

LARK TRADING AND FINANCE LIMITED

“POLICY ON PERFORMANCE EVALUATION OF BOARD, BOARD LEVEL COMMITTEES AND INDEPENDENT DIRECTORS OF THE COMPANY”

The following “Policy on Performance Evaluation of Board, Board level Committees and Independent Directors of the Company” is formulated as per the provisions of the Companies Act, 2013 and Chapter II& IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”).

This Policy will be applicable to the Company with effect from 30th May, 2016. The Board may review and amend this policy from time to time.

INTRODUCTION

In an endeavor to safeguard the interest of the Company and as prescribed under section 178 of the Companies Act, 2013 (‘Act’) and SEBI (LODR), 2015, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors (“the Board”) of LARK TRADING AND FINANCE LIMITED (“the Company”) has formulated a policy setting out the criteria for the performance of Independent Directors including the performance of the Board as a whole. Such an evaluation procedure will provide a fine system of checks and balances on the performance of the directors. This policy aims at establishing a procedure for conducting periodical evaluation of directors’ performance and formulating the criteria for determining qualification, positive attribute and independence of each director of the Company. This policy further aims at ensuring that the committees to which the Board of Directors has delegated specific responsibilities are performing efficiently in conformity with the prescribed functions and duties.

LEGAL BACKGROUND:

1. Section 134 sub-section 3(p) read with Sub-rule (4) of Rule 8 of the Companies (Accounts) Rules, 2014 every listed company and every other public company having paid- up share capital of twenty five crores or more calculated at the end of the preceding financial year should include in the report by its Board of Directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

2. The Schedule IV i.e. “Code for Independent Directors” provides that independent directors shall bring an objective view in the evaluation of the performance of Board and management.

The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management. All the independent directors of the company shall strive to be present at such meeting. The meeting shall:

- (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 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.
3. Section 178(2) states that the Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down recommend to the Board their appointment and removal and shall carry out evaluation of every director’s performance.
 4. Clause (f) of sub regulation 2 of Regulation 4 of Chapter II of SEBI (LODR), 2015 states that it is key function of Board of Directors to Monitor and review board of director’s evaluation framework.

Sub regulation 10 of Regulation 17 OF Chapter IV of SEBI (LODR), 2015, states that the performance evaluation of independent directors shall be done by the entire board of directors

PART D of schedule II of SEBI (LODR), 2015 states that Nomination & Remuneration Committee shall formulate the criteria for evaluation of performance of independent directors and the board of directors.

EVALUATION METHODOLOGIES

The Board evaluation process comprises of both assessment and review. This includes analysis of how the Board and its committees are functioning, the time spent by the Board considering matters and whether the terms of reference of the Board committees have been met, besides compliance of the provisions of the Act.

In respect of each of the evaluation factors, various aspects have been provided to assist with the evaluation process in respect of performance of Independent Directors, the Board and its Committees separately. The evaluation factors may vary in accordance with their respective functions and duties.

PROCESS FOR EVALUATION OF THE BOARD

- A. The Nomination & Remuneration Committee asks each Director to complete the attached rating form with respect to the Board of Directors Evaluation Form, Independent Director Evaluation Form and Evaluation of Board Committees Form.
- B. The Board of Directors shall pay regards to the following parameters for the purpose of evaluating the performance.

Rating Scale

| Scale | Performance |
|--------------|--------------------|
| 5 | Exceptionally Good |
| 4 | Good |
| 3 | Satisfactory |
| 2 | Needs Improvement |
| 1 | Unacceptable |

- C. The Nomination & Remuneration Committee receives Evaluation Forms on a confidential basis and summarizes the results. The Chairman of the Nomination & Remuneration Committee may have discussions with Individual Directors where clarification or interpretation is required.
- D. The Chairman of the Nomination & Remuneration Committee develops a report for the Nomination & Remuneration Committee. The Committee reviews the Evaluation Forms Result and develops recommendation for the Board to consider.
- E. The Board reviews the Evaluation Forms Result and the Nomination & Remuneration Committee's recommendation and takes any necessary action.

RESPONSIBILITY OF BOARD

The Company conducts its operations under the directions of the Board of the Company and within the framework laid down by the Companies Act, 2013, the Articles of Association of the Company, listing agreement with stock exchanges and internal code of conduct and policies formulated by the Company. The Company's Board of Directors are

expected to act in good faith; exercise their judgment on an informed basis in the best interest of the Company and its stakeholders.

It shall be the duty of Chairman & Managing Director of the Company, who shall be supported by the Company Secretary, to organize the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the effectiveness of Board and its Committees, to maximize their strength and tackle their shortcomings.

