

## BOARD EVALUATION POLICY

### PART -1

#### Performance evaluation of Directors and Board as a whole and its Committees to be carried out in the last quarter of every financial year

##### 1. Background:

The board of directors (the “Board”) of Lee & Nee Softwares (Exports) Ltd (“LNSEL/Company”) has, basis the recommendation of the Nomination and Remuneration Committee, adopted this board evaluation policy (“**Policy**”) to comply with the various provisions under Regulation 19 and Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR**”) and the Companies Act, 2013 (“**Companies Act**”).

The Policy is based on the SEBI circular dated January 5, 2017 which provides further clarity on the process of board evaluation (“**SEBI Guidance Note**”).

##### 2. Object:

The Policy has been framed with an objective to ensure individual directors of the Company (“**Directors**”) and the Board as a whole, work efficiently and effectively in achieving their functions, for the benefit of the Company and its stakeholders. Accordingly, the Policy provides guidance on evaluation of the performance, on an annual basis, of: (i) individual Directors (including the Chairperson and independent directors of the Company (“**Independent Directors**”)); (ii) the Board as a whole; and (iii) various committees of the Board (“**Board Committees**”).

##### 3. Manner of Evaluation:

###### Evaluation of Individual Directors

- 3.1 Performance of individual Directors of the Company (including the Chairperson and Independent Directors) shall be evaluated, on an annual basis, by: (i) the Board as a whole (excluding the Director being evaluated); and (ii) the Nomination and Remuneration Committee.
- 3.2 In carrying out its evaluation, the Board and/ or the Nomination and Remuneration Committee, shall keep in mind the evaluation parameters set out in: (i) Annexure 1 with respect to all Directors other than the Independent Directors and Chairperson; (ii) Annexure 2 with respect to the Independent Directors; and (iii) Annexure 3 with respect to the Chairperson of the Company.

- 3.3 While evaluating the performance of individual Directors, the Nomination and Remuneration Committee shall always consider the appropriate benchmarks set as per industry standards, the performance of the individual Director, the performance of the Company and the role of the individual Director within the Company. Further, the Nomination and Remuneration Committee shall determine whether to extend or continue the term of appointment of each Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- 3.4 In addition, the Independent Directors shall hold a meeting at least once in any given year, without the presence of the non-Independent Directors of the Company, to review the performance of: (i) such non-Independent Directors in accordance with the evaluation parameters set out in Annexure 1; and (ii) the Chairperson of the Company, taking into account the views of executive Directors and non-executive Directors, and the evaluation parameters set out in Annexure 3; . All Independent Directors shall strive to attend such meeting.

#### **Evaluation of the Board**

- 3.5 The Board shall, on an annual basis, evaluate its own performance keeping in mind the evaluation parameters set out in Annexure 4.
- 3.6 In addition, the Independent Directors, in the meeting referred to in paragraph 3.4 above, without the presence of the non-Independent Directors of the Company, shall (i) review the performance of the Board as a whole in accordance with the evaluation parameters set out in Annexure 4; and (ii) assess the quality, quantity and timelines of flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably perform its duties.

#### **Evaluation of the Board Committees**

- 3.7 The Board shall, on an annual basis, evaluate the performance of each Board Committee as per the evaluation parameters set out in Annexure 5.
- 3.8 In addition, the Independent Directors, in the meeting referred to in paragraph 3.4 above, without the presence of the non-Independent Directors of the Company, shall (i) review the performance of the Committees as a whole in accordance with the evaluation parameters set out in Annexure 5; and (ii) assess the quality, quantity and timelines of flow of information between the management of the Company and the Board Committees that is necessary for the Board to effectively and reasonably perform its duties.

### Criteria for Evaluation

- 3.9 The criteria for evaluation are laid out in the relevant Annexures. These include quantitative questions along with an option to provide qualitative comments. Each of the questions have the following five options:

**Strongly disagree**  
**1**

**Disagree**  
**2**

**No opinion**  
**3**

**Agree**  
**4**

**Strongly Agree**  
**5**

## **4. FEEDBACK**

The Chairman or any person suitably appointed by the Board shall give [a written assessment/ an oral feedback] to:

- (i) each Director separately;
- (ii) the entire Board; and
- (iii) each Board Committee.

