

RHI MAGNESITA INDIA LIMITED
POLICY ON EVALUATION OF PERFORMANCE OF
THE BOARD OF DIRECTORS



**RHI MAGNESITA**

RHI MAGNESITA INDIA LTD.
(Formerly Orient Refractories Ltd.)
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www.rhimagnesitaindia.com

POLICY ON EVALUATION OF PERFORMANCE OF THE BOARD OF DIRECTORS

1. INTRODUCTION:

RHI Magnesita India Limited (hereinafter referred to as “the Company”) has made this policy to comply with various provisions under the clause 49 of the Listing Agreement entered into by the Company and Stock Exchanges in India as per the SEBI Regulations published vide its Circular No. CIR / CFD / POLICY CELL / 2 / 2014 dated April 17, 2014 as amended and published vide its Circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 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 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 there under.

2. DEFINITIONS:

A. “the Act”:

The Act shall mean The Companies Act, 2013;

B. “the Company”:

The Company shall mean RHI Magnesita India 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.



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4. 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.

B. CRITERIA FOR EVALUATION:

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

Sr. no.	Criteria of Performance Evaluation
1.	Participation and attendance in Board and Committee Meetings actively and consistently
2.	Prepares adequately for Board and Committee Meetings
3.	Contributes to strategy and other areas impacting company's performance
4.	Brings his/her experience and credibility to bear on the critical areas of performance of the organization
5.	Keeps updated knowledge of his/her areas of expertise and other important areas
6.	Communicates in open and constructive manner
7.	Gives fair chance to other members to contribute, participates actively in the discussions and is consensus oriented
8.	Helps to create brand image of the Company and helps the company wherever possible to resolve issues, if any
9.	Actively contributes toward positive growth of the Company
10.	Conduct himself /herself in a manner that is ethical and consistent with the laws of the land.

C. EVALUATION OF THE PERFORMANCE:

The Committee shall evaluate the performance of each Board of Directors 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 detail process of evaluation and ratings thereon are mentioned in the clause 6 and 7 of this policy respectively.

5. 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, Reappointments and Removal of the non-performing Directors of the Company.

6. 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.



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RHIM – BOARD MEMBER FEEDBACK FORM

Name of the Director: _____

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

Sr. no.	Question	Rating	Remark
1.	Participation and attendance in Board and Committee Meetings actively and consistently		
2.	Prepares adequately for Board and Committee Meetings		
3.	Contributes to strategy and other areas impacting company's performance		
4.	Brings his/her experience and credibility to bear on the critical areas of performance of the organization		
5.	Keeps updated knowledge of his/her areas of expertise and other important areas		
6.	Communicates in open and constructive manner		
7.	Gives fair chance to other members to contribute, participates actively in the discussions and is consensus oriented		
8.	Helps to create brand image of the Company and helps the company wherever possible to resolve issues, if any		
9.	Actively contributes toward positive growth of the Company		
10.	Conduct himself /herself in a manner that is ethical and consistent with the laws of the land.		
Total Ratings...			

Note: Rating 90 and above - excellent, between 75 to 89 – Very good, between 60 to 74 – Good, between 35 to 59 – Satisfactory and Less than 35 – Unsatisfactory.

7. PROCEDURE TO RATE THE PERFORMANCE:

Based on evaluation criteria, the Nomination & Remuneration Committee and the Board shall rate the performance of the 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.

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