

# THDC INDIA LIMITED

## POLICY FOR EVALUATION OF THE PERFORMANCE OF THE BOARD

Policy Name	POLICY FOR EVALUATION OF THE PERFORMANCE OF THE BOARD
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## POLICY FOR EVALUATION OF THE PERFORMANCE OF THE BOARD

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### 1. Introduction

THDC India Limited ("**Company**") believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour, in consonance with the Company's Code of Conduct for its Board and Senior Management Personnel ("**Code**"). The honesty, integrity and sound judgement and performance of the Directors and the Senior Management Personnel are key criteria for the success and for building a good reputation of the Company. Each Director and executive in the senior management is expected to comply with the letter and spirit of this policy for evaluation of the performance of the Board ("**Policy**"). Any actual or potential violation of this above-mentioned Code and this Policy by the Directors would be the matter of serious concern for the Company.

### 2. Applicability

Pursuant to the provisions of Sub-regulation 16 of Regulation 62(D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**SEBI (LODR) Regulations 2015**"), The board of directors shall evaluate independent directors on the following parameters:

- (a) performance of the directors; and
- (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management:

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

Further Pursuant to the provisions of Sub-regulation 4 Regulation 62(N) of SEBI (LODR) Regulations 2015, the independent directors of the High Value Debt Listed Entity (HVDLE) shall hold at least one meeting in a financial year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.

The independent directors in the meeting referred in sub-regulation (4) of Regulation 62(N) shall, inter alia-

- (a) review the performance of non-independent directors and the board of directors as a whole;
- (b) review the performance of the chairperson of the HVDLE, 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 management of the HVDLE and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

### 3. Definitions

- i. **"Act"** means the Companies Act, 2013, as amended from time to time and the rules made thereunder;
- ii. **"Director" or "Board"** means the Director or the Board, in relation to the Company, and is deemed to include the collective body of the Board of Directors of the Company including the chairperson of the Company.
- iii. **"Independent Director"** shall mean an Independent Director as defined under section 2 (47) to be read with section 149 (5) of the Act.
- iv. **"Chairperson"** shall mean the Chairperson of the Board of the Company.
- v. **"Non independent Director"** shall mean the Directors other than Independent Directors of the Company.
- vi. **"NRC"** means the Nomination and Remuneration Committee of the Board.
- vii. **"Policy"** shall mean this Policy for evaluation of performance of the Board of Directors of the Company.
- viii. **"Listing Regulations"** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

### 4. Objective

The object of this Policy is to formulate the procedures and also to prescribe the criteria to evaluate the performance, on annual basis; of (a) the Board as a whole; (b) Non Independent Directors (including Whole-time Directors, Non-executive Directors) (c) Independent Director and (d) The Chairperson of the Company. Further, to adopt best practices to manage the affairs of the Company in a seamless manner and ensure sustained long-term value creation for stakeholders by achieving good corporate governance.

### 5. Process of Evaluation of the Performance

NRC shall specify the criteria for the evaluation of the performance as prescribed in this Policy and the manner for effective evaluation of performance of the Board as a Whole, individual Directors to be carried out by the Board of Directors, and review the implementation of policy.

Evaluation of Independent Director shall be carried out by the entire Board which shall include – (a) performance of the directors; and

(b) fulfilment of the independence criteria as specified in the Act and the SEBI Listing Regulations and their independence from the management. The Directors who are subject to evaluation shall not participate.

The process of evaluation should be elaborate, stretching across pre-evaluation, evaluation and post- evaluation processes including, inter alia, the following:

### **1. EVALUATION OF THE BOARD AS A WHOLE**

The performance of the Board as a whole may be evaluated based on reviews/ feedback of all the directors themselves. The Independent Directors at their separate meeting shall 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.

The broad parameters for reviewing the performance of Board as a whole are:

- Strategic Plan and Performance
- Management Interaction
- Operations of Board of Directors

The criteria for evaluation of the Board as a whole is annexed as “**Annexure 1**” to this Policy.

### **2. EVALUATION OF DIRECTORS OTHER THAN INDEPENDENT DIRECTORS**

The Independent Director(s) on the Board of the Company shall review the performance of Non-Independent Director(s) at their separate meeting to be conducted on an Annual basis.

The broad parameters for reviewing the performance of Directors other than independent Director are:

- Participation at Board/ Committee Meetings
- Managing Relationships
- Knowledge & Skills
- Personal Attributes

The evaluation criteria for Directors other than Independent Directors is annexed as “**Annexure 2**” to this Policy.

### **3. EVALUATION OF INDEPENDENT DIRECTOR(S)**

Evaluation of the Independent Directors of the Company shall be carried out annually by the entire Board except the Director being evaluated.

The parameters laid down for evaluation of an Independent Director shall include following additional parameters:

- Ensure the independence criteria as per the Act and SEBI Listing Regulations;
- Ability to contribute to and monitor corporate governance practice; and

The criteria for evaluation of Independent Director is annexed as “**Annexure 3**” to this Policy.