In conformity with the requirements of the Act, the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

POLICY REVIEW:

(a) Annual Reviews:

There will be an annual evaluation of the performance of Board, Board Level Committees and of Independent Directors. The purpose of the evaluation is to determine how effectively the Board, Directors and the Committees are fulfilling their role and duties.

(b) Outcome of Reviews:

All reviews are to include open discussion by the Board of the results of the evaluations and to decide any changes which are required to be made by the Board to address any lack of performance and to agree the goals for the Board and, separately, for its Committees for the ensuing year. Board and Committee goals will always be set having regard to the approved strategy of the Company.

If particular concerns arise from the evaluation in relation to any individual Director, or Committee, the Chairman will meet with that Director, or Chairman of that Committee, to discuss the concerns and any actions to be taken as a result. If the concerns relate to the Chairman, then the Chairman will discuss the matter as appropriate with the Board.

(c) Regular Feedback:

Directors will also be encouraged to provide feedback on a regular basis on the conduct of Board meetings and other business, and the preparation for them, in

order to assist in the continual improvement of the way the Board carries out its role at a 'micro' level.

S. Tayal

Sumit Tayal
(Director)

DIN: 0659004

Part I
Board of Directors Evaluation Form
(By all the Directors individually)

| Criteria | Scale (1,2,3,4,5) | How can the board do it better or differently |
|---|----------------------|--|
| Board Composition & Quality | | |
| 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 the 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 judgement, voice their concerns and act freely from any conflicts of interests | | |
| 4. Board members demonstrate highest level of integrity (including maintaining confidentiality and identifying, disclosing and managing conflicts of interests). | | |
| 5. The Board members 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 understands 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. | | |


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| 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. | | |
| Board Meetings and Procedures | | |
| 1. The Annual Calendar of Board meetings is communicated well in advance and reviewed from time to time | | |
| 2. The Board meeting agenda and related background papers are concise and provide information of appropriate quality and detail. | | |
| 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 Meetings is adequate | | |
| 6. The facility for video conferencing for conducting meetings is robust | | |
| 7. Location of Board Meeting(As a good governance practice the Board meeting should be held at different places). | | |
| 8. The Board meetings encourage a high quality of discussions 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 | | |

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| 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. All proceedings and resolutions of the Board are recorded accurately, adequately and on a timely basis | | |
| Board Development | | |
| 1. Appropriateness of the induction programme given to the new board members | | |
| 2. Timeliness and appropriateness of ongoing development programmes to enhance skills of its members | | |
| 3. Appropriate development opportunities are encouraged and communicated well in time | | |
| 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 requirement 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. | | |
| 5. The Board evaluates the strategic plan/ policies periodically to assess the Company's performance, considers new opportunities and responds to unanticipated external developments | | |
| 6. The Risk management framework is subject to | | |

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| review. | | |
| 7. Monitoring the implementation of the long term strategic goals | | |
| 8. Monitoring the company's internal controls and compliance with applicable laws and regulations | | |
| 9. The adequacy of Board contingency plans for addressing and dealing with crisis situations | | |
| 10. Appropriateness of effective vigil mechanism. | | |
| 11. The Board focuses its attention on long-term policy issues rather than short- term administrative matters. | | |
| 12. The Board discusses thoroughly the annual budget of the Company and its implications before approving. | | |
| 13. The Board periodically reviews the actual result of the Company vis-à-vis the plan/ policies devised earlier and suggests corrective measures, if required. | | |
| Board and Management Relations | | |
| 1. The Board sets the overall tone and direction of the Company. | | |
| 2. The Board has approved comprehensive policies and procedures for smooth conduct of all material activities by Company. | | |
| 3. The Board has a range of appropriate performance indicators that are used to monitor the performance of management. | | |
| 4. The Board is well informed on all issues (short and long-term) being faced by the Company. | | |
| 5. The Board adequately reviews proposed departures from the long-and short- term business plans of the Company before they take place | | |
| Succession Planning | | |
| 1. The Board has a succession plan for the Chairperson and the Chief Executive Officer / Managing Director. | | |
| 2. The Board reviews the existing succession plan and if appropriate, make necessary changes by taking into account the current conditions. | | |

| | <i>Exceptionally Good</i> | <i>Good</i> | <i>Satisfactory</i> | <i>Needs Improvement</i> | <i>Unacceptable</i> |
|-----------------------------------|---------------------------|-------------|---------------------|--------------------------|---------------------|
| Overall Rating of the Performance | | | | | |
| Comments | | | | | |
| Suggestions | | | | | |
| Name of the Director | Signature | | Date | | |

Note: In case, an evaluation factor is assigned 'not applicable' or 'adequate information not available' then, the score may be calculated by excluding the marks for that particular evaluation factor.


