

IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED

POLICY ON PERFORMANCE EVALUATION OF BOARD OF DIRECTORS

I. Objective:

The objective is to facilitate the individual Directors and the Board as a whole to review the efficacy of the directors. The Board will undertake the following activities annually:

- (1) The Chairperson will meet with each Non-Executive Director separately to discuss individual performance and ideas for improvement
- (2) The Board as a whole will discuss and analyse its own performance during the year including suggestions for improvement

II. Performance Evaluation Areas:

- (1) Review Strategy and Performance :
 - (a) Review Company Strategy annually
 - (b) Following strategy review above, the Board will set the organization performance objectives based on qualitative and quantitative measures
 - (c) Review the strategic objectives and ensure that they are in line with the Company's priorities and the changing nature of the Company's business



(d) Review performance of Executive Directors annually and have it reflect in the remuneration review

(e) Review performance of Independent Directors annually

(2) Performance of the Committees constituted under the Board :

(a) Review the necessity of establishing any Committees and delegating certain of its responsibilities to the Committee

(b) Review the Committees achievements during the year based on their duties

(c) Review the charters of the Committees once a year to ensure that they are up to date

(3) Financial Controls and Reporting :

Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards

(4) Corporate Governance :

Ensure that all the corporate governance policies are drafted and followed in spirit



III. **Evaluation of Independent Directors:**

Schedule IV of the Companies Act, 2013 prescribes the Code for Independent Directors (Code). The Companies are required to formally adopt the Code. Going forward role, responsibilities, appointment and evaluation of the Independent Directors will be governed by the Code

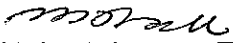

IV. **Review and Modifications:**

Based on the discussion on the foregoing evaluation areas, parameters and regulatory provisions, a suitable matrix shall be evolved for evaluation of Whole Time, Non Whole Time and Independent Directors

V. **Disclosure:**

This policy has been approved by the Board of Directors of the Company in the meeting held on November 10, 2014

For and on behalf of the Board of
IL&FS Engineering and Construction Company Limited


 Murli Dhar Khattar
Managing Director