

MARGDARSHAK FINANCIAL SERVICES LIMITED

POLICY ON BOARD EVALUATION

2018

1. INTRODUCTION

Margdarshak believes that good corporate governance requires boards to have effective processes and to evaluate their performance. Board evaluation is a constructive mechanism for improving board effectiveness, maximising strengths and tackling weaknesses, leading to an immediate improvement in performance throughout the organisation.

This policy aims at establishing a procedure for conducting periodical evaluation of directors' performance and formulating the criteria for evaluating the performance of the Board of Directors as a whole, the committees of the Board and individual directors. 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. In addition, the Nomination and Remuneration Committee shall carry out the evaluation of performance of every director, key managerial personnel in accordance with the criteria laid down.

2. OBJECTIVE & PURPOSE

The object of this policy is to formulate the procedures and also to prescribe and lay down the criteria to evaluate the performance of the entire Board of the Company.

Evaluation of the Board and directors is aimed at performance enhancement, Improving interaction between directors, identifying strengths and weaknesses in Board operations and highlighting areas that require improvement by directors and the Board as a whole

3. TYPES OF BOARD EVALUATION

Board evaluations may be classified as self-evaluations or external evaluations.

Self Evaluations: Through self-evaluations, the Board is responsible for managing both the process as well as the content. Self-evaluations are typically coordinated either by the Board Chair, or the Board Secretary/ Corporate Governance Officer. A Boards' performance is generally evaluated by a standard questionnaire and/or through one-on-one interviews.

A Board-managed evaluation process may also move beyond strict self-evaluation by seeking assessment input from stakeholders (e.g., executive officers and shareholders).

External evaluation are carried out by an external third party, retained by and reporting to the Board. External evaluations of Board members are also made by using a questionnaire and/or one-on-one interviews. But such external evaluators may bring their own judgment on the quality of the Board's performance during the evaluation, and may decide to also request inputs from other stakeholders.

4. RESPONSIBILITY

— *Responsibility of the Board*

It shall be the duty of the chairperson of the board, who shall be supported by a Company Secretary to organise 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 directors' and committees' effectiveness, to maximise their strength and to tackle their shortcomings.

The Board of Directors shall undertake the following activities on an annual basis

- The board as a whole shall discuss and analyze its own performance during the year together with suggestions for improvement thereon, pursuant to the performance objectives.

- Review performance evaluation reports of various committees along with their suggestions on improving the effectiveness of the committee. Also, the requirement of establishing any new committees shall be reviewed by the Board on an annual basis.
- Review the various strategies of the company and accordingly set the performance objectives for directors.
- Ensure that adequate disclosure is made with regard to performance evaluation in the Board's Report.
 - *Responsibility of the Nomination & Remuneration Committee*
It shall evaluate the performance of individual Directors of the Company as per its terms of and the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of section 178 of the Companies Act, 2013
 - *Responsibility of Independent Directors*
Independent Directors are duty bound to evaluate the performance of non-independent directors and Board as a whole. The independent directors of the Company shall hold at least one meeting in a year to review the performance of non-independent directors, performance of the chairperson of the Company and Board as a whole, taking into account the views of executive directors and non-executive directors.
The independent directors at their separate meetings 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.
 - Evaluation of Independent Director shall be carried on by the entire Board of Directors of the Company except the Director getting evaluated.

5. OUTCOME OF BOARD EVALUATION

To be a meaningful exercise, the outcome of Board evaluation must result in an actionable plan. The process of implementing the action plan then naturally becomes a crucial step in the entire evaluation process and should deserve the full attention of the Board and in turn of the management. The Board should periodically review the progress of the implementation plan.

6. POLICY REVIEW

Subject to the approval of Board of Directors, the "Nomination and Remuneration Committee" reserves its right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the company. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

7. DISCLOSURE

In accordance with the requirement under the Act, the Board Report shall include a statement indicating the manner in which the performance evaluation has been done by the Board of Directors of its own performance, and that of its committees and individual directors.

Further, the Board's Report containing such statement will be made available for the review of shareholders at the general meeting of the Company.

The Policy shall be made available on Company's official website and the key features of this Policy shall be included in the corporate governance statement contained in the annual report of the Company.