

A Corporate Governance Policy



Conart Engineers Limited

Where Construction Engineering Becomes An Art



ISO 9001: 2008
Reg.No.:RQ-91/050

An ISO 9001 : 2008 Certified Company

www.conartengineers.com

A Policy on ‘Corporate Governance’

Preamble

The Board of Directors (the “Board”) of Conart Engineers Limited (the “CEL”) believes that the primary responsibility of the Directors of the Board is to provide effective governance over the Company’s affairs for the benefit of its stockholders.

Core Principles

CEL's Corporate Governance initiative is based on two core principles. These are:

- Management must have the executive freedom to drive the Company forward without undue restraints; and this freedom of management should be exercised within a framework of effective accountability.
- CEL believes that any meaningful policy on Corporate Governance must provide empowerment to the management of the Company and simultaneously create a mechanism of checks and balances which ensures that the decision making powers vested in the executive management is not only not misused, but is used with care and responsibility to meet not only stakeholders’ but societal expectations as well.

The Governance Structure

Flowing from the philosophy and core principles, Corporate Governance in CEL shall take place at three interlinked levels, namely -

- Strategic supervision by the Board of Directors
- Strategic management by the Executive Directors
- Executive management by the Chief Financial Officer assisted by key level employees in the Company

The Company believes that right balance between freedom of management and accountability to shareholders can be achieved by segregating strategic supervision from strategic and executive management. The Board of Directors (Board) as trustees of the shareholders will exercise strategic supervision through strategic direction and control and seek accountability for effective strategic management from the Executive Directors. The Executive Directors of the Company will have the freedom, within Board approved direction and framework, to focus its attention and energies on the strategic management of the Company. The Chief Financial Officer will have the freedom to focus on the executive management of the divisional business.

Strategic supervision (on behalf of the shareholders), being free from involvement in the task of strategic management of the Company can be conducted by the Board with objectivity, thereby sharpening accountability of management.

The responsibility includes:

- Reviewing and approving periodically long-term strategic and business plans and monitoring corporate performance against such plans;
- Adopting policies of corporate conduct, including compliance with applicable laws and regulations and maintenance of accounting, financial, disclosure and other controls, and reviewing the adequacy of compliance systems and controls;
- Evaluating annually the overall effectiveness of the Board;
- Evaluating the Company's overall risk profile and ensuring that a robust process of oversight of such risks is maintained by the Board and its committees and by executive management;
- Reviewing matters of corporate governance;
- Evaluating the performance of the Key Managerial Personnel / Officers and taking appropriate action, including removal, when warranted;
- Selecting, evaluating and fixing the compensation of executive management of the Company and establishing policies regarding the compensation and benefits for the Company and other members of management;
- Reviewing succession plans and management development programs for members of executive management;

The Board has adopted these Corporate Governance Guidelines (these "Guidelines") to assist it in the exercise of its responsibilities. These Guidelines are reviewed periodically and revised as appropriate to reflect the dynamic and evolving processes relating to the operation of the Board. These guidelines are mainly divided into:

- A. Operation of the Board Meetings of Directors
- B. Board Structure
- C. Committees of the Board

A. Operation of the Board - Meetings of Directors

1. **Chairman of the Board.** Under normal circumstances, the Managing Director of the Company should also serve as the Chairman of the Board. The Chairman of the Board and Chief Financial Officer is responsible to the Board for the overall management and functioning of the Company.
2. **Non-Management Directors':** During each regular Board meeting, the Directors of the Company who are not also executive officers of the Company ("Non-Management Directors"), who may include Directors who are not otherwise independent directors under the standards for independence enumerated by these Guidelines, shall meet on a periodic intervals and at least once in each year an executive session shall be held including only Non-Management Directors who are also independent under the standards for independence enumerated by these Guidelines.

In addition, before end of the each Financial Year, the Non-Management Directors shall meet to evaluate the performance of the Key Managerial Personnel. In evaluating the KMP's, the Non-Management Directors shall take into consideration the KMP's performance in both qualitative and quantitative areas. In addition, the Non-Management Directors will review annually management succession plans and development programs for members of KMP's. The evaluation and compensation of the KMP's will be communicated to the Board of Directors only after review and approval by the Nomination and Remuneration Committee (of the evaluation of compensation), and approved by the full Board of Directors.