Provided in case the members are not comfortable with open individual assessment, provision for confidentiality may be made where possible.

## **5. ACTION PLAN**

- 5.1 Once responses from all the Directors have been received, a summary of results of the Board evaluation will be placed before the Nomination and Remuneration Committee. Based on the feedback from each member, an average rating for each question will be obtained. All questions with average rating of 4.5 or less have been identified as areas for reflection and action planning. These are not necessarily the problem areas but definitely the areas where processes/ practices can be improved to meet the best governance standards and the Board may devise a plan to address such identified areas ("**Action Plan**"). While identifying the areas for reflections, proposed actions should be suggested for consideration of the evaluation panel. In some areas, suggestions from the evaluation panel are required to be provided.

- 5.2 The Action Plan should carry in detail the following:

- (i) The nature of actions, including training and skill building, required to be undertaken to address the identified areas.
- (ii) Timeline within which the actions detailed in the Action Plan shall be completed.
- (iii) Persons responsible for the implementation of the Action Plan.
- (iv) Resources required to achieve the objectives set out in the Action Plan.

- 5.3 The Board must review the actions set out in the Action Plan within a specific time period.



## **6. POLICY REVIEW**

Subject to the approval of the Board, 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 requirements under the LODR and the Companies Act, disclosure regarding the manner in which the performance evaluation has been done by the Board of its own performance, performance of various Board Committees and individual Directors will be made by the Board in the Board's report. 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 key features of this Policy will be included in the corporate governance statement contained in the annual report of the Company.

## **4. Draft of statement to be incorporated in the Board's Report :**

As required under section 178(2) of the Companies Act, 2013 and under Schedule IV to the Companies Act, 2013 on Code of conduct for Independent Directors, a comprehensive exercise for evaluation of the performances of every individual director, also of the Board as a whole and its Committees individually has been carried by your company as per the evaluation criteria formulated by the Nomination and Remuneration Committee and approved by the Board and based on guidelines given in Schedule IV to the Companies Act, 2013 and the guidelines prescribed by the Securities and Exchange Board of India in its circular dated January 5, 2017.

Having regard to the industry, size and nature of business your company is engaged in, the evaluation methodology adopted is, in the opinion of the Board, sufficient, appropriate and is found to be serving the purpose.

### Annexure 1 | Individual Director (Excluding Independent Director and Chairperson)

*This questionnaire has been designed to enable the assessment of every individual director by all members of the Board, saving the Director who is being evaluated. Every question would need to be evaluated on a 5 point scale as given below.*

**Strongly disagree**  
**1**

**Disagree**  
**2**

**No opinion**  
**3**

**Agree**  
**4**

**Strongly Agree**  
**5**

Individual Director– Assessment	<Name of Director>
Qualifications:	
Experience:	
Knowledge and Competency:	
i. The person is competent, as per the criteria identified by the Nomination and Remuneration Committee for the effective functioning of the entity and the Board	
ii. The person has sufficient understanding and knowledge of the entity and the sector in which it operates	
The person understands and fulfils the functions to him/her as assigned by the Board including his/her duties and responsibilities under the CDSL-Code of Conduct and Ethics and the law (E.g. Law imposes certain obligations on independent directors)	
The person is able to function as an effective team- member	
The person actively takes initiative with respect to various areas	
The person is available for meetings of the Board and attends the meeting regularly and timely, without delay.	
The person is adequately committed to the Board and the Company	
The person contributed effectively to the entity and in the Board meetings	
The person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)	

**Note 1:** *Additional Comments and Suggestions, if any, to be written separately and attached to this questionnaire.*

**Note 2:** *The Independent Directors of the Company shall evaluate the non-independent director in a meeting without the attendance of the non-independent directors and the management*

