Code of Conduct for Independent Directors (**CCID**) of Nirlon Limited

(Effective from March 29, 2016**)***

I. Background, Introduction of Listing Obligations and Disclosure Requirements (LODR), 2015 by SEBI, Amendment & Adoption of the Code of Conduct

i. Background

The Board of Directors ("**the Board**") of Nirlon Limited ("**the Company**" **or** "**NL**"), adopted the Code of Conduct for Independent Directors (**"CCID"**) and the same was effective from November 13, 2014.

The CCID was framed in compliance with the provisions of Clause 49 of the Listing Agreement entered into by the Company with the BSE Limited, Mumbai (the Recognised Stock Exchange).

ii. Introduction of LODR, 2015 by SEBI

SEBI introduced LODR, 2015, effective from December 1, 2015. The LODR, 2015 provide, interalia, various regulations, annexures and schedules, and all listed companies are required to comply with the LODR, 2015.

iii. Amendment to the CCID

The LODR, 2015 do provide specific regulation with respect to the CCID, and hence, the CCID originally adopted by the Board is required to be amended suitably.

iv. Adoption of the CCID

The Directors on March 29, 2016 approved the revised CCID in compliance with the LODR, 2015.

II. Objective

To provide guidance of professional conduct for Independent Directors (**IDs**) of the Company in order to adhere to desired standards by the IDs, and for fulfillment of their responsibilities in a professional and faithful manner, so as to promote confidence in the investment community, particularly stakeholders, regulators etc.

III. Definitions & Interpretations

i. **"Independent Director"** means an Independent Director defined under as per:

(A) Section 149 (6) of the Companies Act, 2013 defines:

An independent director in relation to a company means a director other than a managing director or a whole-time director or a nominee director:-

(*a*) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

(*b*) (*i*) who is or was not a promoter of the company or its holding, subsidiary or associate company;

(*ii*) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

(*c*) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two (2) immediately preceding financial years or during the current financial year;

(*d*) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to **two (2) % or more** of its gross turnover or total income or **Rs. 50,00,000/- or such higher amount** as may be prescribed, whichever is lower, during the two (2) immediately preceding financial years or during the current financial year;

(*e*) who, neither himself nor any of his relatives:-

(*i*) holds or has held the position of a key managerial personnel or is or has been an employee of the company or its holding, subsidiary or associate company in any of the three (3) 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 (3) 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 (10) % or more** of the gross turnover of such firm;

(*iii*) holds together with his relatives **two (2) % 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 (25) % or more** of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds **two (2) % or more** of the total voting power of the Company; or

(*f*) who possesses such other qualifications as may be prescribed.

(B). Regulation 16(b) of the LODR, 2015:

"**Independent director**" means a non-executive director, other than a nominee director of the listed entity:

i. who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;

ii. who is or was not a promoter of the listed entity or its holding, subsidiary or associate company;

iii. who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;

iv. who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the two (2) immediately preceding financial years or during the current financial year;

v. none of whose relatives has or had pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, amounting to **two (2) % or more** of its gross turnover or total income or **Rs. 50,00,000/- or such higher amount** as may be prescribed from time to time, whichever is lower, during the two (2) immediately preceding financial years or during the current financial year;

vi. who, neither himself, nor whose relative(s):-

(A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company in any of the three (3) financial years immediately preceding the financial year in which he is proposed to be appointed;

(B) is or has been an employee or proprietor or a partner, in any of the three (3) financial years immediately preceding the financial year in which he is proposed to be appointed, of :-

1. a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or

2. any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company

amounting to **ten (10) % or more** of the gross turnover of such firm;

(C) holds together with his relatives **two (2) % or more** of the total voting power of the listed entity; or

(D) is a chief executive or director, by whatever name called, of any non-profit organisation that receives **twenty-five (25) % or more** of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds **two (2) % or more** of the total voting power of the listed entity;

