



DIGINOTICE LIMITED

POLICY ON EVALUATION OF BOARD OF DIRECTORS

[As per Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”)]

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INTRODUCTION

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 provisions Companies Act, 2013. Any actual or potential violation of these Codes by the Board Directors would be the matter of serious concern for the Company.

DEFINITIONS

1. **“the Act”** The Act shall mean The Companies Act, 2013.
2. **“the Company”** The Company shall mean Diginotice Limited.
3. **“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.
4. **“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.
5. **“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.
6. **“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 and the Companies Rules made thereunder.

OBJECTIVES

1. To formulate criteria for determining qualifications, positive attributes and independence of a Director.
2. Criteria for evaluation of Independent Directors and the Board and policy for Board diversity.

QUALIFICATIONS FOR APPOINTMENT OF DIRECTORS

Subject of the Companies Act, 2013 and all other applicable laws the Company while appointing its Directors shall consider the following:

DIGINOTICE LIMITED

1. The person to be appointed as Director should be a Person of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
2. The person to be appointed as Director of the Company should possess requisite business literacy/skill.
3. The person to be appointed as Director should be open to learning
4. The person to be appointed as Director should possess strong ethics and kindness to treat people with respect.

ADDITIONAL REQUIREMENTS FOR INDEPENDENT DIRECTORS:

1. In the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
2. (i) Is or was not a promoter of the company or its holding, subsidiary or associate company;
(ii) Is not related to promoters or directors in the company, its holding, subsidiary or associate company;
3. Has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent of his total income or such amount as may be prescribed under the law from time to time, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
4. none of whose relatives—
 - i. is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
 - ii. is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed under the law from time to time during the two immediately preceding financial years or during the current financial year;
 - iii. has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed under the law from time to time during the two immediately preceding financial years or during the current financial year; or
 - iv. has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);]
5. who, neither himself nor any of his relatives—

DIGINOTICE LIMITED

- i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that, in the case a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.

- ii. Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

- iii. Holds together with his relatives two per cent or more of the total voting power of the company; or

- iv. Is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or

6. Who possesses such other qualifications as may be prescribed under law from time to time.

CRITERIA FOR EVALUATION OF THE BOARD

a) On the basis of performance

1. Is the composition of the board appropriate?
2. How well has the board performed against any objective that was set?
3. What has been the contribution of the board to the development strategy?
4. What has been the contribution of the board to ensuring robust and effective risk management?
5. Is time used effectively?
6. Is board procedure flexible and is the conducive to effective performance?
7. Performance of the Company on the Stock Exchanges.
8. Review of Detailed Compliances applicable under the various Laws, Rules & Regulations.
9. Reviewing Whether the Business is running legally or not.

b) On the basis of committees

DIGINOTICE LIMITED

1. Is the composition of the board committees appropriate?
2. How effective is its use of the committees?
3. How well does committees respond to request from the board or the employees for clarification or additional information?
4. Various Directions provided in the best interest of the Company on key issues
5. Avoidance of High Financial Risk while executing the functions and duties

c) Individual director

Appraisal of each Director of the Company shall be based on the criteria as mentioned herein below:

1. Are relationships inside and outside the board working effectively?
2. How has the Director responded to any problems or crises that arose?
3. How well does the board communicate with the management team, employees and others?
4. Do these have the right balance of knowledge and skills to maximize performance?
5. Skills required to perform or to execute the job profile.
6. Attendance and participations in the Meetings.
7. Expert opinions in respect of the serious issues.
8. Knowledge of the Job Profile
9. Communication skills and quick responsiveness.

d) Independent directors

Appraisal of each Independent Director of the Company shall be based on the criteria as mentioned herein below:

1. How well prepared and well informed the Independent directors for board meetings?
2. Is the attendance of Independent directors at meetings satisfactory?
3. What has been the quality and value of Independent director's contributions at board meetings?
4. What has been their contribution to the development of (i) Strategy and (ii) risk management?
5. Initiative to maintaining Corporate Culture of the Company



DIGINOTICE LIMITED

6. How good are their relationship with other board members, the company secretary and senior management?
7. Can they present their views convincingly, yet diplomatically?
8. Do they listen to the views of others?
9. Are they up-to-date with the latest developments in areas such as the corporate governance framework and financial reporting and in the industry and market conditions?
10. Initiative to maintaining Moral Values of the Company
11. Functioning of Duties and Responsibilities as per the Code of Conduct for Directors.

The performance evaluation of independent directors shall be done by the entire Board of Directors (excluding the director being evaluated).

REVIEW OF THIS POLICY

The Nomination Committee shall review this Policy, as appropriate, to ensure the effectiveness of this Policy.
