act”** shall mean the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- b. **“Company”** shall mean ‘Ashapura Minechem Limited’.
- c. **“Directors”** 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. **“Independent Director”** shall mean an Independent Director as defined under section 2 (47) to be read with section 149 (5) of the Act.
- e. **“Policy”** or **“this Policy”** shall mean the Policy for Evaluation of Performance of Board of Directors of the Company.

## **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. PERFORMANCE EVALUATION OF DIRECTORS**

The Executive Directors of the Company are involved in day to day operations of the Company. Their performance can be assessed on the basis of their commitment to achieve Company's goals, their decision making ability and how much they have safeguarded the interest of the shareholders of the Company.

With reference to the evaluation mechanism of Non-Executive Directors, since the Non-Executive Directors are not involved in day to day operations of the Company, it is worthwhile to assess individual's continuing commitment to the role, in terms of commitment of time for the Board and other Committee meetings and other duties towards Company.

#### **5. METHODOLOGY OF CARRYING PERFORMANCE EVALUATION OF DIRECTORS**

The Board, through its Nomination and Remuneration Committee, will periodically review and evaluate the performance of Individual Directors, considering their commitment and their involvement towards the Company's goal, to ensure that the members of the Board are with required mix of skills, experience and other qualities such as its demographics and diversity.

##### **A. Evaluation of the Non-independent directors, Chairman and the Board as a whole**

As per the provisions of Schedule IV to the Companies Act, 2013 ('the Act') read with Section 149(8) and the provisions of the revised Clause 49 of the Listing Agreement, the Companies are required to facilitate convening of separate meeting(s) of Independent Directors (IDs), atleast once in a year, for evaluating the performance of the Non-independent Directors, Chairman and the Board as a whole. While reviewing the performance of the Chairman of the Company, IDs shall also take into account the views of Executive Directors and Non-Executive Directors.

List of indicative parameters that may be considered by the Independent Directors in their separate meeting for evaluation of the non-independent directors, Chairman and the Board is mentioned in **Annexure 1(Points 1-3)**

##### **B. Evaluation of Independent Directors**

The performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the director being evaluated). The Nomination and Remuneration Committee has laid down the criteria for evaluation of performance of Independent Directors as mentioned in **Annexure 2**

#### **6. PROCEDURE TO RATE THE PERFORMANCE**

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.

## **7. OUTCOME OF REVIEWS**

- All reviews are to include open discussion by the Board of the results of the evaluations and to decide any changes which are required to be made by the Board to address any lack of performance and to agree to the goals for the Board and separately, for its Committees for the ensuing year.
- If particular concerns arise from the evaluation in relation to any individual Director, or Committee, the Chairman will meet that Director, or Chairman of that Committee, to discuss the concerns and any actions to be taken as a result. If the concerns relate to the Chairman, then the Chairman will discuss the matter as appropriate with the Board.

## **8. REPORTING TO THE BOARD**

The report on the evaluation process shall be placed before the Board of Directors and it shall be approved by the Board of Directors.

## **9. Disclosure**

In accordance with the requirements of the Companies Act, 2013, Rules made thereunder and the Listing Agreement, the Board shall disclose in its Report a statement indicating the manner in which the formal annual evaluation has been made by the Board of Directors of its own performance and that of its Committees and individual Directors. The Company shall also disclose the criteria for performance evaluation, as laid down by the Nomination and Remuneration Committee, in its Annual Report.

## **10. General**

- In case of any doubt with regard to any provision of the Policy and also in respect of matters not covered herein, a reference to be made to the Group Chairman.
- Any or all provisions of this Performance Evaluation Policy would be subject to revision/ amendment in accordance with the guidelines on the subject as may be issued by the Government from time to time.
- The Board of Directors of the Company reserves the right to review the Policy from time to time based on changing needs and aspirations of the target beneficiaries and make suitable modifications/amendments, as may be necessary.

