

POLICY FOR INDEPENDENT DIRECTOR

INTRODUCTION

A director is independent when he or she has no relationship of any kind whatsoever with the Company, its group or the management of such a nature that may colour his or her judgement. Accordingly, an independent director is understood to be not only a non-executive director, i.e. one not performing management duties in the company or the group, but also one devoid of any particular bonds of interest (significant shareholder, employee, other) with them.

Although the quality of the Board of Directors cannot be defined simply by reference to a percentage of independent directors, it is important to have on the Board of Directors the presence of a significant proportion of independent directors not only in order to meet the regulatory requirements but also in order to improve the quality of proceedings.

The Board of Directors of the Company shall comprise of at least two independent directors.

To establish the continuity of independent status of each independent director, each independent director shall submit a declaration of independence and a confirmation to the effect that he/she meets the criteria of independence in accordance with the Form enclosed herewith as Annexure 1 to the Company in April each year. After reviewing the responses in the form, Nomination and Remuneration Committee will make a report regarding fulfillment of criteria for independence by each independent director to the Board of Directors of the Company.

The Board of Directors may consider that, although a particular Director meets all of the above criteria, he or she cannot be held to be independent owing to the specific circumstances of the person or the company, due to its ownership structure or for any other reason.

DETERMINATION OF INDEPENDENCE OF A DIRECTOR

An Independent Director should meet the requirement of section 149 of the Companies Act, 2013 ('Act') and rules made thereunder read with Schedule IV of the Act.

Further, the provisions of the Act state that the criteria for determining qualification, positive attributes and Independence of a Director must be disclosed in the Directors' Report.

ANNEXURE 1

To,
The Board of Directors
Vanaz Engineers Limited
85/1 Paud Road Pune-411038.

Subject: Declaration under sub-section (7) of section 149 of the Companies Act, 2013

In terms of the provisions of the Companies Act, 2013 (hereinafter referred as "Act") and the rules made there under I, _____, hereby confirm that I fulfill the criteria of Independent Director as provided in sub-section (6) of Section 149 of the Act as detailed below:

- a) I possess appropriate skills, expertise, experience and knowledge in the field of Finance/ Law/ Management, Administration/ Corporate Governance.
- b) I am not a promoter of the company or its holding, subsidiary or associate company;
- c) I am not related to promoters or directors in the company, its holding, subsidiary or associate company;
- d) I have/had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. of my total income or such amount as may be prescribed with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- e) None of my relatives:
 - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year;

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;

(ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors; or has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for an amount of fifty lakhs rupees, at any time during the two immediately preceding financial years or during the current financial year;

(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

(iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);

f) Neither Me nor any of my relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent. or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company;

g) As an Independent Director of the Company, I shall comply with the (I) Guidelines of professional conduct, (II) Role and Functions and (III) Duties as prescribed under Schedule IV of the Companies Act, 2013.

Signature:

Name:

DIN:

Date:

Place:

INTERPRETATION:

For the purpose of this questionnaire/declaration:

- **“Company”** means Vanaz Engineers Limited.

- **“Promoter”** means a person who has been named as such in a prospectus or is identified by the company in the annual return referred to in section 92; or who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or in accordance with those advice, directions and instructions the Board of Director of the company is accustomed to act. Provided that a person who is acting merely in a professional capacity is not covered under the scope of this definition.

- **“Associate Company”** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.
Explanation - For the purposes of this clause,-
 - (a) the expression “significant influence” means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement;
 - (b) the expression “joint venture” means a joint arrangement whereby the parties that have joint control of the management have rights to the net assets of the arrangement;

- **“Pecuniary Relationship”** does not include any remuneration, commission or sitting fees paid to the Directors.

- **“Key Managerial Personnel”** means:
 - (i) the Chief Executive Officer or the managing director or the manager;
 - (ii) the company secretary
 - (iii) the whole-time director
 - (iv) the Chief Financial Officer; and
 - (v). such other officer, not more than one level below the directors who is in whole time employment, designated as key managerial personnel by the Board; and
 - (vi) such other officer as may be prescribed.

- **“Subsidiary/Subsidiaries”** shall have the same meaning as defined under the companies Act 2013.

- **“Relative”** with reference to any person, means any one who is related to another, if they are members of a Hindu Undivided Family , they are husband and wife and shall include Father (including step-father), Mother (including step mother), Son (including step-son), Son’s wife, Daughter, Daughter’s husband, Brother (including step brother), Sister(including step-sister).