(E) is a material supplier, service provider, or customer, or a lessor or lessee of the listed entity;

vii. who is not less than 21 years of age.

ii. **"Act"** means Companies Act, 2013 and any modifications and/or re-enactment thereof;

iii**. "Regulation"** means regulation 16(b) and 25 of the LODR, 2015;

v. "**Key Managerial Personnel"** means a person as defined in section 2 (51) of the Act, and shall include :-

1. Executive Director;
2. Company Secretary; and
3. Chief Financial Officer.

vi. **"SEBI (LODR) Regulations, 2015"/"LODR,2015"** means Listing Obligations and Disclosure Requirements Regulations, 2015 as notified by the Securities and Exchange Board of India on September 02, 2015 effective from December 01, 2015, and any modification and amendment thereto;

IV. Guidelines of Professional Conduct

An Independent Director, at all times shall:

1. Uphold ethical standards of integrity and probity;
2. Act objectively and constructively while exercising his/her duties;
3. Exercise his/her responsibilities in a bona fide manner in the interest of the Company;
4. Devote sufficient time and attention to his/her professional obligations for informed and balanced decision making;
5. Not allow any extraneous considerations that will vitiate his/her 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;
6. Not abuse his/her 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;
7. Refrain from any action that would lead to loss of his/her independence;

8. Where circumstances arise which make an independent director lose his/her independence, the Independent Director must immediately inform the Board accordingly;
9. Assist the Company in implementing the best Corporate Governance practices.

V. Role, Functions and Obligations

An Independent Director at all times shall:

1. Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, related party transactions, resources, stakeholders relationship, financial matters, key managerial appointments and standards of conduct;
2. Bring an objective view in the evaluation of the performance of the Board and Senior Management;
3. Scrutinize the performance of the Senior Management in meeting agreed goals and objectives and monitor the reporting of performance;
4. Satisfy themselves on the integrity of financial information and that financial control and systems of risk management are robust and defensible;
5. Safeguard the interests of all stakeholders;
6. Balance the conflicting interest of the stakeholders;
7. Determine appropriate levels of remuneration of Executive Directors, Key Managerial Personnel and Senior Management, and have a prime role in appointing, and where necessary recommending removal of Executive Directors, Key Managerial Personnel and Senior Management;
8. To moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between the Senior Management and stakeholders' interests.

Obligations under Regulation 25 of LODR

1. A person shall not serve as an independent director in more than seven (7) listed entities:
   Provided that any person who is serving as a whole time director in any listed entity shall serve as an independent director in not more than three (3) listed entities.
2. The maximum tenure of independent directors shall be in accordance with the Act and rules made thereunder, in this regard, from time to time.
3. The independent directors of the listed entity shall hold at least one meeting in a 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.
4. The independent directors in the meeting referred in sub-regulation (3) 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 listed entity, 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 listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

5. An independent director shall be held liable only in respect of such acts of omission or commission by the listed entity which had occurred with his knowledge, attributable through processes of board of directors, and with his consent or connivance or where he had not acted diligently with respect to the provisions contained in these regulations.
6. An independent director who resigns or is removed from the board of directors of the listed entity shall be replaced by a new independent director by the listed entity at the earliest but not later than the immediate next meeting of the board of directors or three months from the date of such vacancy, whichever is later:

   Provided that where the listed entity fulfils the requirement of independent directors in its Board without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply.
7. The Company shall familiarise the independent directors through various programmes about the listed entity, including the following:
   a. nature of the industry in which the Company operates;
   b.business model of the Company;
   c. roles, rights, responsibilities of independent directors; and
   d. any other relevant information.

VI. Duties

The Independent Directors shall at all times:

1. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company's operations and functions;
2. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinions from outside experts at the expense of the Company;
3. Strive to attend all meetings of the Board and of the Board committees of which he/she is a member;
4. Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. Strive to attend the general meetings of the Company;
6. 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;

7. Keep themselves well informed about the Company, and the external environment in which it operates;
8. Not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. 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;
10. Ascertain and ensure that the Company has an adequate and functional Vigil Mechanism, and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. Report concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's Code of Conduct, or Ethics Policy;
12. Act within his/her authority, and assist in protecting the legitimate interests of the Company, stakeholders and its employees;
13. 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.