## Annexure 2 | Public Interest Director / Independent Director

### Criteria for performance review of Public Interest Director

*This questionnaire has been designed to enable the assessment of every Public Interest Director by all members of the Board, saving the Public Interest Director who is being evaluated on an annual basis at the end of every financial year. Every question would need to be evaluated on a 5 point scale as given below.*

**Strongly disagree**  
**1**

**Disagree**  
**2**

**No opinion**  
**3**

**Agree**  
**4**

**Strongly Agree**  
**5**

Independent Director – Assessment	<Name of Director>
<b>Qualifications:</b> (in area of law, finance, accounting, economics, management, administration or another area relevant to the financial markets)	
<b>Experience:</b> (in area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets)	
<b>Knowledge and Competency:</b>	
The person has sufficient understanding and knowledge of the entity in which it operates and the applicable regulatory norms.	
The person has sufficient understanding of the role, responsibilities and obligations of PID under the relevant regulatory norms.	
The person has constructive and analytical decision making abilities and core competencies for effective functioning of the Board	
The person has sufficient understanding of the risk attached with the business structure.	
<b>Fulfilment of functions:</b>	
The person understands and fulfils the functions as assigned to him/her by the Board and the regulatory norms.	
The person gives views and opinion on various regulatory matters when comments are invited by SEBI through various means.	
<b>Ability to function as a team:</b>	
The person is able to function as an effective team-member.	
The person listens attentively to the contributions of others and gives adequate weightage to the views and perception of other Board members.	



<b>Independent Director – Assessment</b>	<b>&lt;Name of Director&gt;</b>
The person shares good interpersonal relationship with other directors.	
<b>Initiative</b>	
The person actively takes initiative with respect to various areas.	
The person insists on receiving information necessary for decision making.	
The person keeps himself well informed about the functioning of the Company and the external environment in which it operates.	
The person remains updated in terms of developments taking place in regulatory areas.	
The person has identified any important issues concerning any matter which may involve conflict of interest for the Company or may have significant impact on their functioning, or may not be in the interest of securities market, and the person has reported same to SEBI.	
The person appropriately deals with critical matters.	
<b>Availability and attendance:</b>	
The person is available for meetings of the Board and attends the meeting of Governing board and Committees regularly and timely, without delay.	
<b>Commitment:</b>	
The person is adequately committed to the Board and the Company.	
<b>Contribution:</b>	
The person has contributed effectively to the entity and in the Board meetings.	
The person participates in the proceedings of Board meetings keeping in mind the interests of various stakeholders.	
The person actively deliberates and contributes on proposed business propositions and strategic decisions taking into consideration pros and cons of such propositions, long term outlook, business goals, cost-benefit analysis, etc.	
<b>Integrity:</b>	
The person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)	
The person strictly adhere to the provisions of the SEBI (D & P) Regulations, 2018 and any other regulatory provision, as applicable, along-with the code of conduct and code of ethics prescribed under other applicable regulatory norms.	
The disclosures such as dealing in securities and other regulatory disclosures are provided by the person on timely basis.	
Confirmation on the person being a Fit & Proper person.	
Confirmation that the person doesn't disclose confidential information, including technologies, unpublished price sensitive information, unless such disclosure is expressly approved by the Board of directors or required under the applicable laws.	

<b>Independent Director – Assessment</b>		<b>&lt;Name of Director&gt;</b>
<b>Independence:</b>		
The person is independent from the entity and the other directors and there is no conflict of interest.		
Confirmation as to non-association of the person with the Company and its member.		
The person keeps regulators informed of material developments in the Company functioning, from time to time.		
<b>Independent views and judgment:</b>		
The person exercises his/ her own judgment and voices opinion freely.		
The person's participation in decisions taken during meetings are unbiased, based on ethical judgment and are in strict conformity to the applicable regulatory norms.		
The person raises his/her concern if anything is observed contrary to regulatory norms and the expected norms of ethical conduct.		
The person is committed to ensure that there is fairness and integrity in the Company, in letter as well as spirit.		