3. **Attendance of Non-Directors at Board Meetings:** The Chief Financial Officer will be present during Board meetings, except where there is a specific reason to be excluded. In addition, the Chairman of the Board may invite one or more members of management to be in regular attendance at Board meetings and may include other officers and employees from time to time as appropriate to the circumstances.
4. **Frequency of Board Meetings:** The Board will have at least 4 regularly scheduled meetings per year. Special meetings will be called as necessary. It is the responsibility of the Directors to attend the meetings.
5. **Board Access to Management:** The Directors have open access to the Company's management, subject to reasonable time constraints. In addition, members of the Company's executive management routinely attend Board and Committee meetings and they and other managers frequently brief the Board and the Committees on particular topics. The Board encourages inviting other Key Officers into Board or Committee meetings and other scheduled events who can provide additional insight into matters being considered.
6. **Board Access to Independent Advisors:** The Board has the authority to retain, set terms of engagement and dismiss independent advisors / consultants, including legal counsel or other experts, as it deems appropriate, and to approve the fees and expenses of such advisors.
7. **Long-term Plans:** Long-term strategic and business plans will be reviewed annually at one of the Board's regularly scheduled meetings.
8. **Selection of Agenda Items for Board Meetings:** The Company Secretary and Chief Financial Officer will prepare a draft agenda for each Board meeting and the agenda and meeting schedule will be submitted to the Chairman for approval. The other Board members are free to suggest items for inclusion on the agenda and each Director is free to raise at any Board meeting subjects that are not on the agenda.

9. **Board / Committee Agenda Circulation:** The agenda of matters requiring recurring and focused attention by the Board and each Committee will be prepared and distributed at least seven days prior to the date of meeting to ensure that all required actions are taken in a timely manner and are given adequate consideration.
10. **Information Flow; Advance Review of Meeting Materials:** In advance of each Board or Committee meeting, a proposed agenda will be distributed to each Director. In addition, to the extent feasible or appropriate, information and data important to the Directors' understanding of the matters to be considered, including background summaries and presentations to be made at the meeting, will be distributed in advance of the meeting. Information distributed to the Directors will be approved by the Chairman. The Directors also routinely receive quarterly and annual financial statements, earnings reports, press releases, analyst reports and other information designed to keep them informed of the material aspects of the Company's business, performance and prospects. It is each Director's responsibility to review the meeting materials and other information provided by the Company.

B. Board Structure

1. **Independent Directors:** Two-thirds of the members of the Board must be independent Directors. The independence and compliance with this policy will be reviewed periodically by the Corporate Governance Committee. All Directors declare the complete independence at least annually and the Board will take note of the independence of its members.
2. **Size of the Board:** The Board should have no less than 5 members. The Company Act, 2013 prescribes that the number of Directors will not be less than five or not more than as may be decided by the Board from time to time.
3. **Service of Key Managerial Persons /Executive Officers:** Directors who are also employees of the Company shall retire from the Board at the time of their retirement as an employee unless continued service as a Director is requested and approved by the Board.
4. **Process for the Selection of new Directors:** The Board is responsible for filling vacancies on the Board that may occur between annual meetings of stockholders. The Board has delegated to the Corporate Governance Committee the duty of selecting and recommending prospective nominees to the Board for approval. The Committee shall consider suggestions of candidates for Board membership made by Board members and the Company's management. The Committee may retain an independent executive search firm to identify candidates for consideration. A stockholder who wishes to recommend a prospective candidate should notify the Company's Company Secretary.

5. **Director Tenure:** The Corporate Governance Committee, in consultation with the Chairman, will review each Director's continuation on the Board annually in making its recommendation to the Board concerning his or her nomination for election or reelection as a Director. There are no term limits on Directors' service, other than mandatory retirement.
6. **Director Retirement:** The Directors who are also employees of the Company shall retire at the time of their retirement from employment with the Company unless continued service as a Director is requested and approved by the Board.
7. **Changes in Director Compensation:** At the request of the Corporate Governance Committee, executive management of the Company shall report to the Nomination and Remuneration Corporate on the status of the Company's Director Compensation practices in relation to other companies of comparable size and the Company's competitors. Changes in Director Compensation, if any, should come upon the recommendation of the Corporate Governance Committee, but with full discussion and approval by the Board.
8. **Conflicts of Interest:** If an actual or potential conflict of interest develops because of significant dealings between the Company and a business with which the Director is affiliated, the Director should report the matter immediately to the Chairman of the Board for evaluation by the Board. If a Director has a personal interest in a matter before the Board, the Director shall disclose the interest to the full Board and excuse himself or herself from participation in the discussion and shall not vote on the matter.
9. **Board Attendance at Annual Meeting:** It is the policy of the Board that all Directors attend the Annual Meeting of Stockholders and the Company's Annual Report shall state the number of Directors who attended the prior year's Annual Meeting.
10. **Change in a Director's Circumstances:** Any Director who experiences a significant change in his or her personal or professional circumstances will notify the Chairman of the Corporate Governance Committee and such Committee shall determine whether the affected Director should continue to serve on the Board of Directors or any Committee on which such Director serves.

C. Committees of the Board

A substantial portion of the work of the Board is done by the Board Committees. A Director is expected to participate actively in the meetings of each Committee to which he or she is appointed.

1. The Board shall have the following Committees whose terms of reference shall be determined by the Board from time to time:

Audit Committee: To provide assurance to the Board on the adequacy of internal control systems and financial disclosures. The Chief Financial Officer will act as co-coordinator to the Audit Committee, but will be administratively under the control of the Director accountable to the Board for the Finance function as a whole.