#### **4. EVALUATION OF CHAIRPERSON OF THE BOARD**

The performance of the Chairperson is linked to both the functioning of the Board as a whole as well as the performance of each director.

The Independent Directors shall review the performance of the Chairperson of the Company taking into account the views of the non-independent Directors.

The broad parameters for reviewing the performance of Chairperson of the Board are:

- Demonstration of leadership qualities;
- Relationship and effectiveness of communication with the shareholders and other stakeholders; and
- Promoting shareholder confidence in the Board.

The criteria for evaluation of Chairperson is annexed as “**Annexure 4**” to this Policy.

#### **5. PROCEDURE TO RATE THE PERFORMANCE**

The performance of the Board as a whole, Independent Directors, Non Independent Directors and Chairperson of the Board shall be evaluated based on evaluation parameters as mentioned in this policy and as per the format annexed to the policy.

The performance rating shall be given within scale of 1 to 5, the rating 1 being least effective and 5 being most effective.

Based on the ratings given to each Director, the overall effectiveness of the Board shall be evaluated by the Independent Director in their separate meeting.

The performance evaluation of Chairperson should be done by the Independent Directors considering the feedback from Non-independent Directors of the Company.

#### **6. COMPANY – BOARD MEMBER FEEDBACK**

Our Company believes in value for its stakeholders through ethical processes and integrity. The Board plays a very important role in ensuring that the Company’s performance is monitored, and timely inputs are given to enhance its performance and set the right direction for growth. Hence it is important that every individual Board member effectively contributes to the Board deliberations.

On collation of all the responses, the feedback may be provided in one or more of the following ways:

- a Orally given by Chairperson or any other suitable person as authorised by the Chairperson to
  - I. Each Member separately
  - II. To the entire Board
- b A written assessment to every member and the Board.

If members are not comfortable to open individual assessments, provision for confidentiality may be provided as per the member's direction. For effectiveness of the evaluation, it is essential that the feedback be given honestly and without bias.

## **7. ACTION PLAN**

- 7.1 Once responses have been received, a summary of results of the Board evaluation will be submitted to the Chairperson of the Board. Based on the feedback from each member, an average rating for each question will be calculated. All questions with an average rating of 2.5 or less have been identified as areas for reflection and action planning. These are not necessarily the problem areas but 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**").
- 7.2 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.

## **8. INTERPRETATION**

In any circumstance where the terms of this Policy are inconsistent with any existing or newly enacted law, rule, regulation, or standard governing the Company, the said law, rule, regulation or standard will take precedence over this Policy.

Any matters relating to the interpretation or application of this Performance Evaluation Policy shall be referred to the Company Secretary. Management reserves the right to clarify, modify, or amend this policy as deemed necessary to ensure consistency with the company's objectives and operational requirements and changes in applicable law .

## **9. POLICY REVIEW**

As performance review is not a static process and requires periodical review, the responsibility of such review of the evaluation process lies with the Board of Directors in accordance with SEBI Listing Regulations.

The Board may periodically review the policy on the following parameters:

- a) Whether objectives and criteria for evaluation are adequate or needs to be changed/ updated.
- b) Whether the process/method of evaluation is appropriate for individual members, and the Board.
- c) Whether the actions based on the Board evaluation are being followed up on a timely basis.
- d) Whether the Board evaluation has enhanced effectiveness of the Board.
- e) Whether the review of the process is being done on a regular basis.
- f) Whether feedback of the members to improve the process is being taken into account

Such review may be done based on the recommendation of NRC and feedback from the Management, Board members and Chairperson.

## **10. DISCLAIMER**

In case of any discrepancy between the above Policy, the Companies Act, 2013 and SEBI LODR, 2015 or any rule or regulations made thereunder or under any other applicable statutory enactment of law, the enacted law/ rule/ regulation/ provision shall prevail over the above Policy. Any subsequent amendment/ modification in the Listing Regulations, Act and/ or applicable law in this regard shall automatically apply to this Policy.



## ANNEXURE 1

## BOARD OF DIRECTORS EVALUATION FORM

(BY ALL THE INDEPENDENT DIRECTORS)

Sr. No.	Assessment Criteria	Rating
<b>Strategic Plan and Performance</b>		
1.	The Board understands the vision, mission and objectives of THDC India Limited.	
2.	The Board is involved in the strategic planning process, including corporate goals, objectives and overall operating and financial plans to achieve them.	
3.	The Board focuses on strategic issues and regularly assesses performance against its strategic plans and goals.	
4.	The Board monitors financial and other indicators throughout the year, and takes appropriate action as required.	
5.	The Board regularly assesses strategic and operating risks and takes appropriate action as required.	
6.	The Board understands the legal requirements and obligations under which they act as a Board; i.e., bylaws, funding agreement, corporate governance manual.	
7.	The Board has adopted and maintains a senior management succession planning process and is satisfied with succession planning.	
8.	The Board is diligent in verifying the integrity of its financial and management controls and systems.	
<b>Management Interaction</b>		
1.	The Board has sufficient formal and informal contact with other management personnel.	
2.	The Board is able to function independently of Management and has the mechanisms in place to maintain that distinction	
3.	The Board understands the difference between its role and that of management.	
4.	The Board receives appropriate advice and counsel from management.	
<b>Board of Director Operations</b>		
1.	The Board has an adequate process for orienting and educating new Directors.	