### Annexure 3 | Chairperson

*This questionnaire has been designed to enable the assessment of the Chairperson by all members of the Board. Every question would need to be evaluated on a 5 point scale as given below.*

**Strongly disagree**  
**1**

**Disagree**  
**2**

**No opinion**  
**3**

**Agree**  
**4**

**Strongly Agree**  
**5**

Chairperson– Assessment	<Name of Director>
<b>General</b>	
Qualifications:	
Experience:	
Knowledge and Competency:	
i. The person is competent, as per the criteria identified by the Nomination and Remuneration Committee for the effective functioning of the entity and the Board	
ii. The person has sufficient understanding and knowledge of the entity and the sector in which it operates	
The person understands and fulfils the functions to him/her as assigned by the Board and the law (E.g. Law imposes certain obligations on independent directors)	
The person is able to function as an effective team- member	
The person actively takes initiative with respect to various areas	
The person is available for meetings of the Board and the Board Committees he/she is a member in and attends the meeting regularly and timely, without delay.	
The person is adequately committed to the Board and the entity	
The person contributed effectively to the entity and in the Board meetings	
The person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)	
The Chairperson displays efficient leadership, is open-minded, decisive, courteous, displays professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively	
The Chairperson is impartial in conducting discussions, seeking views and dealing with dissent, etc.	
The Chairperson is sufficiently committed to the Board and its meetings.	
The Chairperson is able to keep shareholders' interest in mind during discussions and decisions.	

#### Annexure 4 | Board Evaluation

*This Annexure has been designed to enable assessment of the Board. Every question would need to be evaluated on a 5 point scale as given below.*

**Strongly disagree**  
**1**

**Disagree**  
**2**

**No opinion**  
**3**

**Agree**  
**4**

**Strongly Agree**  
**5**

<b>1.</b>	<b>Structure of the Board</b>	<b>Strongly disagree 1</b>	<b>Disagree 2</b>	<b>No Opinion 3</b>	<b>Agree 4</b>	<b>Strongly Agree 5</b>
1.1	The Board as a whole has directors with a proper mix of competencies to conduct its affairs effectively					
1.2	Board as a whole has directors with enough experience to conduct its affairs effectively					
1.3	Board as a whole has directors with a proper mix of qualifications to conduct its affairs effectively					
1.4	There is sufficient diversity in the Board (Gender/background/competence/experience)					
1.5	The process of appointment to the board of directors is clear and transparent and includes provisions to consider diversity of thought, experience, knowledge, perspective and gender in the Board					

2.	Meetings of the Board	Strongly disagree 1	Disagree 2	No Opinion 3	Agree 4	Strongly Agree 5
2.1	The meetings are bring held on a regular basis					
2.2	The Board meets frequently					
2.3	The frequency of such meetings is enough for the Board to undertake its duties properly					
2.4	The logistics for the meeting is being handled properly -, venue, format, timing, etc.					
2.5A	The agenda is circulated well before the meeting					
2.5B	The agenda has all the relevant information to take decisions on the matter					
2.6	The agenda is up to date, regularly reviewed and involves major substantial decisions					
2.7	The quality of agenda and Board papers is up to the mark (explains issues properly, not overly lengthy, etc.)					
2.8	The outstanding items of previous meetings are followed-up and taken up in subsequent agendas					
2.9	The time allotted for the every item (especially substantive items) in the agenda of the meeting is sufficient for adequate discussions on the subject					
2.10	The Board is able to finish discussion and decision on all agenda items in the meetings					
2.11	Adequate and timely inputs are taken from the Board members prior to setting of the Agenda for the meeting					
2.12	The agenda includes adequate information on the various Committee's activities					



