

Lynx Machinery and Commercials Limited

Board Evaluation Policy

Approved in the Board Meeting held on 25.01.2016

1. INTRODUCTION :

Lynx Machinery and Commercials Limited (hereinafter referred to as “the Company”) believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour, in consonance with the Company’s Code of Conduct policy for its employees and also for the Board of Directors.

Therefore, the Company has made this policy to comply with the various provisions of Section 178 of the Companies Act, 2013 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 the 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 thereunder.

2. OBJECTIVE :

The objective is to assess the effectiveness of the Board as a whole and various Committees with an objective to review and improve the overall functioning of the Board.

Individual Board members are assessed on their effective contribution and commitment to their role and responsibilities as Directors.

3. VARIOUS KIND OF PERFORMANCE EVALUATION

a. APPRAISAL SYSTEM:

This appraisal will be mandatorily done under the provision of the clause (p) of Sub Section (3) of Section 134 of the Companies Act, 2013. Appraisal of each Director shall be based on the below mentioned criteria:

Criteria of Evaluation:

Rating scale will be from 1 to 10 (One being most effective and Ten being least effective)

Sr. No.	Criteria’s for performance Evaluation	Sub Criteria’s of Evaluation Performance	Rating
1	Based on Job Profile	Knowledge and skills required to perform the job profile	
2	Based on responsibilities and Obligation	Attendance and participation in Meeting and Expert opinions wherever require	

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3	Based on Strategies	Various directions provided in the best interest of the Company	
4	Based on performance management	Financial Performance	
5	Based on Talent Management	Achievement in respect of Successful Negotiations	
6	Based on Financial & Operational Control Mechanism	Control on Financial Dealings and Internal control activities	
7	Based on maintaining high level of Integrity and ethics	Initiatives take for high level of Integrity and Ethics	
8	Based on Compliance with code of conduct of Directors	Functioning of Duties and Responsibilities as per Code of Conduct laid down by Board	

b. Board Evaluation and Performance

Board evaluation typically examines the role of the Board and the entailing responsibilities, and assesses how effectively these are fulfilled by the Board. 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.

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 format of evaluation and ratings thereon for Board, Committees and Independent Directors are mentioned in the annexure "A" and "B" respectively of this policy.

c. 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, Re-appointments and Removal of the non-performing Directors of the Company.

4. SEPARATE MEETING FOR EVALUATION OF PERFORMANCE OF BOARD MEMBERS:

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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.

5. CRITERIA FOR EVALUATION OF PERFORMANCE:

The Nomination and Remuneration Committee has laid down the criteria for evaluation of performance of Independent Directors and the Board.

1. Attendance and contribution at Board and Committee meetings.
2. His/her stature, appropriate mix of expertise, skills, behavior, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.
3. His/her knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes and Corporate Governance.
4. His/her ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
5. Effective decisions making ability to respond positively and constructively to implement the same to encourage more transparency.
6. Open channels of communication with executive management and other colleague on Board to maintain high standards of integrity and probity.
7. Recognize the role which he/she is expected to play, internal Board Relationships to make decisions objectively and collectively in the best interest of the Company to achieve organizational successes and harmonizing the Board.
8. His/her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.
9. Quality of decision making on source of raw material/procurement of roughs, export marketing, understanding financial statements and business performance, raising of finance, best source off finance, working capital requirement, forex dealings, geopolitics, human resources etc.
10. His/her ability to monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
11. His/her contribution to enhance overall brand image of the Company.

For Lynx Machinery And Commercials Ltd.



Director

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BOARD EVALUATION

ANNEXURE - 1

Name of Director:
Date:

A	ROLE OF THE BOARD	AGREE	DISAGREE	NUTRAL	COMMENTS IF ANY
1	The Chairman demonstrates effective leadership of the Board.	1	2	3	
2	Directors are willing to commit sufficient time for the Company.	1	2	3	
3	Board meetings create an environment for open and honest expression of views/constructive challenge and the overall dynamics is conducive to Board effectiveness.	1	2	3	
4	The discussion at Board meetings is of high standard and Directors contribute by asking relevant questions and offering advice.	1	2	3	
5	Appropriate consideration is given to interest of all the stakeholders as part of the Board's decision-making process.	1	2	3	

B	BOARD COMPOSITION	AGREE	DISAGREE	NUTRAL	COMMENTS IF ANY
1	The Board is of the appropriate size for the Company's needs.	1	2	3	
2	The Board has the right mix of people, skills, experience, independence, and knowledge, including the appropriate balance between Independent Directors and Non-Independent Directors.	1	2	3	
3	The Board makes the best use of the skills, experience, and competencies of its members.	1	2	3	
4	The Board has sufficient input into succession planning for KMPs and senior Executives.	1	2	3	
5	The Board has, with the Nomination and Remuneration Committee, an adequate process for selecting new Directors and KMPs.	1	2	3	

C	BOARD MEETINGS AND PROCESSES	AGREE	DISAGREE	NUTRAL	COMMENTS IF ANY
1	The frequency of Board meetings is appropriate for the Board to fulfill its objective	1	2	3	
2	The attendance at the Board meetings is satisfactory	1	2	3	
3	The structure, format and content of Board agendas and documents are appropriate	1	2	3	
4	Board documents and updates are received in a timely fashion	1	2	3	

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5	The Board is adequately informed on external environment affecting the Company.	1	2	3	
6	Board meetings are of an appropriate length and frequency to enable proper consideration of key issues.	1	2	3	
7	The overall atmosphere of the Board is favorable to critical reflection and debate.	1	2	3	
8	Informal contact outside the Boardroom is sufficient and appropriate.	1	2	3	
9	The Company Secretary provides professional advice on Compliance & Governance matters.	1	2	3	

