

**MERCANTILE VENTURES LIMITED**  
**Principal off.: 88,Mount Road, Guindy, Chennai- 600 032**

**CRITERIA FOR APPOINTMENT OF INDEPENDENT DIRECTORS**

**The evaluation Criteria for appointment of Independent Directors would be as follows:**

- The directors must possess experience at policy making for the operations.
- Individual should possess highest integrity and have an inquiring mind, a willingness to ask hard questions and the ability to work well with others;
- Should be willing and able to devote sufficient time to the affairs of the Company and be diligent in fulfilling the responsibilities of a director and Board committee member; and
- Should have the capacity and desire to represent the best interests of the shareholders as a whole
- Should be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;
- Should possess skills, experience, expertise and backgrounds in various business operations and.
- Should be qualified to act as independent director as per the **Listing Agreement & Companies Act 2013, as briefed below**

1. The expression 'independent director' shall mean a non-executive director, other than nominee director of the company:

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

b. who is or was not a promoter of the company or its holding, subsidiary or associate company

c. apart from receiving director's remuneration, has or had no pecuniary relationship 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;

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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 per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two 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 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;

(v) is a material supplier, service provider or customer or a lessor or lessee of the company;

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

### **2. Limit on number of directorships**

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- a. A person shall not serve as an independent director in more than seven listed companies.
- b. 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.

### **3. 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.

Provided that a person who has already served as an independent director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

Provided further that an independent director, who completes his above mentioned term shall be eligible for appointment as independent director in the company only after the expiration of three years of ceasing to be an independent director in the company.

### **Periodical Evaluation Criteria for Independent Directors**

**The periodical evaluation of Independent Directors will be based on the following criteria**

- Appropriateness of balance and mix of skills
- Ability of Directors to express views to each other and to management in a constructive manner
- Contribution and effectiveness in:
  - Corporate governance.
  - Leadership through vision and values.
  - Strategic thinking and decision making.

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- Commercial and business acumen.
  - Teamwork.
  - Contribution to resolution of divergent views.
  - Proactive participation
  - Time Commitment.
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- History of Attendance in board and committee meetings of the Company.
  - Contribution to the discussion in a meaningful and helpful way, listening to others and making points concisely.
  - Ability of strategic thinking & planning.
  - Updation of knowledge about changes in laws that affect the Company.
  - Communication of governance and ethical problems to the Board Chair and Executive Director.
  - Effectiveness of focusing on pertinent topics and allocation reasonable time.