## **“Annexure 1”**

### **1. Review of the performance of Non-Independent Directors:**

#### **Parameters for Evaluation of the performance of Non-independent Directors (Generally would include Executive / Whole-time Directors / Executive Chairman and Non-executive directors):**

The information to be presented to the Separate Meetings of IDs for evaluation of performance of Executive / Whole-time Directors / Executive Chairman may inter-alia include below mentioned information for each of the executive/non-executive director separately:

- a) Qualification
- b) Current Designation
- c) Directorship in other companies and functional responsibility in the said companies
- d) Work Experience (in years and months) and Areas
- e) Association with the Company (in years and months)
- f) Department(s) / Function(s) being headed
- g) Key Responsibility Areas
- h) Knowledge of the Job
- i) Skills required to perform or execute the Job Profile
- j) Targets assigned as per Annual Operational Plan
- k) Level of accomplishment as against the Targets
- l) Attendance, participations in the Meetings and timely inputs on the minutes of the meetings
- m) Adherence to the Company’s Policy on Code of Business Conduct and Ethics
- n) Strategies formulated and successfully implemented
- o) Commitment to the role
- p) Status of regulatory and other compliance of the department headed by him during the current financial year viz.- Status of Regulatory Compliance in the Department(s) headed

### **2. Review the performance of the Chairman (Non-executive) of the Company:**

The information to be presented to the Separate Meetings of IDs for evaluation of performance of the Chairman (Non-executive) may inter-alia include:

- a) Attendance in the meetings of Board of Directors and Committees thereof
- b) Participation/Contribution in discussion and decision making process at the Board and Committee Level
- c) Manner in which the meetings of the Board/Committee are conducted under his chairmanship

- d) Consideration of the matters/concern raised by Board Members and Committee Meeting(s) in the course of meeting
- e) Adherence with his / her duties as stipulated under the Companies Act, 2013 and Rules made there-under and Company's Policy on Code of Business Conduct and Ethics
- f) Membership of Committees of the Board
- g) Analyzing the efficiency and effectiveness of the systems in the Company
- h) Work Experience (in years and months) and association with the Company (in years and months)
- i) Chairman's encouragement on allowing of critical interventions by Board Members
- j) Availability during Shareholders Meetings
- k) Adherence to the Company's Policy on Code of Business Conduct and Ethics
- l) Any assistance rendered in professional capacity

### **3. Review the performance of Board as a Whole:**

The information to be presented to the Separate Meetings of IDs for evaluation of performance of the Board as a whole may inter-alia include:

- a) Board composition and committee(s) structure being appropriate with the right mix of knowledge and skills required to achieve organizational performance vis-à-vis its objectives and future business strategies
- b) Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues and monitoring of decisions taken by the Board from time to time
- a) Accountability for its decisions and actions, and to review performance of management
- b) Discussion and analyzing of material issues, their impact on the Company, and the way out
- c) Actions taken on the matters as recommended by the Board from time to time;
- d) Actions/decisions taken are in the best interests of the company
- e) Board's monitoring of effectiveness of the Company's governance practices and making changes as and when required
- f) Board's monitoring and management of potential conflict of Interest between Management, Board Members and Shareholders
- g) Business transactions or areas where Board's intervention is minimal leading to losses/defaults/adverse circumstances
- h) Violation/Non-adherence of any Board Policies/Board protocols
- i) Management approach to comply with the provisions of the laws, rules, regulations and guidelines as applicable to the Company
- j) Vision for likely impact on operations of the Company for any proposed changes in any provisions of the laws, rules, regulations and guidelines as applicable to the Company and changes in general business environment.
- k) Company has necessary Committees which are required and these Committees are working effectively

### **4. Quality, quantity and timeliness of flow of information between the company management and the Board to be discussed at the meeting**

- a. Ensuring of timely receipt of Notice and Agenda convening the Board and Committee Meetings and for resolutions proposed to be passed by circulation
- b. Detailed description and supporting documents on the Agenda items for the Board Members to read, understand and deliberate thereon
- c. Reference to the major matters discussed and decisions taken at the previous Meeting
- d. Frequency of items placed for Board approval without prior detailed Agenda
- e. Whether any material information was withheld from the Board, necessary to exercise their fiduciary duty
- f. Disclosures of promoters' interest in the items of the agenda while considering related party transactions and comparative analysis of the transaction from the Arm's length view

## “Annexure 2”

### **Criteria for evaluation of performance of the Independent Directors:**

1. Attendance and contribution at Board and Committee meetings
2. His/her stature, appropriate mix of expertise, skills, behaviour, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align the Company’s value and standards.
3. Adherence to the Company’s Policy on Code of Business Conduct and Ethics
4. 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.
5. Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency.
6. Open channels of communication with executive management and other colleague on the Board to maintain high standards of integrity and probity.
7. Recognize the role which he/she is expected to play, internal Board Relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board.
8. His/her ability to monitor the performance of management and satisfy himself/herself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
9. Active contribution towards positive growth of the Company
10. Expert opinions in respect of the serious issues
11. Various Directions provided in the best interest of the Company on key issues
12. Any assistance rendered in professional capacity