VII. Manner of Appointment

1. The appointment process of independent directors shall be independent of the Company management; while selecting independent directors the Board shall ensure that there is an appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
2. The appointment of independent directors of the Company shall be approved at the meeting of shareholders.
3. The explanatory statement attached to the notice of the meeting for approving the appointment of an independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder, and that the proposed Director is independent of the Management.
4. The appointment of the independent director 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 and 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 expenses for participation in the Boards and other meetings and profit related commission, if any.

5. 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.
6. The terms and conditions of appointment of independent directors shall also be posted on the Company's website "www.nirlonltd.com".

VIII. Re-appointment, Resignation and Removal of Independent Director

1. The re-appointment of an independent director shall be on the basis of a report of performance evaluation.
2. 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.
3. 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 180 days (one hundred and eighty) from the date of such resignation or removal, and/or as per the Listing Agreement with the Stock Exchange, as the case may be.
4. Where the Company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, then in that event the requirement of replacement by a new independent director shall not apply.

IX. Separate Meeting

1. The independent directors of the Company shall hold at least 1 (one) meeting in a Financial Year, without the attendance of Non-Independent Directors and members of Management;
2. All the Independent Directors of the Company shall strive to be present at such meeting;
3. 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's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

X. Evaluation Mechanism:

1. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
2. 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.

XI. Power to Remove Difficulties

If any difficulties arise in giving effect to the provisions of this CCID, then the Chairman in consultation with the Board, may by an order make such provisions as it appears to be necessary or expedient for removing the difficulty by suitably amending/ modifying, and such provisions and amendment/ modification shall be displayed on the website of the Company.

This is always provided that such amendment/ modification shall in no event be inconsistent with the provision of the Act and the Regulation.

XII. Overriding Effects:

The CCID will not override the Act and/or the Regulation. Any amendment and/or modification to the Act / the Regulation shall prevail over the CCID.

Any provision contained in the CCID to the extent to which it is inconsistent or repugnant to the provisions of the Act / the Regulation shall become or be void, as the case may be.

***POST INTRODUCTION TO LODR 2015 BY THE SEBI**

Code of Conduct for Board Members and Designated Employees (CCBE) of Nirlon Limited (Effective from March 29, 2016)*

I. Background, Introduction of Listing Obligations and Disclosure Requirements (LODR), 2015 by SEBI, Amendment & Adoption of the Code of Conduct

i. Background

The Board of Directors ("**the Board**") of Nirlon Limited ("**the Company**" **or** "**NL**"), adopted the Code of Conductfor Board Members and Designated Employees (**CCBE**) of Nirlon Limited and the same was effective from July 26, 2014.

The Nirlon CCBE was framed in compliance with the provisions of Clause 49 of the Listing Agreement entered into by the Company with the BSE Limited, Mumbai (the Stock Exchange).

ii. Introduction of LODR, 2015 by SEBI

SEBI introduced LODR, 2015, effective from December 1, 2015. The LODR provides interalia, various regulations, annexures and schedules, and all listed companies are required to comply with the LODR, 2015.

iii. Amendment to the CCBE

The LODR, 2015 do provide specific regulation with respect to the CCBE, and hence, the CCBE originally adopted by the Board is required to be amended suitably.

iv. Adoption of the CCBE

The Directors on March 29, 2016 approved the revised CCBE in compliance with the LODR, 2015.

II. Objectives

1. The CCBE envisages that **"the Board"** and Designated Employees must act within the boundaries of the authority conferred upon them, and with a duty to comply with the requirements of applicable laws, while discharging their duties and responsibilities.
2. The Principles prescribed in CCBE are general in nature, and lay down broad standards of compliance and ethics, as required by Regulation 17 (5) (a) and 26 of the LODR, 2015. The Board and Designated Employees shall also refer to other applicable policies and procedures of the Company for specific instructions and guidelines, which are to be read in conjunction with the CCBE.