D	OVERALL PERFORMANCE OF THE BOARD	AGREE	DISAGREE	NEUTRAL	COMMENTS IF ANY
D-1	PERFORMANCE & REPORTING				
1	The Board sets robust annual budgets, targets and objectives, monitors performance, and ensures adequate resources are in place to meet objectives	1	2	3	
2	The Board spends sufficient time considering and monitoring significant capital expenditure (i.e., major projects, acquisitions, partnership or divestments)	1	2	3	
3	The Board spends sufficient time considering and monitoring the growth of the Company and Balance Sheet size	1	2	3	
4	The decision-making process of the Board is satisfactory	1	2	3	
5	The level and quality of the information provided to the Board in respect of major transactions is satisfactory.	1	2	3	
6	The Board's oversight of the implementation and delivery of major transactions is satisfactory.	1	2	3	
7	The Board monitors Company performance with industry comparative data.	1	2	3	
D-2	STRATEGY AND RISK MANAGEMENT	AGREE	DISAGREE	NEUTRAL	COMMENTS IF ANY
1	The Company has a robust and effective system of risk management and internal control.	1	2	3	
2	The Board has sufficient interaction with management to develop insight into the risks facing the Company.	1	2	3	
3	The Board has sufficient understanding of existing and proposed strategies.	1	2	3	



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D-1	EXTERNAL RELATIONSHIPS	AGREE	DISAGREI	NUTRAL	COMMENTS IF ANY
1	Relationships and communications with all stakeholders are well managed.	1	2	3	
2	The Board is well informed on issues, demands, and concerns of stakeholders and the regulators.	1	2	3	
3	The manner in which the Board takes into consideration the expectations of the shareholders is satisfactory.	1	2	3	
4	The arrangements for and the conduct of Annual General Meeting and other General Meetings are satisfactory.	1	2	3	

E	COMMITTEES	AGREE	DISAGREI	NUTRAL	COMMENTS IF ANY
1	The composition of Board committees (Audit, Investment, Nomination and Remuneration, CSR, Stakeholder Relationship, ALCO) is appropriate.	1	2	3	
2	The Committees' missions are clearly defined and adequate to insure good Corporate Governance.	1	2	3	
3	The Committees operate effectively.	1	2	3	

F	ETHICS AND COMPLIANCE	AGREE	DISAGREI	NUTRAL	COMMENTS IF ANY
1	The Board is fully aware of the Company's Code of Conduct and has a well-developed sense of ethics.	1	2	3	
2	The Board operates according to the written Code of Conduct for Directors.	1	2	3	
3	The Board is fully engaged in maintaining good Corporate Governance and compliance with the Company's Code of Conduct	1	2	3	

G	DIRECTOR'S KNOWLEDGE, INDUCTION, AND CONTINUING PROFESSIONAL DEVELOPMENT	AGREE	DISAGREI	NUTRAL	COMMENTS IF ANY
1	Induction and training for new directors is sufficient for what is required of them.	1	2	3	
2	The access to management and facilities is sufficient to ensure a good knowledge of the Company	1	2	3	
3	The Company keeps Directors sufficiently informed on developments that affect their responsibilities (e.g., changes in company law).	1	2	3	
4	Access to necessary resources for developing and updating knowledge and capabilities of Directors is facilitated.	1	2	3	

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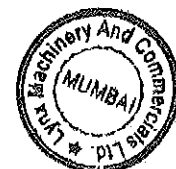
BOARD COMMITTEE EVALUATION FORM

Name of Director:

Date:

	<Name of Committee>	AGREE	DISAGREE	NEUTRAL	COMMENTS IF ANY
1	The Committee composition is appropriate.	1	2	3	
2	The Committee has laid out a full year's agenda.	1	2	3	
3	Members of the Committee receive adequate material in advance of committee meetings, in sufficient time and detail to permit them to effectively consider issues to be dealt with.	1	2	3	
4	The Committee is effective in carrying out its mandate.	1	2	3	
5	The mandate of the Board Committee continues to be appropriate.	1	2	3	
6	The Committee allocates the right amount of time for its work.	1	2	3	
7	The Committee reports its activities to the Board on a regular basis and makes recommendations relevant to these and other matters that the Committee deems necessary.	1	2	3	
8	The Committee recommends to the Board of Directors improvements to the Charter that it deems necessary or desirable.	1	2	3	
9	Appropriate internal or external support and resources are available to the Committee.	1	2	3	

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INDIVIDUAL DIRECTOR SELF ASSESSMENT FORM

(TO BE SUBMITTED TO THE CHAIRMAN)

Name of Director:

Date:

S/NO	PARTICULARS	RANK	REMARKS, IF ANY
1	I have full knowledge of Company strategy and objectives and can monitor performance		
2	I understand my role as Director, as distinct from management and also my key responsibilities		
3	Knowledge and experience of the Board have been adequately and productively u		
4	I participate fully and appropriately in collective decision making & analyze the options for action and work towards consensus		
5	I come fully prepared for Board/Committee meetings		
6	I can question/critique proposals with confidence		
7	I have participated effectively and openly in Board discussions		
8	I keep stakeholder interest as my touchstone in endorsing decisions		
9	I have ability to see the implications of broad organizational issues		
10	I keep abreast with latest developments in the sector		
11	I am able to evaluate complex reports and am able to effectively assess recommendations		
12	I am aware of the risk associated with the Business and containment framework of the Company		
13	I would like to receive further training in identified fields		

COMMENTS:

Rank on a scale of 1 (very poor) to 5 (Excellent) and/or provide remark.

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