 Sumit Rayal
 (Director)
 DIN: 0659804

PART II
INDEPENDENT DIRECTOR EVALUATION FORM
(PEER REVIEW- by Directors other than director being evaluated)

| Criteria | Scale (1,2,3,4,5) | How can the board do it better or differently |
|--|----------------------|---|
| Participation at Board/ Committee Meetings | | |
| 1. Director comes well prepared and informed for the Board / committee meeting(s). | | |
| 2. Director demonstrates a willingness to devote time and effort to understand the Company and its business and a readiness to participate in events outside the meeting room, such as site visits? | | |
| 3. Director's contributions at Board / Committee meetings are of high quality and innovative. | | |
| 4. Director's proactively contributes in to development of strategy and to risk management of the Company. | | |
| Managing Relationship | | |
| 1. Director's performance and behavior promotes mutual trust and respect within the Board / Committee. | | |
| 2. Director is effective and successful in managing Relationships with fellow Board members and senior management? | | |
| Knowledge and Skill | | |
| 1. Director understands governance, regulatory, financial, fiduciary and ethical requirements of the Board /Committee. | | |
| 2. Director actively and successfully refreshes his/ her knowledge and skills and up to date with the latest developments in areas such as corporate governance framework, financial reporting and the industry and market conditions. | | |
| 3. Director is able to present his/ her views convincingly yet diplomatically. | | |
| 4. Director listens and takes on Board the views of other members of Board. | | |
| Personal Attributes | | |
| 1. Director has maintained high standard of ethics and integrity. | | |
| 2. Director exercises objective independent judgment in the best interest of Company. | | |

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| 3. Director has effectively assisted the Company is implementing best corporate governance practice and then monitors the same. | | |
| 4. Director helps in bringing independent judgment during board deliberations on strategy, performance, risk management etc. | | |
| 5. Director keeps himself/ herself well informed about the Company and external environment in which it operates. | | |
| 6. Director acts within his authority and assists in protecting the legitimate interest of the Company, Shareholder and employees. | | |
| 7. Director maintains high level of confidentiality. | | |
| 8. Director adheres to the applicable code of conduct for independent directors | | |

| | <i>Exceptionally Good</i> | <i>Good</i> | <i>Satisfactory</i> | <i>Needs Improvement</i> | <i>Unacceptable</i> |
|-----------------------------------|---------------------------|-------------|---------------------|--------------------------|---------------------|
| Overall Rating of the Performance | | | | | |
| Comments | | | | | |
| Suggestions | | | | | |
| Name of the Director | Signature | | Date | | |

Note: In case, an evaluation factor is assigned 'not applicable' or 'adequate information not available' then, the score may be calculated by excluding the marks for that particular evaluation factor.



PART III
EVALUATION OF BOARD COMMITTEES FORM
(By Board of Directors)

| Criteria | Scale (1,2,3,4,5) | How can the board do it better or differently |
|---|----------------------|--|
| Function and Duties | | |
| 1. The Committees of the Board are appropriately constituted. | | |
| 2. The terms of reference for the committee are appropriate with clear defined roles and responsibilities. | | |
| 3. Observing Committees terms of reference. | | |
| 4. The amount of responsibility delegated by the Board to each of the committees is appropriate. | | |
| 5. The reporting by each of the Committees to the Board is sufficient. | | |
| 6. The performance of each of the Committees is assessed annually against the set goals of the committee. | | |
| 7. Whether the terms of reference are adequate to serve committee's purpose? | | |
| 8. The committee regularly reviews its mandate and performance. | | |
| 9. Committee takes effective and proactive measures to perform its functions. | | |
| Management Relations | | |
| 1. Committee gives effective suggestion and recommendation. | | |
| 2. Committee meetings are conducted in a manner that encourages open communication and meaningful participation of its members. | | |
| Committee Meetings and Procedures | | |
| 1. Committee meetings have been organized properly and appropriate procedures were followed in this regard? | | |
| 2. The frequency of the Committee meetings is adequate. | | |
| 3. Committee makes periodically reporting to the Board along with its suggestions and recommendations. | | |

| | <i>Exceptionally Good</i> | <i>Good</i> | <i>Satisfactorily</i> | <i>Needs Improvement</i> | <i>Unacceptable</i> |
|-----------------------------------|---------------------------|-------------|-----------------------|--------------------------|---------------------|
| Overall Rating of the Performance | | | | | |
| Comments | | | | | |
| Suggestions | | | | | |
| Name of the Director | Signature | | Date | | |

Note: In case, an evaluation factor is assigned 'not applicable' or 'adequate information not available' then, the score may be calculated by excluding the marks for that particular evaluation factor.

For Lark Trading and Finance Limited


 Sumit Tayal
 (Director)
 DIN: 06598044