Stakeholders Relationship Committee: To oversee redressal of shareholder and investor grievances, and, inter alia, approve sub-division / consolidation / issue of duplicate share certificates, transmission of shares and issue & allotment of shares etc.

Nomination & Remuneration Committee : To recommend to the Board inter alia (i) nominations for membership of the Board and oversee succession for the senior level of management below the Executive Directors and (ii) compensation terms for Executive Directors and the senior level of management below the Executive Directors.

Corporate Governance Committee : The Committee is responsible for considering and making recommendations to the Board concerning the appropriate size, functions and needs of the Board. The Committee also has the authority, as necessary and appropriate, to consult with other counsel and outside advisors to assist in its duties to the Company.

2. The Terms of Reference / Charter of the Board Committees shall include (i) Objectives, Role, Responsibilities; (ii) Authority / Powers; (iii) Membership & Quorum (iv) Chairmanship; (v) Tenure and (vi) Frequency of Meetings.
3. The composition of the Committees will be as follows:-

Committee	Members	Chairman
Audit Committee	Non-Executive Directors of the Company, as may be decided by the Board The Director responsible for the Finance function, Head of Internal Audit and representative of Statutory Auditors shall be Invitees with the Company Secretary as the Secretary.	One of the Independent Directors, to be determined by the Committee
Stakeholders Relationship Committee	Directors of the Company, as may be decided by the Board, with the Company Secretary as the Secretary.	One of the Non-Executive Directors, to be determined by the Board.

Nomination & Remuneration Committee	Directors of the Company, as may be decided by the Board.	One of the Non-Executive Directors, to be determined by the Board.
Independent Directors Committee	The non Executive and Independent Directors	One of the Non-Executive Independent Directors, to be determined by the Board.
Corporate Governance Committee	The Executive Chairman and Non-Executive Directors of the Company, with the Company Secretary as the Secretary.	Executive Chairman.

Normally meetings of the Board Committees shall be convened by their respective Chairman. However, any member of the Committee may, with the consent of the concerned Chairman, convene a meeting of the Committee.

4. Frequency and Length of Committee Meetings: Each Committee shall meet as frequently and for such length of time as may be required to carry out its assigned duties and responsibilities. The schedule for regular meetings of the Board and Committees for each year is submitted and approved by the Board in advance. In addition, the Chairman of a Committee may call a special meeting at any time if deemed advisable.
5. Committee Agendas; Reports to the Board: Members of management and Company Secretary will prepare draft agenda and related background information for each Committee meeting which, to the extent desired by the relevant Committee Chairman, will be reviewed and approved by the Committee Chairman in advance of distribution to the other members of the Committee. A forward agenda of recurring topics to be discussed during the year will be prepared for each Committee and furnished to all Directors. Each Committee member is free to suggest items for inclusion on the agenda and to raise at any Committee meeting subjects that are not on the agenda for that meeting.
6. Reports on and minutes of each Audit Committee meeting are made to the full Board: Signed minutes of Board Committee meetings shall be tabled for the Board's information as soon as possible. However, issues requiring Board's attention / approval should be tabled in the form of a note to the Board from the Committee Chairman. In the event there are no issues to be brought before the Board by the Audit Committee, the Committee Chairman shall submit a 'NIL' report to the Board.

7. Members of the Board Committees:

Audit Committee	
Mr. Sunil Vakil	Chairman
Mr. Chandrakant R Patel	Member
Mr. Umed A Fifadra	Member
Mr. Jitendra Sura	Invitee
Mr. Jimish Sura	Invitee
Mrs. Pooja Sura	Invitee
Representative of Internal Auditors	Invitee
Representative of Statutory Auditors	Invitee
Ms. Ketki Parikh	Secretary to the Committee

Nomination & Remuneration Committee	
Mr. Chandrakant R Patel	Chairman
Mr. Umed A Fifadra	Member
Mr. Sunil Vakil	Member
Ms. Ketki Parikh	Secretary to the Committee

Stakeholders Relationship Committee	
Mr. Umed A Fifadra	Chairman
Mr. Chandrakant R Patel	Member
Mr. Sunil Vakil	Member
Ms. Ketki Parikh	Secretary to the Committee

Independent Directors Committee	
Mr. Sunil Vakil	Chairman
Mr. Umed A Fifadra	Member
Mr. Chandrakant R Patel	Member

Corporate Governance Committee	
Mr. Jitendra Sura	Chairman
Mr. Chandrakant R Patel	Member
Mr. Umed A Fifadra	Member
Mr. Sunil Vakil	Member
Mr. Jimish Sura	Member
Mrs. Pooja Sura	Member
Ms. Ketki Parikh	Secretary to the Committee

Periodic Review of These Guidelines.

The operation of the Board of Directors is a dynamic and evolving process. Accordingly, these Guidelines will be reviewed periodically by the Corporate Governance Committee and any recommended revisions will be submitted to the full Board for consideration.
