

# Praveg Limited

## Code of Corporate Governance

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Praveg Limited (hereinafter referred as “Praveg” or “the Company”) believes in the highest level of accountability towards its stakeholders and actively promotes fair, transparent and ethical Corporate Governance practices. The Company is committed to maintain the highest standards of Corporate Governance and continue to improve the same time to time.

Corporate governance broadly refers to the mechanisms, processes and relations by which company are controlled and directed. Corporate governance includes the processes through which company’s objectives are set and pursued in the context of the social, regulatory and market environment. Governance mechanisms include monitoring the actions, policies, practices, and decisions of companies, their agents, and affected stakeholders.

The Company has adopted the best practices of Corporate Governance over a period of time as per the provisions of SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

### **(A) BOARD OF DIRECTORS**

An active, well –informed and independent Board of Directors (hereinafter referred as “Board) is necessary to ensure the highest standards of corporate governance. The Board is responsible for management and performance of the Company. The Board shall exercise all powers and to do all acts, deeds and things which the Company is authorised.

#### **(i) Composition of Board**

The Board shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty per cent of the board of directors shall comprise of non-executive directors.

#### **(ii) Board Meeting**

The Board shall meet at least once in every calendar quarter (at least four meeting in a year), with a maximum interval of one hundred and twenty days between two meetings.

At the beginning of financial year, the Board meeting dates shall be decided and communicated to each director except in case of urgent Board meeting. Each Director is expected to attend at least 50% Board meetings in financial year. In case of inability to attend Board meeting, such director is requested to effectively use video / teleconferencing facilities.

**(iii) Minimum information to the Board**

The Board shall have minimum information as specified in Part- A of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as Listing Regulations) and any amendment thereto.

**(B) AUDIT COMMITTEE**

(i) The Company shall have a qualified and independent audit committee having minimum three directors as members. The chairman of audit committee shall be independent director and at least two-thirds of total members shall be independent directors. The chairman of audit committee shall remain present at annual general meeting to answer shareholders' queries.

All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.

(ii) Audit committee at its discretion shall invite the finance director or chief financial officer or head of the finance functions, head of internal audit and a representative of statutory auditor and any other such executives to be present at the meeting.

(iii) Audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings. The quorum of committee shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.

(iv) The role of the audit committee and the information to be reviewed by the audit committee shall be as specified in Part C of Schedule II of SEBI Listing Regulations and / or as specified in the Companies Act, 2013.

**(C) NOMINATION AND REMUNERATION COMMITTEE**

(i) Nomination and remuneration committee shall comprise of at least three directors and at least fifty percent shall be independent directors.

(ii) The chairman of committee shall be independent director. However, the Chairman of the Company, whether executive or non-executive, may be appointed as a member of the nomination and remuneration committee and shall not chair such Committee.

(iii) The chairman of audit committee shall present at annual general meeting to answer shareholders' queries. However, it shall be up to the chairman to decide who shall answer the queries.

(iv) The role of the nomination and remuneration committee shall be as specified in Part D of Schedule II of SEBI Listing Regulations and / or as specified under the Companies Act, 2013.

**(D) STAKEHOLDERS RELATIONSHIP COMMITTEE**

- (i) Stakeholders' relationship committee shall specifically look into mechanism of redressal of grievances of shareholders, debenture holders and other security holder.
- (ii) The chairman of committee shall be a non-executive director.
- (iii) The Board shall decide other members of the committee.
- (iv) The role of the stakeholders' relationship committee shall be as specified in Part D of Schedule II of SEBI Listing Regulations and / or as specified under the Companies Act, 2013.

**(E) CSR COMMITTEE**

The constitution of Corporate Social Responsibility Committee shall meet the requirements of Section 135 of the Companies Act, 2013. The terms of reference of the Corporate Social Responsibility Committee include to formulate and recommend to the Board, a Corporate Social Responsibility Policy, to monitor the Corporate Social Responsibility Policy of the company from time to time, to recommend the amount of expenditure to be incurred on the activities, to monitor amount spent on the CSR initiatives of the Company as per the CSR policy, to discharge such other functions and exercise such other powers as may be delegated/ directed by the Board of Directors from time to time.

**(F) VIGIL MECHANISM**

- (i) The Board shall formulate a vigil mechanism (whistle blower policy) for directors and employees to report genuine concerns.
- (ii) The vigil mechanism shall provide for adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism and also provide for direct access to the chairperson of the audit committee in appropriate or exceptional cases.

**(G) RELATED PARTY TRANSACTION**

- (i) The Board shall formulate a policy on materiality of related party transactions and on dealing with related party transactions.
- (ii) All related party transactions shall require prior approval of the audit committee.
- (iii) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to conditions mentioned in Regulation 23(3) of the Listing Regulations.
- (iv) It shall be applicable to all prospective transactions.
- (v) All entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

**(H) SUBSIDIARY**

- (i) At least one independent director on the Board of the Company shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India.
- (ii) The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- (iii) The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.
- (iv) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- (v) The Company shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
- (vi) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.
- (vii) Where the Company has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

**(I) INDEPENDENT DIRECTORS**

- (i) A person shall not serve as an independent director in more than seven listed entities. However, 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 listed entities.
- (ii) The maximum tenure of independent directors shall be in accordance with the Companies Act, 2013 and rules made thereunder, in this regard, from time to time.
- (iii) The independent directors of the Company 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.
- (iv) The independent directors shall review various matters as specified in Regulation 25(4) of Listing Regulations and as per the Companies Act, 2013.

(v) An independent director shall be held liable, only in respect of such acts of omission or commission by the Company which had occurred with his knowledge, attributable through processes of Board, and with his consent or connivance or where he had not acted diligently with respect to the provisions contained in these regulations.

(vi) An independent director who resigns or is removed from the Board of the Company shall be replaced by a new independent director by the Company at the earliest but not later than the immediate next meeting of the Board or three months from the date of such vacancy, whichever is later. However, where the Company 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.

(vii) The listed entity shall familiarize the independent directors through various programmes about the Company.

#### **(J) DIRECTORS AND SENIOR MANAGEMENT**

(i) A director shall not be a member in more than ten committees or act as chairperson of more than five committees across all listed entities in which he is a director which shall be determined. However, 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 for the purpose of determination of limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered.

(ii) Every director shall inform the Company about the committee positions he or she occupies in other listed entities and notify changes as and when they take place.

(iii) All members of the Board and senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis.

(iv) 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.

(v) 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.

#### **(K) CORPORATE GOVERNANCE REQUIREMENTS**

(i) The Company may, at its discretion, comply with requirements as specified in Part E of Schedule II of the Listing Regulations.

(ii) The Company shall submit a quarterly compliance report on corporate governance in the format as specified by the Securities and Exchange Board of India from time to time to the recognized stock exchange(s) within fifteen days from close of the quarter.

(iii) The quarterly report shall be signed either by the compliance officer or the chief executive officer of the Company.

**(L) WEBSITE**

(i) The Company shall maintain a functional website containing the basic information about the Company.

(ii) The Company shall disseminate the information as specified in Regulation 46(2) of the Listing Regulations on its website.

**(M) ANNUAL REPORT**

The Annual Report shall, inter alia, comprise, as far as applicable and relevant, the particulars as specified in the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and relevant Secretarial Standards on Board's Report issued by the Institute of Company Secretaries of India including the information in the "Corporate Governance" section.

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