



## **TERMS & CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS**

The terms and conditions of appointment of Independent Directors of Conart Engineers Limited are subject to the applicable provisions of the Companies Act, 2013 ("the Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The following are the details of Independent Directors of the Company.

Sr. No.	Name of Director	DIN No.	Date of Appointment
1.	CHANDRAKANT REVANDAS PATEL	00315068	30/10/2009
2.	VAKIL SUNIL CHINUBHAI	02527630	26/07/2014
3.	UMED AMARCHAND FIFADRA	00049036	28/03/2016

The major terms and conditions of appointment of the above Independent Directors are as under:

### **1. Definition of Independent Director**

As per Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 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 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 per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two 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 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 financial



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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 per cent or more of the gross turnover of such firm;
  - (C) holds together with his relatives two per cent 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 nonprofit organisation that receives twenty-five per cent 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 per cent 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.

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

Guidelines of professional conduct of the Independent Directors shall be in accordance with the provisions of Schedule IV (Code for Independent Directors) to the Act, as per this An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) 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;
- (6) 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;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.



### 3. Role and Functions:

Role and Functions of the Independent Directors shall be in accordance with the provisions of Schedule IV (Code for Independent Directors) to the Act, as per this An independent director shall:

- (1) 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;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of 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 the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (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 recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### 4. Duties:

Duties of the Independent Directors shall be in accordance with the provisions of Schedule IV (Code for Independent Directors) to the Act, as per this An independent director shall:

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) 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;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he 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;



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- (8) not to 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 authority, assist in protecting the legitimate interests of the company, shareholders 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.

## 5. **Process of Appointment:**

At the time of appointment of Independent Directors, the company follows the below procedure:

- (i) While selecting independent directors the Nomination and Remuneration Committee 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) On the recommendation of the Nomination and Remuneration Committee, the Board pass the resolution.
- (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 fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (iv) The procedure of appointment of Independent Director completed when it will approved by the shareholders of the company.

## 6. **Term of Appointment:**

The appointment of Independent Directors are for a period of 5 (five) years from the date of their respective appointment. The Independent Directors are not liable to retire by rotation. Re-appointment at the end of their tenure shall be considered by the Board of Directors ("the Board") based on the recommendation of the Nomination and Remuneration Committee and the performance evaluation process, subject to the Directors continuing to meet the independence criteria.



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The Independent Directors may be nominated to be a Member or Chairman of any one or more Committees of the Board.

## 7. **Resignation or removal:**

The Independent Directors may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by them in the notice, whichever is later.

The directorship of Independent Directors on the Board shall cease in accordance with the provisions of the Companies Act, 2013 or other applicable laws. The Company may disengage the Independent Directors prior to completion of their terms (subject to compliance of relevant provisions of the Act) upon:

- i. their violating any of the provisions of the Code of Conduct applicable to the Independent Directors
- ii. the Independent Directors failing to meet the criteria for independence as envisaged in Section 149(6) of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

## 8. **Remuneration:**

The Independent Directors shall be paid sitting fees for attending the meetings of the Board and the Committees of which they are members. The sitting fees payable shall be determined by the Board from time to time.

Further, the Company may reimburse the Independent Directors such expenditure, as may be incurred by them while performing their role as an Independent Director of the Company, including expenditure incurred by them for travel, accommodation or any out-of-pocket expenses for attending Board / Committee Meetings, General Meetings, Court Convened Meeting, meetings with Shareholders / Creditors / Management, site visits, induction and training programs.

## 9. **Code of Conduct:**

The Independent Directors of the Company shall comply with Code of Conduct for Board of Directors and its Code for Independent Directors.

Unless specifically authorized by the Company, the Independent Directors shall keep confidential all information concerning the Company and shall not divulge or disclose the same to any person during the term of their appointment. Their obligation of confidentiality shall survive cessation of their directorships with the Company.



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The provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Pfizer's Code of Conduct for Prevention of Insider Trading, as amended from time to time, prohibiting disclosure or use of unpublished price sensitive information shall be applicable to the Independent Directors.

## **10. Training and Development:**

The Company would provide necessary support to Independent Directors in updating their skills and knowledge with respect to the construction and engineering industry and to improve their familiarity with the Company and its business. The Company may, if required, will conduct formal training program for its Independent Directors.

## **11. Performance Appraisal / Evaluation Process:**

As members of the Board, the performance of the Independent Directors as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each Director shall be done by all the other Directors. The criteria for evaluation shall be disclosed in the Annual Report of the Company. The actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committees.

## **12. Disclosures:**

During the tenure of their directorship, the Independent Directors shall notify promptly the Company of any change in their directorships and shall provide all disclosures and information as may be required under the applicable laws. They shall also upon becoming aware of any potential conflict of interest with their position as Independent Directors of the Company, promptly disclose the same to the Chairman of the Board or the Company Secretary.

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