



# LAKSHMI PRECISION SCREWS LIMITED

## Board's Evaluation POLICY

## 1. PREAMBLE

Lakshmi Precision Screws Limited (herein after referred to as "the Company") is a professionally managed organization. In order to set the highest ethical standards and good Corporate Governance practice and to adhere to the covenant of the Companies Act, 2013, it becomes eminent for the organization to embark on evaluation of performance of the Board regularly and to do it for positive and constructive reasons. Board's self-evaluation is simply an organized process by which the Board regularly re-examines its collective and individual performance, and then reaffirms its commitment by identifying plans for improvement.

## 2. APPLICABILITY

This Board Evaluation Policy shall apply to:

- The Chairman & Managing Director, all Directors of the Company, whether Executive or Non-Executive including Independent and Nominee Directors; (hereinafter referred to as "Board Members" / "Director"). The process shall be applicable from the date of appointment as Director till the date he/she continues to be in the Board.
- All committee of the Board of Directors e.g. Audit Committee/Nomination cum Corporate Governance & Remuneration Committee and other Committees of the Board as constituted from time to time.

## 3. OBJECTIVE

The process for Board's evaluation will help to maintain a high level of performance. Key objectives for evaluation of performance are hereunder:

- To ensure effective and efficient Board operations.
- To provide greater clarity with regard to Board Member's roles and responsibilities.
- To identify ways to improve the Board's functioning and operations.
- To solicit feedback and reflect on the Board's performance.
- To measure adequacy of Board's compositions.
- To provide equal opportunities to each member to comment on Board's operations.
- To measure the efficiency of Board's Committee meetings.

4. **Questionnaire Based Evaluation:** The Board's Evaluation Process shall be based on Questionnaires which will set broad parameters for appraisal of Directors, Managing Director, Chairman, Independent Director, Board and its Committees.

The details questionnaires are designed keeping in view the evaluation from different point of views, which are as under:

**1. Board Evaluation:**

The performance of the Board shall be evaluated by all the Directors as per Form in **Annexure 1** by putting tick ( ✓ ) in the rating scale 1 to 5.

Rating Scale 1to 5 represents as under:

1. Poor
2. Need improvement
3. Meets expectation
4. Exceeds Expectation
5. Outstanding

**2. Individual Evaluation**

The performance of the Individual Director (Executive, Non Executive and Independent Director) shall be appraised self as per **Annexure 2** by putting tick ( ✓ ) in rating 1 to 5

Rating 1 to 5 represent as under:

1. Poor
2. Need improvement
3. Meets expectation
4. Exceeds Expectation
5. Outstanding

**3. Non Executive Director and Independent Director Evaluation Form:**

The performance of Non Director shall be appraised by other Directors **other than** directors being evaluated as per **Annexure 3 in Part A** by putting tick ( ✓ ) in rating 1 to 5

**4. Performance Evaluation Form for Managing Director/ Joint Managing Directors**

The performance of Managing Director/Joint Managing Director shall be appraised as per **Annexure 4** by putting tick ( ✓ ) in rating 1 to 5 by all the Directors other than Joint/Managing Director, whose performance is being Evaluated:

Rating 1 to 5 represent as under:

1. Poor
2. Need improvement
3. Meets expectation
4. Exceeds Expectation
5. Outstanding

**5 Performance Evaluation Form for Chairman**

The performance of The Chairman shall be appraised in Form as per **Annexure 5** by putting tick ( ✓ ) in rating 1 to 5 by all the Directors other than Chairman, whose performance is being Evaluated:

Rating 1 to 5 represent as under:

1. Poor
2. Need improvement
3. Meets expectation
4. Exceeds Expectation
5. Outstanding

#### **6. Performance Evaluation Form Committees of the Board**

The performance of the Committees of the Board shall be appraised in Form as per **Annexure 6** by putting tick ( ✓ ) in rating 1 to 5 by all the Directors.

Rating 1 to 5 represent as under:

1. Poor
2. Need improvement
3. Meets expectation
4. Exceeds Expectation
5. Outstanding

5. Follow-through: Based on the results of the Evaluation process and the suggestions and feedbacks provided, concrete action plan for corrective action shall be undertaken for measurable improvements in Board and Committee performance and operations.

6. Confidentiality: The assessment procedure shall be open and transparent, however assessment results, in particular assessments of directors' performance shall be kept confidential. The results of the process shall not be disclosed to anyone except to the Board of Directors by placing a report on the appraisal results in the Board Meeting.

#### **7. PROCESS FLOW**

- a. The Board's Secretariat shall initiate the process for Board's Evaluation in consultation with the Nomination cum Corporate Governance and Remuneration Committee in the first quarter subsequent to end of the financial year.
- b. The necessary Form shall be circulated by the Secretariat in the first quarter subsequent to end of the financial year.
- c. Based on the Questionnaires/ Form, the respective Directors shall fill the respective applicable Form and after signing it return to the Secretariat within 20 days from the date of its circulation,
- d. The Board's Secretariat shall prepare a summary of result of the performance of evaluation based on the rating assigned.
- e. All the above activities shall be completed by the Board's Secretariat within 20 working days after the receipt of the completed questionnaires from the Directors.