2.13	The Board discusses every issue comprehensively and depending on the importance of the subject					
2.14	The environment of the meeting induces free-flowing free flowing discussions, healthy debate and contribution by everyone without any fear or fervour					
2.15	The discussions generally add value to the decision making					
2.16	The Board tends towards groupthink and critical and dissenting suggestions are welcomed					
2.17	All members actively participate in the discussions					
2.18	Overall, the Board functions constructively as a team					
2.19	The minutes of the Board meeting are being recorded properly – clearly, completely, accurately and consistently					
2.20	The minutes of the Board are approved properly in accordance with set procedures					
2.21	The minutes of the Board are circulated to all the Board members					
2.22	Dissenting views are recorded in the minutes					
2.23	All the information pertaining to the meeting are disseminated to the members timely, frequently, accurately, regularly					
2.24	Board is adequately informed of material matters in between meetings					

3.	Functions of the Board	Strongly disagree 1	Disagree 2	No Opinion 3	Agree 4	Strongly Agree 5
<b>Role and Responsibility of the Board &amp; Strategy and Performance Evaluation</b>						
3.1A	Role and responsibility of the Board is clearly documented E.g. Difference in roles of Chairman and CEO, matter reserved for the Board, etc.					
3.1	Significant time of the Board is being devoted to management of current and potential strategic issues					
3.2	Various scenario planning is used to evaluate strategic risks					
3.3	The Board overall reviews and guides corporate strategy, major plans of action, risk policy, annual budgets and business plans, sets performance objectives, monitored implementation and corporate performance, and oversees major capital expenditures, acquisitions and divestments					
<b>Governance and Compliance</b>		Strongly disagree 1	Disagree 2	No Opinion 3	Agree 4	Strongly Agree 5
4.1	Adequate time of the Board is being devoted to analyse and examine governance and compliance issues					
4.2	The Board monitors the effectiveness of its governance practices and makes changes as needed					
4.3	The Board ensures the integrity of the Company's accounting and financial reporting systems, including the independent audit, and the appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards					
4.4	The Board oversees the process of disclosure and communications					

4.5	The Board evaluates and analyses the compliance certificate from the auditors / practicing company secretaries regarding compliance of conditions of corporate governance					
<b>Evaluation of Risks</b>		<b>Strongly disagree</b> 1	<b>Disagree</b> 2	<b>No Opinion</b> 3	<b>Agree</b> 4	<b>Strongly Agree</b> 5
5.1	The Board undertakes a review of the high risk issues impacting the Company regularly					
5.2	In assessment of risk, it is ensured that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the entity to excessive risk					
<b>Grievance Redressal for Investors &amp; Conflict of Interest Evaluation</b>		<b>Strongly disagree</b> 1	<b>Disagree</b> 2	<b>No Opinion</b> 3	<b>Agree</b> 4	<b>Strongly Agree</b> 5
6.1	The Board regularly reviews the grievance redressal mechanism of investors, details of grievances received, disposed of and those remaining unresolved					
6.2A	The Board monitors and manages potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions					
6.2B	a sufficient number of non-executive members of the board of directors capable of exercising independent judgement are assigned to tasks where there is a potential for conflict of interest					
<b>Stakeholder Value and Responsibility</b>		<b>Strongly disagree</b> 1	<b>Disagree</b> 2	<b>No Opinion</b> 3	<b>Agree</b> 4	<b>Strongly Agree</b> 5
7.1	The decision making process of the Board is adequate to assess creation of stakeholder value					
7.2	The Board has mechanisms in place to communicate and engage with various stakeholders					



7.3	The Board acts on a fully informed basis, in good faith, with due diligence and care, with high ethical standards and in the best interest of the entity and the stakeholders					
7.4	The Board treats shareholders and stakeholders fairly where decisions of the board of directors may affect different shareholder/ stakeholder groups differently					
7.5	The Board regularly reviews the Business Responsibility Reporting / related corporate social responsibility initiatives of the entity and contribution to society, environment etc.					
<b>Board and management</b>		<b>Strongly disagree</b> <b>1</b>	<b>Disagree</b> <b>2</b>	<b>No Opinion</b> <b>3</b>	<b>Agree</b> <b>4</b>	<b>Strongly Agree</b> <b>5</b>
8.1	The Board evaluates and monitors management, especially the CEO regularly and fairly and provides constructive feedback and strategic guidance					
8.2	The measures used are broad enough to monitor performance of the management					
8.3	The management's performance is benchmarked against industry peers					
8.4	The remuneration of the management is in line with its performance and with industry peers					
8.5	The remuneration of the Board and the management is aligned with the longer term interests of the entity and its shareholders					
8.6	The Board selects, compensates, monitors and, when necessary, replaces key managerial personnel based on such evaluation					
8.7	The Board 'steps back' to assist executive management by challenging the assumptions underlying strategy, strategic initiatives, risk appetite, exposures and the key areas of the entity's focus					
8.8	The level of independence of the management from the Board is adequate					
8.9	The Board and the management are able to actively access each other and exchange information					