III. Definitions and Interpretations

Unless repugnant to the meaning or context thereof, the following expressions, wherever used in this CCBE, shall have the meaning assigned to them below:

i. **"Board"** shall mean directors on the Board of the Company from time to time;

ii. **"Relative"** shall have the same meaning as defined in Section 2(77) of the Companies Act, 2013;

iii. **"Designated Employees / Senior Management"** shall mean personnel of the Company who are Functional Heads excluding the Board of Directors. This would comprise all members of management one level below the Board and up to three levels;

iv. **"Whole-Time Director"** shall mean a Director who is in the whole time employment of the Company. (i.e. Executive Director);

v. **"Non-Executive Director"** shall mean Directors who are not in whole time employment of the Company;

vi. **"SEBI (LODR) Regulations, 2015"/"LODR,2015"** means Listing Obligations and Disclosure Requirements Regulations, 2015 as notified by the Securities and Exchange Board of India on September 02, 2015 effective from December 01, 2015, and any modification and amendment thereto;

vii. **"Confidential Information"** means any information concerning the Company's business, its customers and suppliers etc, which is not in public domain and to which only the Board Members and Designated Employees have access; and

viii. ***"Corruption"*** *means and includes its various forms but often involves the giving of (or offering to give) a financial or other advantage of value to another person, with the intention of inducing that person to act improperly or to reward that person for acting improperly.*

IV. Applicability

The CCBE shall be applicable to:

i.the Board Members; and

ii. the Designated Employees

V. Duties

The Board Members and Designated Employees shall:

i. Act in accordance with the highest standard of honesty, ethics, good faith and integrity while working for the Company as well as

while representing the Company, and fulfill their fiduciary obligations without allowing their independence of judgment to be compromised;

ii. Not involve themselves in making any decision on a subject matter in which a conflict of interest arises or could arise, between their personal interest and the interest of the Company. In the event of apprehending such conflict of interest, the relevant facts shall be disclosed in writing, explaining the circumstances that create or could create the conflicts of interest, to the Board Member(s) for further directions in the matter;

iii. Not have any personal financial interest in works or contracts awarded by the Company, unless approved by the Board taking note of such interest;

iv. Not (including his/her relatives/ associates) derive any undue personal benefits or advantage by virtue of his/ her position or relationship with the Company;

v. Not hold any position(s) or job(s) or engage in any outside business or other interests that adversely affect the performance of duties for the Company. Whole time Directors and Designated Employees are expected to devote their full attention to the business interest of the Company;

vi. Not exploit for their own personal gain, opportunities that are discovered through Company's business, information or position, unless the opportunity is disclosed fully in writing to the Board;

vii. Comply with all applicable laws, rules, and regulations of the land both in letter and spirit;

viii. Comply with the Code of Conduct for Prevention of Insider Trading;

ix. Not disclose to any person any confidential information unless:-

a. authorized to do so by the Board, or

b. it is required to be disclosed in accordance with applicable laws;

It is clarified that the Company may collect, use and process employees' personal data in a fair and lawful manner. Employees should have no expectation of privacy in relation to their use of the information technology systems of the Company, except as required under applicable laws.

x. Not offer / provide extravagant or inappropriate hospitality, gifts or entertainment by the Company to third parties. It is clarified that entertaining clients and business contacts is usual commercial

practice and can have significant relationship benefits. However, it should not be used as a substitute for business meetings that would ordinarily occur in the workplace. Justification and documentation of the business relationship and purpose of entertainment expenditure is required. The choice of attendees and venue must be appropriate for the business purpose and expected benefits of the event. Gifts and hospitality received or given should be modest in value. Employees should also take care to ensure that no payment or reward is made, received, requested or offered in circumstances where it could be perceived as intended for the purposes of pursuing, encouraging or influencing the performance of an illegal or improper act.

xi. Facilitate and create an environment which enables the Company to offer an equal opportunity through a process of continuous improvement, to fully integrate equal opportunity into all aspects of its activities. In other words, create an environment which is able to offer recruits and assesses both prospective and current employees fairly and equitably based on their merits and suitability to perform their job duties, and their ability and enthusiasm to meet the Company's expectations of them. The Company will not take into account any attributes unrelated to the requirements of the position.