2.	The number and length of Board meetings is appropriate.	
3.	The amount of time spent on discussions on strategic and general issues is sufficient.	
4.	The chair conducts the meetings in a respectful manner that ensures open communication and meaningful participation.	
5.	The chair communicates with directors between meetings as necessary and appropriate.	
6.	The amount of information received in board packages is appropriate for discussion and decision making purposes.	
7.	The Board materials are received sufficiently in advance to adequately prepare for meetings.	
8.	The Committee structure is appropriate.	
9.	The delegation of responsibilities by the Board to its committee is appropriate.	
10.	The composition of the committee is appropriate.	
11.	The number and length of committee meetings is appropriate.	
12.	The meetings are conducted in a manner that ensures open communication and meaningful participation.	
13.	The amount of information received is appropriate for discussion and decision making purposes	
14.	The committee regularly reviews its mandate and performance.	

	Exceptionally Good	Good	Satisfactory	Need Improvement	Unacceptable
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.

## ANNEXURE 2

## NON-INDEPENDENT DIRECTOR EVALUATION FORM

(BY ALL THE INDEPENDENT DIRECTORS)

THE EVALUATION OF NON-INDEPENDENT DIRECTORS SHALL BE DONE BASED ON BELOW CRITERIA:

S. NO.	ASSESSMENT CRITERIA	RATING
<b>PARTICIPATION AT BOARD/ COMMITTEE MEETINGS</b>		
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 proactively contributes for development of strategy and towards risk management of the Company.	
<b>MANAGING RELATIONSHIPS</b>		
1.	Director's performance and behaviour 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.	
<b>KNOWLEDGE &amp; SKILLS</b>		
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 up to date with the latest developments in areas such as corporate governance framework, financial reporting and 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 the Board.	
<b>PERSONAL ATTRIBUTES</b>		
1.	Director has maintained a high standard of ethics and integrity.	
2.	Director exercises objective independent judgment in the best interest of the Company.	
3.	Director has effectively assisted the Company in 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, shareholders and employees.	
7.	Director maintains a high level of confidentiality.	
8.	Director adheres to the applicable code of conduct.	

	Exceptionally Good	Good	Satisfactory	Need Improvement	Unacceptable
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.

### INDEPENDENT DIRECTOR EVALUATION FORM

(BY ALL THE BOARD MEMBERS EXCEPT THE DIRECTOR BEING EVALUATED)

THE EVALUATION OF INDEPENDENT DIRECTORS SHALL BE DONE BASED ON BELOW CRITERIA:

S. NO.	ASSESSMENT CRITERIA	RATING
<b>PARTICIPATION AT BOARD/ COMMITTEE MEETINGS</b>		
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 proactively contributes for development of strategy and towards risk management of the Company.	
<b>MANAGING RELATIONSHIPS</b>		
1.	Director's performance and behaviour 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.	
<b>KNOWLEDGE &amp; SKILLS</b>		
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 up to date with the latest developments in areas such as corporate governance framework, financial reporting and 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 the Board.	
<b>CRITERIA OF INDEPENDENCE</b>		
1.	The Director has consistently met the criteria of independence throughout the financial year.	
2.	The Director has expressed his/her opinions independently of the management and in a manner that upholds the best interests of the Company.	

PERSONAL ATTRIBUTES		
1.	Director has maintained a high standard of ethics and integrity.	
2.	Director exercises objective independent judgment in the best interest of the Company.	
3.	Director has effectively assisted the Company in 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, shareholders and employees.	
7.	Director maintains a high level of confidentiality.	
8.	Director adheres to the applicable code of conduct.	

	Exceptionally Good	Good	Satisfactory	Need Improvement	Unacceptable
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.



## ANNEXURE 4

## CHAIRPERSON EVALUATION FORM

(BY ALL THE INDEPENDENT DIRECTORS)

S. NO.	ASSESSMENT CRITERIA	RATING
1.	The Chairperson actively manages shareholder, Board, management and employee relationships and interests.	
2.	The Chairperson manages meetings effectively and promotes a sense of participation in all the Board meetings.	
3.	The Chairperson has adequate leadership qualities.	
4.	The Chairperson promotes effective decision making in the Board.	
5.	The Chairperson promotes good relationships and effective communication with the stakeholders.	
6.	The Chairperson promotes the positive image of the Company.	
7.	The Chairperson promotes continuing training and development of directors.	

	Exceptionally Good	Good	Satisfactory	Need Improvement	Unacceptable
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.