8.10	Adequate secretarial and logistical support is available for conducting Board meetings					
8.11	Sufficient funds are made available to the Board for conducting its meeting effectively, seeking expert advice E.g. Legal, accounting, etc.					
8.12	An appropriate and adequate succession plan is in place and is being reviewed and overseen regularly by the Board					
8.13	Adequate induction and professional development programmes are made available to new and old directors					
8.14	Continuing directors training is provided to ensure that the members of board of directors are kept up to date					
8.15	The Board sets a corporate culture and the values by which executives throughout a group shall behave					
8.16	The Board monitors and reviews the Board evaluation framework					
8.17	The Board facilitates the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors and any criticism by such directors is taken constructively					

## Annexure 5 | General Evaluation Criteria for the Committees of the Board

While evaluating the performance of the Committees of the Board the following general criteria as laid out in the SEBI Guidance Note shall be considered by the Board. Every question would need to be evaluated on a 5 point scale as given below.

**Strongly disagree**  
**1**

**Disagree**  
**2**

**No opinion**  
**3**

**Agree**  
**4**

**Strongly Agree**  
**5**

Name of the committee: \_\_\_\_\_

No	Parameter	Description	Rating
1.	<b>Mandate and Composition</b>	The Mandate, composition and working procedures of the committees of the Board are clearly defined and discussed.	
2.	<b>Effectiveness of the Committee</b>	The committee has fulfilled its functions as assigned by the Board and laws as may be applicable.	
3.	<b>Structure of the Committee and meetings</b>	The committee has properly structured and regular meetings.	
		The frequency of such meetings is enough for the committee to undertake its duties properly.	
		The logistics for the meeting is being handled properly -, venue, format, timing, etc.	
		The agenda is circulated well before the meeting	
		The agenda has all the relevant information to take decisions on the matter	
		The agenda is up to date, regularly reviewed and involves major substantial decisions	
		The quality of agenda and committee papers is up to the mark (explains issues properly, not overly lengthy, etc.)	
		The outstanding items of previous meetings are followed-up and taken up in subsequent agendas	
		The time allotted for the every item (especially substantive items) in the agenda	



		of the meeting is sufficient for adequate discussions on the subject	
		The committee is able to finish discussion and decision on all agenda items in the meetings	
		Adequate and timely inputs are taken from the committee members prior to setting of the Agenda for the meeting	
		The committee discusses every issue comprehensively and depending on the importance of the subject	
		The environment of the meeting induces free-flowing free flowing discussions, healthy debate and contribution by everyone without any fear or fervour	
		The discussions generally add value to the decision making	
		The committee tends towards groupthink and critical and dissenting suggestions are welcomed	
		All members actively participate in the discussions	
		Overall, the committee functions constructively as a team	
		The minutes of the committee meeting are being recorded properly – clearly, completely, accurately and consistently	
		The minutes of the committee are approved properly in accordance with set procedures	
		The minutes of the committee are circulated to all the committee members	
		Dissenting views are recorded in the minutes	
		All the information pertaining to the meeting are disseminated to the members timely, frequently, accurately, regularly	
		Committee is adequately informed of	

		material matters in between meetings	
4.	<b><i>Independence of the Committee from the Board</i></b>	The independence of the committee is ensured from the Board.	
5.	<b><i>Contribution to decisions of the Board</i></b>	The committee's recommendations contribute effectively to the decisions of the Board.	