

DIRECTORS' PERFORMANCE EVALUATION POLICY

1. BACKGROUND

Corporate Governance is both a tradition and a way of life at Lead Financial Services Limited.

The Company believes that continuous performance evaluation of individual Directors, Board and its Committees, will strengthen their effectiveness and enable Board members, individually and collectively, to assess themselves and develop the key skills required to meet foreseeable requirements. In line with this and pursuant to the Companies Act, 2013, Rules made thereunder, and entered into by the Company with Stock Exchanges, the Nomination and Remuneration Committee ("NRC") has framed this Directors' Performance Evaluation Policy ('Policy'). This Policy is intended to annually assess the performance of the Directors individually, Board as a whole, Committees of the Board and Chairperson of the Company/Board of Directors.

2. EFFECTIVE DATE

Based on the recommendation of the NRC, this Policy has been approved by the Board on 5th November, 2015. It shall come into operation with effect from 2nd December, 2015

3. PROCEDURE

- The independent directors of the Company are required to hold at least one meeting in a year, without the attendance of non-independent directors and members of management. At such meeting the independent directors are required to:
 - (a) review the performance of non-independent directors and the Board as a whole;
 - (b) review the performance of the Chairperson of the company, taking into account the views of the executive directors and non-executive directors;

- (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- The NRC is required to evaluate the performance of each Director;
- The performance evaluation of independent directors is required to be done by the entire Board, excluding the director being evaluated

The evaluation process will be used constructively and the Board will act on the results to improve board effectiveness, maximise strengths and tackle weaknesses.

A. Performance Evaluation of Board

- Evaluation of the Board will be carried out by each Director. The evaluation process will consist of a number of questions which the Directors, as evaluators, will consider. Each Director will assign score (on scale of 1 to 5, with 5 being the highest) to each of the questions. A list of the questions is enclosed at **Annex-A**.
- The responses of Directors will be collated and summarized. The aggregate of scores assigned by each Director to all questions will then be divided by the product of (maximum possible score for each question, number of directors evaluating and total number of questions). Based on this, a percentage will be computed which would reflect the score of the Board.
- A Report on the responses would be prepared and submitted to the Chairperson of the Board.
- Independent Directors, in their separate meeting, as envisaged in Clause VII of Schedule IV to the Act, will also discuss the performance evaluation of the Board and submit their report to the Chairperson of the Board.
- Both Reports will then be discussed by the Board.

B. Performance Evaluation of Board Committees

- Evaluation of Committees will be carried out by each member of that Committee ("**Member**"). The evaluation process will consist of a number of questions which the Members, as evaluators, will consider for their respective Committee separately. Each Member will assign score (on scale of 1 to 5, with 5 being the highest) to each of the questions. A list of the questions is enclosed at **Annex-B**.
- The Members will submit their responses to the Chairperson of the Board.
- Chairperson will then get the responses of the Members collated and summarized. The aggregate of scores assigned by all the Members to all questions will then be divided by the product of (maximum possible score for each question, number of Members evaluating and total number of questions).

Based on this, a percentage will be computed which will reflect the score of the Committee.

- The Report will then be discussed by the Board.

C. Performance Evaluation of Individual Directors

- NRC will supervise the overall process of evaluation of each individual Director.
- Evaluation of the individual Director will be carried out by all other Directors on the Board excepting the concerned Director himself. The evaluation process will consist of a number of questions which the Directors, as evaluators will consider in relation to the individual director. Each Director will assign score (on scale of 1 to 5, with 5 being the highest) to each of the questions. A list of the questions is enclosed at **Annex-C**.
- Each Director will submit his responses in relation to other Directors on the Board to NRC.
- NRC will then get the responses of Directors which will be collated for each Director and summarized. The aggregate of scores assigned by all Directors to all questions will then be divided by the product of (maximum possible score for each question, number of directors evaluating and total number of questions). Based on this, a percentage would be computed which would reflect the score of each individual Director.
- NRC will submit a report of:
 - Independent Directors to the Chairperson of the Board.
 - Non-Independent Directors to the Independent Directors for review in their separate meeting.
- Independent Directors in their separate meeting will review the report of performance of Non-Independent Directors received from NRC and submit their report along with the report of NRC to the Chairperson of the Board.
- The Reports will then be discussed by the Board.
- The re-appointment of Independent Directors shall be on the basis of their performance evaluation reports.

D. Performance Evaluation of Chairperson of the Company / Board

- Evaluation of the Chairperson will be carried out by Independent Directors. The Independent Directors will take into account the views of Executive Directors and Non-Executive Directors. The evaluation process will consist of a number of questions which the Directors, as evaluators, will consider in relation to Chairperson. Each Director will assign score (on

scale of 1 to 5, with 5 being the highest) to each of the questions. A list of the questions is enclosed at **Annex-D**.

- The aggregate of scores assigned by all directors to all questions will then be divided by the product of (maximum possible score for each question, number of directors evaluating and total number of questions). Based on this, a percentage would be computed which would reflect the score of the Chairperson.
- Independent Directors will submit their report to the Board which will then be discussed by the Board.

External consultants

The Board/NRC may decide to use an external consultant at any stage of the performance evaluation process for assisting in carrying out the performance evaluation as required under the Policy, to bring objectivity to the process.

(d) REVIEW / AMENDMENT

The NRC will review this Policy regularly and assess its effectiveness. Based on the recommendation of the NRC the Board may amend, abrogate, modify or revise any or all clauses of this Policy in accordance with the Act and Listing Agreement.

(e) DISCLOSURE / REPORTING

The results of evaluations will be shared with the Board as a whole.

