

Performance Evaluation Policy of Board of Directors
(As amended on 13th February,2020)

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| 1. | Objective |
| | <p>LSIndustries Limited has devised its Performance Evaluation Policy/Criteria of Board of Directors of the Company in compliance of provisions of Section 178 & other applicable provisions of Companies Act 2013 if any, rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time-to-time) ('Listing Regulations'). The primary objective of this Policy is to provide a framework and set standards for evaluation of performance of entire Board of Directors comprising of Executive Directors and Independent Directors of the Company. A regular process of evaluating the board's performance can help to identify strengths and weaknesses of its processes, procedures and to provide insights for strengthening orientation and the conduct of board & committee meetings, and interactions with board and staff leadership. The Company aims to achieve a balance of merit, experience and skills amongst its Board.</p> |
| 2. | Applicability |
| | This policy is applicable on entire Board of Directors and new Directors from the date of appointment. |
| 3. | Definitions |
| i | "Act" means Companies Act, 2013 and rules thereunder, as amended time to time. |
| ii | "Board of Directors" or ' Board ', in relation to the Company, means the collective body of the directors of the Company including the Chairperson/Chairman of the Company. |
| iii | "Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the provisions of Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time. |
| iv | "Director" means a Director appointed to the Board of a Company. |
| v | " Independent Director" means a Director referred under provisions of Section 149 of the Companies Act, 2013 and rules thereunder and as provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time-to-time) ('Listing Regulations'): |
| | <u>Independent Director as per Companies Act 2013</u> |

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| | An independent director in relation to a Company, means a director other than managing director or a whole-time director or a nominee director:- |
| a | (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience; |
| B(i) | who is or was not a promoter of the Company or its holding, subsidiary or associate Company; |
| ii | who is not related to promoters or directors in the Company, its holding, subsidiary or associate Company; |
| c | who has or had no pecuniary relationship other than remuneration as such director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year; |
| d | <p>none of whose relatives---</p> <p>i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year;</p> <p>Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;</p> <p>ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;</p> <p>iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or</p> <p>iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);</p> |
| e | who, neither himself nor any of his relatives - |
| i | <p>holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;</p> <p>Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years</p> |
| ii | is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of - |
| A | a firm of auditors or Company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company; or |

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| | B | any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to ten per cent. or more of the gross turnover of such firm; |
| | iii | holds together with his relatives two per cent or more of the total voting power of the Company; or |
| | iv | is a Chief Executive or director, by whatever name called, of any non profit organisation that receives twenty-five per cent. or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds two per cent. or more of the total voting power of the Company; or |
| | v | who possesses such other qualifications as may be prescribed. |
| | | _SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| | | The expression 'independent director' shall mean a non-executive director, other than a nominee director of the Company: |
| | a. | who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience; |
| b | B(i) | who is or was not a promoter of the Company or its holding, subsidiary or associate Company or member of the promoter group of the listed entity ; |
| | ii | who is not related to promoters or directors in the Company, its holding, subsidiary or associate Company; |
| | c | apart from receiving director's remuneration, has or had no material pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year; |
| | d | none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year; |
| | e | who, neither himself nor any of his relatives — |
| | i | holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed; |
| | ii | is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of - |
| | A | a firm of auditors or Company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate Company; or |
| | B | any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to ten per cent or more of the gross |

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| | | turnover of such firm; |
| | iii | holds together with his relatives two per cent or more of the total voting power of the Company; or |
| | iv | is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company; |
| | v | is a material supplier, service provider or customer or a lessor or lessee of the Company; |
| | vi | who is less than 21 years of age. |
| | vii | is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director. |
| | vi | “Key Managerial Personnel” mean key managerial personnel as defined under the Companies Act, 2013 & rules made thereunder, including any amendment or modification thereof, and includes |
| | i. | Managing Director, or Chief Executive Officer or manager and in their absence, a whole time director; |
| | ii | Company Secretary |
| | iii | Chief Financial Officer and |
| | iv | Such other officer as may be prescribed. |
| 4 | | EVALUATION OF THE PERFORMANCE |
| | | The Committee shall evaluate the performance of entire Board of Directors of the Company as required under section 178 of the Companies Act, 2013, rules made thereunder, as amended time to time, on the basis of criteria for the evaluation of the performance as prescribed in the this policy. Performance evaluations are segregated as hereunder: |
| | 4A | Evaluation of Performance of Independent Directors |
| | | The evaluation of performance of Independent Directors shall be carried out by the entire Board of directors which shall include- (a) performance of the directors; and (b) fulfillment of the independence criteria as specified in SEBI (LODR) Regulations, 2015 and their independence from the management: Provided that in the above evaluation, the directors who are subject to evaluation shall not participate. |
| | 4B | Evaluation of Performance of Executive Directors/ Non-Independent Directors |
| | | The evaluation of performance of Executive Directors/ Non-Independent Directors shall be carried out by the Independent Directors of the Company excluding the Director being evaluated. For that purpose, the independent directors of the company shall hold at least one meeting in a year, without the attendance of executive directors/non-independent directors and members of management. All independent directors of the company shall strive to be present at such meeting. |