It is clarified that the Company expects all employees to treat each other with decorum, respect and to foster a culture where business activities are conducted in an atmosphere of dignity and mutual respect. The Company is committed to providing a safe, dignified and non-intimidating work environment free from discrimination, harassment (including sexual harassment), victimisation and bullying and strictly prohibits these behaviours in its workplace. An employee who engages in such conduct may be subject to disciplinary action, up to and including termination of employment.

VI. Obligations with respect to Directors and Senior Management/Designated Employees under Regulation 26of the LODR, 2015

1. A director shall not be a member in more than ten (10) committees or act as chairperson of more than five (5) committees across all listed entities in which he is a director which shall be determined as follows:

   (a) the limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies; and

companies under Section 8 of the Companies Act, 2013 shall be excluded;

(b) for the purpose of determination of this limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered.

2. Every director shall inform the listed entity about the committee positions he or she occupies in other listed entities and notify changes as and when they take place;
3. All members of the Board of Directors and Senior Management personnel shall affirm compliance with the CCBE on an annual basis;
4. Non-executive directors shall disclose their shareholding, held either by them or on a beneficial basis for any other persons in the listed entity in which they are proposed to be appointed as directors, in the notice to the general meeting called for appointment of such director;
5. Senior Management shall make disclosures to the board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.

Explanation- For the purpose of this sub-regulation, conflict of interest relates to dealing in the shares of a listed entity, commercial dealings with bodies which have shareholding of management and their relatives etc.

VII. Enforcement of CCBE

i. Mr. Jasmin K. Bhavsar, Company Secretary& Vice President (Legal), shall be the Compliance Officer for the purpose of this CCBE;

ii. Each Board Member and Designated Employees shall be accountable for fully complying with this CCBE;

iii. Compliance Officer shall report the breach of this CCBE; if any; which comes to his notice to the Board;

iv. All Board Members and Designated Employees shall be subject to investigation of possible violation of CCBE;

v. The Executive Director shall determine the penalty for breach of CCBE by the Designated Employees. In case of breach of CCBE by the Board Member(s), the Board shall examine and initiate suitable disciplinary action.

VIII. Amendments to the CCBE

The provisions of this CCBE can be amended and modified by the Board from time to time and all such amendments and modifications shall take effect from the date stated therein. All Board Members and Designated Employees shall be duly informed of such amendments and modifications.

IX. Placement of CCBE on Website

Pursuant to Regulation 46 (2)(d) of the LODR, 2015, the CCBE and any amendments thereto shall be posted on the website of the Company i.e. www.nirlonltd.com.

X. Affirmation of Compliance of the CCBE

As required under Regulation 26(3) of LODR, 2015, all Directors and Designated Employees shall affirm compliance with this CCBE on an annual basis.

The Annual Report of the Company shall contain a declaration to this effect signed by the Chairman.

XI. Waivers

Waiver of any provisions of this CCBE must be granted in writing by the Board.

XII. Overriding Effects

The CCBE shall not override the Act and/ or the Regulation. Any amendment and/ or modification to the Act / the Regulation shall prevail over the CCBE.

Any provision contained in the CCBE to the extent to which it is inconsistent or repugnant to the provisions of the Act / the Regulation shall become or be void, as the case may be.

*** POST INTRODUCTION OF LODR, 2015 BY THE SEBI**

Modified and approved by the Board of Directors on Novemebr12, 2018