

# **NANAVATI VENTURES LIMITED**

## **CODE FOR INDEPENDENT DIRECTORS**

**Constituted Date:** 26<sup>th</sup> October, 2020

**Last Amendment Date:** 26<sup>th</sup> October, 2020

**APPROVED BY:** Board of Directors

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*Code for Independent Directors*

## **CODE FOR INDEPENDENT DIRECTORS**

### **Philosophy of Nanavati Ventures Limited (hereinafter referred to as “the Company”)**

The Company endeavors to conduct its business in a manner, which is ethical and transparent with all stakeholders in the Company. The Company's philosophy is concerned with ethics, values and morals of the Company and its directors, who are expected to act in the best interest of the Company and remain accountable to shareholders and other stakeholders for their action.

### **Applicability:**

Code for Independent Directors (hereinafter referred to as “the Code” shall apply to all Independent Non-executive Directors of the Company (the "Independent Directors").

Capitalized terms used but not defined herein shall bear the same meaning as ascribed to the same in the relevant provisions of the Companies Act, 2013 and Rules made thereunder.

### **1. Guidelines of professional conduct:**

An Independent director shall:

- i. uphold ethical standards of integrity and probity;
- ii. act objectively and constructively while exercising his duties;
- iii. exercise his responsibilities in bonafide manner in the interest of the Company;
- iv. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- v. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- vi. not engage in any activity that interferes with the performance or responsibility to the Company or is otherwise in conflict with or prejudicial to the Company;
- vii. not abuse his position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;

- viii. refrain from any action that would lead to loss of his independence;
- ix. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- x. assist the Company in implementing the best corporate governance practices;
- xi. respect the confidentiality of data and information made available to them from time to time. Such respect for confidentiality shall also continue after such person ceases to hold office as an Independent Director.

## **2. Role and functions:**

The Independent Directors shall:

- i. help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- ii. bring an objective view in the evaluation of the performance of the board and management;
- iii. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- iv. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- v. safeguard the interests of all stakeholders, particularly the minority shareholders;
- vi. balance the conflicting interest of the stakeholders;
- vii. determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- viii. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

**3. Duties:**

The Independent Directors shall -

- i. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- ii. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- iii. strive to attend all meetings of the Board of Directors and of the Board committees of which they are members;
- iv. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- v. strive to attend the general meetings of the Company
- vi. where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- vii. keep themselves well informed about the Company and the external environment in which it operates;
- viii. not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- ix. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
- x. ascertain and ensure that the Company has an adequate and functional vigil mechanism and ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- xi. report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- xii. act within his authority, assist in protecting the legitimate interests of the Company,

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shareholders and its employees;

- xiii. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law;
- xiv. not enter into any non-cash transactions with the Company as required by section 192 of the Companies Act, 2013;
- xv. not have any forward dealings in the Securities of the Company as required by section 194 of the Companies Act, 2013;
- xvi. adhere to the Insider Trading Code of the Company and Section 195 of the Companies Act, 2013;

**4. Manner of appointment:**

- i. Appointment process of Independent Directors shall be independent of the Company management; while selecting Independent Directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- ii. The appointment of independent director(s) of the Company shall be approved at the meeting of the shareholders.
- iii. The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and that the proposed director is independent of the management.
- iv. The appointment of Independent Directors shall be formalized through a letter of appointment, which shall set out
  - a) the term of appointment;
  - b) the expectation of the Board from the appointed director, the Board- level committee(s) in which the director is expected to serve and its tasks;
  - c) the fiduciary duties that come with such an appointment along with accompanying liabilities;

- d) provision for Directors and Officers (D & O) insurance, if any;
  - e) the Code of Business Ethics that the Company expects its directors and employees to follow;
  - f) the list of actions that a director should not do while functioning as such in the Company; and
  - g) the remuneration, mentioning periodic fees, reimbursement of expense for participation in the Board and other meetings and profit related commission, if any.
- v. The terms and conditions of appointment of Independent Directors shall be open for inspection at the registered office of the Company by any member during normal business hours.
- vi. The letter of appointment along with the detailed profile of Independent Directors shall also be posted on the Company's website and stock exchange not later than one working day from the date of such appointment.

**5. Maximum tenure of Independent Directors:**

An independent director shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for reappointment for another term of up to five consecutive years on passing of a special resolution by the Company.

Independent director, who completes his term as aforesaid, shall be eligible for appointment as independent director in the Company only after expiry of three years of him ceasing to be an independent director in the Company provided that such independent director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

**6. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

**7. Resignation or removal:**

- i. The resignation or removal of an independent director shall be in the same manner as is provided in Sections 168 and 169 of the Companies Act, 2013 and the Rules made thereunder.
- ii. An independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal as the case may be.
- iii. Where the Company fulfills the requirement of Independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

**8. Separate meetings:**

- i. The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non-Independent Directors and members of management;
- ii. All the Independent Directors of the Company shall strive to be present at such meeting.
- iii. The meeting 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.

**9. Limit on number of directorships:**

- i. A person shall not serve as an independent director in more than seven listed companies.
- ii. Further, any person who is serving as a whole time director in any listed company shall serve as an independent director in not more than three listed companies.

**10. Evaluation mechanism:**

- i. Evaluation Criteria shall be laid down by the Nomination & Remuneration Committee. The same shall be disclosed in the Annual Report.
- ii. The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- iii. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

**11. Training for Independent Directors:**

- i. The Company shall provide suitable training to Independent Directors, to familiarize them with the Company, their role, responsibilities, rights in the Company, nature of industry in which the Company operates, business model Company etc.
- ii. Details of such training imparted shall be disclosed in the Annual Report.

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