

MOHAN MEAKIN LIMITED

Evaluation Policy of the Company for performance of the Board its Committees and Directors-

The Company meets the criteria under Section 134 of the Companies Act, 2013 and as such it has put in place the Policy for evaluation of its Board performance. In this context, the Ministry of Corporate Affairs issued clarification later on by General Circular No.8/2014 dated 4th April, 2014 and enforced the provision from the year 2014-15 instead of 2013-14, which needs to include statement regarding the performance of the Board, Committees and Directors during 2014-15 the Statement has to indicate the manner in which formal evaluation of the Board and that of each Committee and individual Director is done during the previous year.

As you are aware, evaluation means determination of value (efficacy or excellence) while performance means the act of carrying out duty, to act in fulfillment of, to carry out into effect (evidently), of tasks or functions designed to achieve pre-determined plans, programmes, objectives etc., such functions or actions, in the case of Board manifest themselves in the form of Resolutions, approvals, directions and the like. As the Company has to indicate the 'manner' or method of evaluation. Further, the evaluation has to be carried out by the Board. The Section of the Companies Act quoted above does not require the disclosure of the outcome of evaluation, but only the manner of evaluation followed. The overreaching

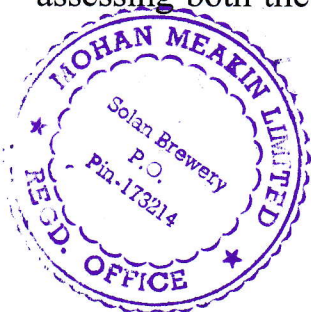


purpose of the Board is to be exclusively responsible for the governance of the Company, namely the accomplishment, manner or system of directing and controlling the affairs policies, functions and actions of the Company to ensure its continued prosperity. It has to focus on giving leadership, directing the Organization's affairs and overseeing what is being done. It has to discharge its function and responsibilities within the overall framework of the law of the land, the Company's own charters like the MOA and AOA and the other mandatory Covenants like Shareholders' or Collaboration Agreements.

The above purpose is achieved through the establishment of a vision, missions and values for the company and through exercise of its accountability to Shareholders. The Board which is the repository of all the Company's powers save those reserved for the Members has therefore delegated its powers suitably for the day to day management of the Company led by the Managing Director and the Whole-time Director.

Purpose of Evaluation

The performance of a Board has a significant impact on the performance of the Company, improving the effectiveness of the Board is thus vitally important for the Company's continued prosperity and growth. It is therefore necessary for the Board to take rigorous and objective look at itself annually with a view to assessing both the degree and extent of its achievements, vis-à-vis the targets and



Standards that it has set for itself. The Board like-wise reviewed the performance of its Committees and performance of the Managing Director and whole- time Director all of whom form a team (as Directors) for one and the same purpose. Such a review enables the Board to assess its own pertinence for the ongoing needs of the Company and to make due changes within itself to meet the challenges of the future.

Comprehensive appraisal for Board's performance

A comprehensive approach of the Board to improve its performance starts with a fundamental review of Board's actions in the past financial year and the manner in which they took place. The review is done from a strategic perspective against the ever-changing background likely needs of the Company.

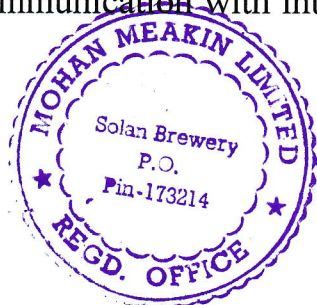
The Comprehensive review covers broadly (a) the compositions of the Board (b) the matter it addressed during the previous financial year (c) the style and processes it adopted or followed and (d) its focus. The Companies Act, 2013 contains several Sections dealing with the Board's Constitution, the manner of selection of independent directors, duties of Directors, appointment of additional, alternate and nominee directors, disqualifications of directors, vacation of office of director, removal of directors etc., in additions to provisions regarding meetings of directors, constitution of Audit and other Committees, Board's general and specific powers including those in respect of loans, investments etc., restrictions on such



powers, non-cash transactions involving directors, prohibition on forward dealings and on insider trading etc. The Board may delegate some of its powers to directors and Committees. Some or all of these subjects are attended to by the Board during the financial year and some of them are reviewed by the Auditors (Financial and Secretarial) in their respective reports submitted to the Board.

Likewise, the Board has to discharge its statutory duties and responsibilities pertaining to maintenance of accounts and records, institution of internal controls, Compliances with accounting standards, audit of accounts, matters pertaining to profit and loss of its transactions during the year as also dealt with Related Party Transactions or the presentation of 'true and fair' financial statements etc. to the auditors for their report thereon.

The Board is considered to have the benefit of the contents of or disclosures in the Financial, and Secretarial Audit Reports while carrying out evaluation of its own performance and the performance of its Committees and of its directors during the past financial year. The Board is enabled to narrow down its focus on the important aspects of these reports and of other highlights relating to Corporate Governance, legal and ethical Compliances, enhancement of personal attributes of directors, including the balancing of the board with diverse talents and exposures, high quality of its decisions (measured by the success achieved) effectiveness of Communication with internal and external Stakeholders, employment of analytical



skills, Strategic perception and business acumen in the various matters that the Board dealt with in the past financial year.