- f. The results of the Board Evaluation Process shall be placed in the meeting of the Nomination cum Corporate and Remuneration Committee for their recommendation to the Board, thereafter it shall be placed in the Board Meeting for approval held not later than in the second quarter subsequent to end of financial year, and chocking out necessary Action plan.
- g. The Board of Directors shall take necessary steps to implement the action plan.
- h. After putting the result of appraisal in the Board Meeting, Review of the performance of the Chairman, Board as whole, the Committees of the Board and performance of Non-Independent Directors shall be done by the Independent Directors in their separate meeting held within nine months from the end of the financial year.

**8. REVIEW, AMENDMENTS AND WAIVERS OF THE BOARD EVALUATION POLICY**

The Board evaluation Policy shall be reviewed by the Nomination cum Corporate Governance and Remuneration Committee subject to approval of the Board as and when required but once at least every three years for its adequacy and for any amendment, if any required. Any waiver from the process to a Board member shall be with prior approval of the board of Directors.

The Board Evaluation Policy is recommended by the Nomination cum Corporate Governance and Remuneration Committee in its meeting held on February 12, 2016 and further approved the Board of Directors in their 293<sup>rd</sup> Meeting held on February 12, 2016.

This Policy shall be effective from the date, 1<sup>st</sup> day of April, 2015.

For and on behalf of  
M/s. Lakshmi Precision Screws Ltd.

  
Lalit Kumar Jain  
Chairman & Managing Director  
DIN-00061293



**Board Evaluation Form**

The Board of Directors Evaluation shall be done by the all the directors by putting tick ( ✓ ) at rating scale from 1 to 5.

SN	Criteria	Rating					Comments/Remarks/ How can the Board do it better or differently
		1	2	3	4	5	
<b>A. Board Composition &amp; Quality</b>							
1	The Board has appropriate expertise and experience to meet the best interests of the Company						
2	The Board has appropriate combination of industry knowledge and diversity (gender, experience, background)						
3	All Independent Directors are Independent in true letter and spirit i.e. whether the Independent Director has given declaration of independence and they exercise their own judgment, voice their concerns and act freely from any conflict of interests.						

4	Board Members demonstrate highest level of integrity (including maintaining confidentiality and identifying, disclosing and managing conflicts of interests).						
5	The Board of Directors spend sufficient time in understanding the vision, mission of the Company and strategic and business plans, financial reporting risks and related internal controls and provides critical oversight on the same.						
6	The Board understand the legal requirements and obligations under which they act as a Board; i.e. bylaws, Corporate Governance manual etc. and discharge their functions accordingly.						
7	The Board has set its goals and measures its performance against them on						

	Annual Basis.						
8	The board has defined its stakeholders and has appropriate level of communication with them.						
9	The Board understands the line between oversight and management.						
10	The Board monitors compliances with Corporate Governance regulations and guidelines.						
11	An effective succession plan of board in place.						
12	The Board has the proper number of committees as required by legislation and guidelines, with well defined terms of reference and reporting requirements.						

**B. Board Meetings and Procedures**

1	The Annual Calendar of Board Meeting communicated well in advance and reviewed from time to time.						
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2	The Board Meeting Agenda and related background papers are concise and provide information of appropriate quality and details.					
3	The information is received by Board members sufficiently in advance for proper consideration.					
4	Adequacy of attendance and participation by the Board members at the board meetings.					
5	Frequency of Board meeting is adequate.					
6	The facility for video conferencing for conducting meeting is robust.					
7	Location of Board Meeting (As a good governance practice the Board meeting should be held at different places).					
8	The Board Meeting encourages a high quality of discussion and decision making.					

9	Openness to ideas and ability to challenge the practices and throwing up new ideas						
10	The amount of time spent on discussions on strategic and general issues is sufficient.						
11	How effectively does the Board works collectively as a team in the best interest of the Company?						
12	The minutes of Board meetings are clear, accurate, consistent, complete and timely.						
13	The actions arising from board meetings are properly followed up and reviewed in subsequent board meetings.						
14	The processes are in place for ensuring that the board is kept fully informed on all material matters between meetings (including appropriate external information eg. emerging risks						

	and material regulatory changes.						
15	Adequacy of the separate meetings of independent directors.						
16	Appropriateness of secretarial support made available to the Board.						
17	The Board members understand the terms and conditions of D & O insurance.						
18	All proceedings and resolutions of the Board are recorded accurately, adequately and on a timely basis.						

**C. Board Development**

1	Appropriateness of the induction program given to the new board members.						
2	Timelines and appropriateness of ongoing development programs to enhance skills of its members.						
3	Appropriate development opportunities are encouraged and communicated well in time.						

**D. Board Strategy and Risk Management**

1	The time spent on issues relating to the strategic direction and not day-to-day management responsibilities.						
2	Engaging with management in the strategic planning process, including corporate goals, objectives and overall operating and financial plans to achieve them.						
3	The Board has developed a strategic plan/policies and the same would meet the future requirements of the Company.						
4	The Board has sufficient understanding of the risk attached with the business structure and the Board uses appropriate risk management framework and whether board reviewed and understood the risks provided in the internal audit report and the management is taken sufficient steps to mitigate the risk.						