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| 4C | Evaluation of Performance of entire Board | |
| | <p>The Committee shall carry out the evaluation of every director's performance on the basis of criteria as laid down under this policy. Based on the performance evaluation of each Director of the Board including Chairman of the Company, the Committee shall provide the ratings based on each criteria.</p> <p>On the basis of 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, if any.</p> | |
| 5 | Criteria for Evaluation of Performance: | |
| | <u>For Executive/Whole Time Directors:</u> | |
| | <p>The Executive Directors shall be evaluated on the basis of their own performance, expertise, intelligence, their qualitative & quantitative contribution towards operational achievements, organizational performance and tasks assigned to them, if any by the board from time to time.</p> | |
| | <u>For Non Executive Independent Directors/Non Executive Directors:</u> | |
| | <p>The Non Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they:</p> | |
| | 1. | strive to attend and contribute at Board, Committee & General meetings of the Company; |
| | 2 | act objectively and constructively while exercising their duties; |
| | 3 | 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; |
| | 4 | devote sufficient time and attention to their professional obligations for informed and balanced decision making ability to respond positively; |
| | 5 | do not abuse their position to the detriment of Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person; |
| | 6 | refrain from any action that would lead to loss of his independence or inform the Board immediately when they lose their independence; |
| | 7 | participate constructively and actively in the committees of the Board in which they are Chairpersons or Members; |
| | 8 | his/her stature is an appropriate mix of expertise, skills, behavior, experience, leadership |

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| | | qualities, sense of sobriety and understanding of business, strategic direction to align Company's value and standards. |
| | 9 | able 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 and to assist the Company in implementing the best corporate governance practices; |
| | 10 | able to understand or have the knowledge of finance, accounts, legal, investment marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes and Corporate Governance & vision on corporate social responsibility etc. |
| | 11 | Moderate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest. Abide by Company's policies and procedures including code of conduct etc. |
| | 12 | His/her contribution to enhance overall brand image of the Company. |
| 6 | | Procedure to rate the performance |
| | | Based on evaluation criteria, the Nomination & Remuneration Committee and the Board shall evaluate the performance of the each and every Director on the basis of rating/ranking. The rating shall be from 1 to 10 i.e. 1 to minimum and 10 to maximum. The format of performance evaluations are enclosed with the policy as Annexure – A and Annexure – B. 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 may also decide its strategy to extend or continue the term of appointment/re-appointment or to introduce new candidate as a member of the Board so as to create and maintain the most effective and powerful top level management of the Company for its future growth, expansion, diversification of the Company. |
| 7 | | Review and Amendment |
| | | The Nomination and Remuneration Committee shall periodically review the existence and functioning of said Performance Evaluation Policy/Criteria. The Board of Directors after considering the recommendations of Nomination and Remuneration Committee is empowered to amend this policy/Criteria either in whole or in part, at any time consistent with requirements of applicable laws, rules and regulations. |

Foot Notes:-

1. Originally applicable w.e.f. 02nd February, 2015
2. 01st Amendment on 13th February, 2020

Annexure – A

Format of evaluation of performance of Executive Director(s) or Whole Time Director(s)

| S. N. | Criteria | Rating | Remarks, if any |
|--------------|--|---------------|------------------------|
| 1 | Attendance & active participation in Board, Committee & General Meetings. | | |
| 2 | Adequate Preparation for all such Meetings. | | |
| 3 | Constructive contribution to formulation of Strategy & translation into Plans, Policies and Annual Goals | | |
| 4 | Achievement of Sales, Productivity & Financial Goals. | | |
| 5 | Active involvement in Quality systems & Improvement activities for future growth. | | |
| 6 | Updating knowledge in area of expertise, Overall Business & Industry environment. | | |
| 7 | Open communication with Board Members and Down the line. | | |
| 8 | Awards & Recognitions received by Company on national & international platforms. | | |
| 9 | Conduct in ethical manner consistent with the applicable laws. | | |
| 10 | Brand building through contribution to & discharge of Social responsibilities. | | |

Procedure to rate the performance

The rating shall be from 1 to 10. Assigned 1 to minimum and 10 to maximum.

Excellent: Rating 85 and above

Very good: Rating 75 and above

Good: Rating 65 and above

Satisfactory: Rating 55 and above

Unsatisfactory/Poor: Below 55.

Annexure - B

Format of evaluation of performance of Non Executive Independent Director(s) or Non Executive Director(s)

| S. N. | Criteria | Rating | Remarks, if any |
|--------------|--|---------------|------------------------|
| 1 | Adequate qualifications & skills to understand Corporate Culture, Business & its complexities | | |
| 2 | Adequate preparation for Board, Committee & General Meetings and updating knowledge of area of expertise. | | |
| 3 | Attendance & active participation in above meetings. | | |
| 4 | Objective & constructive participation in informed & balanced decision-making. | | |
| 5 | No abuse of position detrimental to Company's/ shareholder's interest and/or personal advantage, direct or indirect. | | |
| 6 | Ability to monitor Management Performance and integrity of financial controls & systems. | | |
| 7 | Active and timely execution of any tasks assigned by the Board. | | |
| 8 | Communication in open and fair manner. | | |
| 9 | Credibility, directions & guidance on Key issues in the best interest of Company. | | |
| 10 | Ethical conduct consistent with applicable laws, rules & regulations. | | |

Procedure to rate the performance

The rating shall be from 1 to 10. Assigned 1 to minimum and 10 to maximum.

Excellent: Rating 85 and above

Very good: Rating 75 and above

Good: Rating 65 and above

Satisfactory: Rating 55 and above

Unsatisfactory/Poor: Below 55.