The Annual Report will include:

- Guidelines followed by the NRC in evaluation of Directors.
 - Methodology adopted in conducting performance evaluation of the Board, its Committees, individual directors and of the Chairperson of the Company / Board.
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BOARD OF DIRECTORS-SELF EVALUATION SURVEY

	Considerations	5 Very Good	4 Good	3 Avg	2 Fair	1 Poor
1	Does the Board have the required experience and expertise to support the Company in achieving its strategy?					
Comments						
2	Does the Board have a clear understanding of the importance of maintaining corporate reputation and how shareholder value is created?					
Comments						
3	Is the composition of the Board and its committees appropriate, with the right combination of knowledge, skills and domain expertise to maximise performance in the light of future strategy?					
Comments						
4	Is the Board up to date with latest developments in the regulatory environment, industry and the market?					
Comments						
5	Does the Board regularly monitor and evaluate progress towards strategic goals and assesses operational performance?					
Comments						
6	Has the Board established a Committee structure that enables clear focus on the important issues facing the Company?					
Comments						
7	How effectively does the Board interface with its committees?					
Comments						

8	Does the Board follow good corporate governance practices?					
Comments						
9	Does the Board have the appropriate proportion of Independent Directors.					
Comments						
10	Does the Board understand the key risks faced by the businesses and their mitigation plans					
Comments						
11	Are industry best and next practices regularly discussed against company strategy?					
Comments						
<p>General Questions:</p> <p>Is the Board addressing the right topics and do you think there are topics that should be addressed by the Board that are currently not being addressed?</p> <p>Please state if there is(are) any additional point(s) on which you believe the Board should focus its attention next year.</p> <p>Please suggest any ways in which you feel the working of the Board could be more effective and productive.</p>						

Signature : _____

Name : _____

Date : _____

COMMITTEE-SELF EVALUATION SURVEY

	Considerations	5 Very Good	4 Good	3 Avg	2 Fair	1 Poor
1	Does Committee has full and common understanding of its roles and responsibilities?					
Comments						
2	How effective has the Committee's contribution been vis-a-vis the roles & responsibilities assigned to it?					
Comments						
3	Does the Committee improve the overall effectiveness of the Board?					
Comments						
3	Is the composition of the Committee appropriate, with the right mix of knowledge and skills to maximise the performance in the light of the future strategy?					
Comments						
4	How effectively does the Committee address issues and communicate with the Board, the Management Team, Company Employees and others?					
Comments						
5	Is the Committee as a whole up to date with the latest developments in the regulatory environment and the market pertaining to its area?					
Comments						
6	Is appropriate, timely information of the right length and quality provided to the Committee, and is management responsive to requests for					

	clarification or amplification?						
Comments							
7	Are sufficient Committee meetings of appropriate length held to enable proper consideration of issues? Is time used effectively?						
Comments							
General Questions: Is the Committee addressing the right topics and do you think there are topics that should be addressed by the Committee that are currently not being addressed? Please state if there is(are) any additional point(s) on which you believe the Committee should focus its attention next year. Please suggest any ways in which you feel the working of the Committee could be more effective and productive.							

Signature : _____

Name : _____

Date : _____

EVALUATION SURVEY OF MR. / MS. _____ - DIRECTOR

S. No.	Considerations	5 Very Good	4 Good	3 Avg	2 Fair	1 Poor
1	How well-prepared and informed is he/she for the Board/Committee meetings and is his/her attendance at meetings satisfactory?					
Comments						
2	Does he/she demonstrate willingness to devote time and effort to understand the Company and its business and a readiness to participate in events outside the Boardroom, such as site visits?					
Comments						
4	Does he/she constructively challenge the matters and decisions at the Board/Committee meetings?					
Comments						
5	What has been the quality and value of his/her contributions at Board/Committee meetings?					
Comments						
6	How successfully has he/she brought his/her knowledge and experience to bear in the consideration of strategy?					
Comments						
7	How well does he/she communicates with fellow Board members, senior management and other stakeholders? Is he/she able to present his/her views convincingly yet diplomatically and does he/she listen and take on board the views of others?					
Comments						

8	Is he/she upto date with the latest developments in his/her areas of responsibility (such as corporate governance, financial reporting, etc.) and industry and market conditions?				
Comments					
9	Does he/she behave in accordance with Company's values and beliefs?				
Comments					
10	Does he/she follow good corporate governance practices?				
Comments					
Any other important matter you may want to highlight.					

Signature : _____

Name : _____

Date : _____

EVALUATION SURVEY OF CHAIRPERSON OF THE BOARD

S. No.	Question	5 V. Good	4 Good	3 Avg	2 Fair	1 Poor
1	Is the Chairperson demonstrating effective leadership of the Board?					
Comments						
2	How would you rate the Chairperson overall, in terms of his competence, enthusiasm and contributions to the Board's work?					
Comments						
3	Are his relationships and communications with the Board constructive?					
Comments						
4	How do you rate the performance of the Chairperson in terms of the focus, use of time and overall efficiency of Board meetings?					
Comments						
5	Are the processes for settling the agenda working? Do they enable the Board members to raise issues and concerns?					
Comments						
6	How do you rate the Chairperson in terms of his ability to manage the Board's agenda, responding to changing circumstances as necessary?					
Comments						
7	Does the Chairperson encourage wider and detailed discussion on important issues?					
Comments						

8	Does he behave in accordance with Company's values and beliefs?					
Comments						
9	Does the Chairman encourage feedback on his performance?					
Comments						
Any other important matter you may want to highlight.						

Signature : _____

Name : _____

Date : _____