While each Board is known for its own style of functioning and decision making, it has to be an open (transparent) one. It is important to evaluate the team work displayed by the Chairman, the Managing Director and for the whole-time Directors and the other key managerial personnel in helping the Board to function efficiently and effectively. The efficacy of follow-up of Board's and its Committees, decisions as well as feed-back on them is also examined.

Focusing on Strategic issues include anticipating the future while decision-making, preserving and promoting matters of established Corporate culture and values, thinking and acting strategically on all major issues, considering effective risk management, promoting compliance culture and observance of business ethics.

The evaluation is made keeping in view the above matters and the gist of its outcome reported to, and considered by the Board while making a special note of ideas and options for improvement and change that emanate from such consideration by the Board. The best way forward is then agreed and plans needs, followed by implementation and further review. The Chairman of the Board usually leads this review process assisted by both the executive and non-executive directors. Independent directors among them play a pivotal role in this regard.



Assessing the performance of the individual directors

The performance of individual director includes that of Chairman, Managing Director and Whole-time Director, in their capacity as directors. In other words, the evaluation of a person as Chairman, Managing Director, etc. is distinct from his evaluation as a director of the Company.

A director, as a member of a Board, has firstly to know what specific responsibilities he has as a member of the Board and next, endeavour to remain Competent for the position held by him, always. Only then, he makes his own contribution to elevating the overall level and quality of the Board's performance and its effectiveness. The structured learning methods include distance learning, video and audio recordings, open and in-house courses, seminars and workshops, conferences etc.

The review or evaluation of an individual director's performance consists, basically how well he/she has performed as a director, that is to say, as a member of the Board against the backdrop of legal duties and self-assumed (agreed) responsibilities over a given period. Each director is expected to bring to the Board his own "particular type of contribution and Strength to provide the overall balance and range of attributes, skills and knowledge required". The evaluation



may be carried out by the Director himself/herself but it is better done by the Chairman.

The evaluation of directors is based on the Company's Code of Conduct and Code of Conduct for prevention of Insider trading in the Securities of the Company, which have been supplied to all the Directors of the Company. The Directors are required to adhere to these Codes of Conduct and expected to set high standards of keeping aware of and adhering to these Codes both in the spirit and in the letter, and promoting it to other Directors. Besides this the directors have to discharge their functions, duties and responsibilities as provided in Section 166 of the Companies Act, 2013, and the additional duties and responsibilities by virtue of an executive position he/she holds in the Company.

Methods/Manner of Evaluation

Anticipated Method or positive Approach.

The Chairman's evaluation here is on one to one basis while the past performance of the Director is reviewed to ascertain areas that need improvement, focus is laid equally on the personal (additionally agreed) objectives-by way of improvement over the past year's performance to be accomplished in future. " This anticipatory method helps to re-inforce any particular types of contribution and strength that each director is expected to bring to the Board to provide the overall balance and range of attributes, skills and knowledge required."



Appraisal of Chairman's performance

The Chairman's performance is a crucial one. It is done through feed-back from the Managing Director, whole-time Directors and all the Directors excluding the Chairman, forming a team of Appraisers. The appraisal is structured around the responsibility specified in the job description and list of powers delegated by the Board.

The parameters for evaluation of the successful role of the Chairman includes (a) his having the personal qualities of head and heart (attributes) such as personal integrity and authority without domination, decisiveness and an insistence to get the things done (b) his ability to ensure that the Board properly addresses all the major strategic issues that will affect the Company's prosperity, viability and reputation (c) having a proper focus on the board's Key Tasks, and ensuring that they are addressed (d) successful steering the board in deciding on matters such as corporate vision/aims/mission/objectives etc. (e) acting as an effective mentor, sounding board and adviser to the Managing Director/Whole-time Director (f) taking responsibility for the board's constitution and development, including succession matters (g) a sense of purpose with a set of priorities and objectives and skill in guiding the board to focus on the relevant issues (h) representing the Company to shareholders and other stakeholders and (i) securing the confidence and support of the directors.



Appraisal of the performance of the Managing Director or whole-time Director.

The evaluation of the performance of a Managing Director or a whole-time Director consists of two parts-one that of the executive (management) position held by him and the other as a director or member of the board.

Because the Managing Director/whole-time Director has a unique and special role, there are aspects of his appraisal that is carried out in a particular way. Such as appraisal or review is often best carried out formally by the Chairman, with or without the support of one or more non-executive directors.

Since the Managing Director/whole-time director is charged with carrying through the decisions of the board, leading the organization's employees and managing the Company day to day, a review of performance on such matters is called for. These embrace issues of Company performance in relation to agreed plans and external benchmarks, as well as measures of the underlying health of the Company.

There are certain mandatory duties under the Companies Act and other laws for the Managing Director for example, signing of the Financial Statements, Board's Report etc. or performing other duties as entrusted by the Board. The Board-fixed duties and responsibilities to meet the targets under annual plans and budgets approved by the Board (of which he was also a part as a Director) obligations under any contract between the Company and the Managing Director/whole-time Director. The evaluation is performed with reference to these targets, duties and



responsibilities as well as the Board's powers delegated to the Managing Director/whole-time Director.

This mandate of evaluation of the board performance along with that of its Committees and individual Directors surely turn a new leaf in the onward march of Corporate Governance in the country to greater heights in the years to come. The benefit will be a really dynamic Board where the full weight of collective experience, intellect, wisdom, knowledge, inspiration, creativity and pragmatism come to bear on the Company's affairs to shape its future.

