

ECO HOTELS AND RESORTS LIMITED
Formerly known as Sharad Fibres and Yarn Processors Limited

Name of the policy	Performance Evaluation Policy for Board, Committees and Directors
Applicable Statutes	In Accordance with the requirements of section 178 of the Companies Act, 2013 and in accordance with the Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 January 5, 2017 on Guidance Note on Board Evaluation issued by SEBI.
Approved By and Date of Approval	The Board – August 29, 2023
Owner of the policy	Company Secretary and Compliance Officer
Version	Version 0
Review Frequency	Once in three years or change in legislature, whichever is earlier

1. INTRODUCTION

Eco Hotels and Resorts Limited (EHRL) believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, EHRL ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.

EHRL recognizes the importance of Independent Directors in achieving the effectiveness of the Board. EHRL aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

2. OBJECTIVE

This Policy sets out the guiding principles for the Human Resources, Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

As one of the most important functions of the Board of Directors is to oversee the functioning of Company's top management, this Board Performance Evaluation process aims to ensure that individual directors ("Directors") and the Board of Directors of the Company ("Board") as a whole work efficiently and effectively in achieving Company's objectives. This policy aims at establishing a procedure for the Board to conduct periodic evaluation of its own performance and of its committees and individual directors. Hence it is important that every individual Board Member effectively contributes in the Board deliberations.

3. Terms and References:

In this Policy, the following terms shall have the following meanings:

"Director" means a director appointed to the Board of a company.

"The Nomination and Remuneration Committee" means the committee constituted by EHRL's Board in accordance with the provisions of Section 178 of the Companies Act, 2013 ('the Act') and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time.

"Independent Director" means a director referred to in sub-section (6) of Section 149 of the Act, and Regulation 16 (1) (b) of Listing Regulations.

4. Policy:

4.1 Qualifications and criteria

The Human Resources, Nomination and Remuneration Committee, and the Board, shall review on an annual basis, appropriate skills, expertise, competences, knowledge and experience required of

the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations.

4.2 In evaluating the suitability of individual Board members, the NRC Committee may take into account factors, such as:

- General understanding of the Company's business dynamics, global business and social perspective;
- Educational and professional background;
- Skills, expertise and competences
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.
- Pro-active and positive approach with regard to Board and Senior Management particularly the arrangements for management of risk and the steps needed to meet challenges from the competition.
- Maintaining confidentiality.
- Acting in good faith and in the interests of the Company as a whole.
- Exercising duties with due diligence and reasonable care.
- Complying with legislations and regulations in letter and spirit.
- Openness to ideas, perspectives and opinions and ability to challenge old practices and throwing up new ideas for discussion.
- Maintaining relationships of mutual trust and respect with Board members
- Capacity to effectively examine financial and other information on operations of the Company and the ability to make positive contribution thereon.

4.3 The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number or any other identification number prescribed by the Central Government which shall be treated as Director Identification Number for the purposes of the Act;
- Shall not be disqualified under the Act, or pursuant to any order of Securities and Exchange Board of India or any other such authority;
- Shall give his written consent to act as a Director;
- Shall endeavor to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
- Shall abide by the Code of Conduct established by the Company for Directors and Senior

Management Personnel;

- Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the Board in every financial year and whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Act, Listing Regulations and other relevant laws.

4.4 The NRC Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance with the objective of having a group that best enables the success of the Company's business.

4.5 Criteria of Independence

The NRC Committee shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

The criteria of independence, shall be, as laid down in Act, Listing Regulations and other relevant laws, if any, as amended from time to time.

The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Act.

4.6 Other directorships / committee memberships

The Board members are expected to have adequate time, expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The NRC Committee shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

A Director shall not serve as Director / Independent Director in such number of companies as may be prescribed under Act, Listing Regulations and other relevant laws, if any.

A Director shall not be a member or act as Chairman of such number of companies as may be prescribed under the Act, Listing Regulations and other relevant laws, if any.

5. EVALUATION/ REVIEW BY THE BOARD

The Board shall review and evaluate the overall performance of its own as whole, Board Committees and Individual Directors keeping in view various factors as provided in this Policy.

The Independent Directors of the Company shall review the performance of the Board as a whole in its separate meeting, without the attendance of the non-independent directors and members of the management.

5.1 EVALUATION OF THE CHAIRPERSON

Following are the key areas and criteria of focus which should be considered for evaluation of the performance of the Chairperson:

- a. Effectiveness of leadership and ability to steer the meetings
- b. Impartiality
- c. Commitment
- d. Ability to keep shareholders' interests in mind

5.2 EVALUATION OF THE COMMITTEES

Following are the key areas and criteria of focus which should be considered for evaluation of the performance of Committees of the Board.

- a. Whether the Committees dedicate appropriate time and resources needed to execute its responsibilities.
- b. Whether the Committees maintains adequate minutes of each meeting.
- c. Whether the members have appropriate experience to meet the objectives of the constitution of the Committee.
- d. Whether the Committee reports proceedings and recommendations to the Board.
- e. Whether the Committees communicates regularly with the Board.
- f. Whether the Committee meetings are conducted effectively.
- g. Whether the Committees understand the process implemented by management to fulfill the responsibilities of the Committee.
- h. Whether Committee Meetings are held with enough frequency to fulfill the duties and business necessity.

5.3 EVALUATION/ REVIEW BY INDEPENDENT DIRECTORS

- a. The Independent Directors of the Company shall hold at least one separate meeting in a

financial year without attendance of non-independent directors and members of management. In this meeting, the Independent Directors shall review the performance of non-independent directors and the Board as a whole, keeping in view the provisions of this Policy.

- b. Independent Directors shall also review the performance of the Chairperson of the Company.
- c. The separate meeting of the Independent Directors shall:
 - i. review the performance of non-independent directors and the Board as a whole;
 - ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - iii. 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.

6. AMENDMENTS IN THE POLICY

The Board of Directors shall review the policy in every three years or as required under the Indian laws.