



# **Konstelec Engineers Limited**

CONSULTING ENGINEERS & EPC CONTRACTORS

CIN: U45203MH1995PLC095011

## **Policy guidelines for Conduct of Independent Directors**

**Approved and adopted vide Board resolution dated: 16/10/2023**



**Terms and Conditions of Appointment of Independent Directors:**

**Independent Director:**

Independent Director' shall means director as defined under Section 2(47) of the Companies Act, 2013 and a Non-Executive Director appointed pursuant to section 149(6) of the Companies Act 2013 ["Act"] read with rules, if any, and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ["Regulation"] or any amendment made thereof from time to time.

**The Broad's Terms and Conditions for appointment of Independent Directors are mentioned as below:**

<b>Appointment of Independent Director:</b>	<ol style="list-style-type: none"><li>1. Pursuant to Regulation 17 of SEBI [LODR] the Company shall maintain optimum combination of executive and non-executive directors with at least one-woman director and not less than 50% of the board of directors shall comprise of non-executive directors;</li><li>2. Where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors;</li><li>3. Where the chairperson of the board of directors is an executive director, at least half of the board of directors shall comprise of independent directors;</li><li>4. Where the non-executive director is a Chairperson is a promoter of the Company or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, then at least half of the board of directors of the Company shall consist of independent directors.</li></ol> <p>The Company shall require approval of Shareholders by way of Special Resolution for appointment, re-appointment and removal of Independent Directors.</p>
<b>Term of Office:</b>	The term of appointment of an independent director will be in accordance with the provisions of the Companies Act, 2013 and rules



	<p>there of (hereinafter referred to as 'the Act'), and they can serve as an independent director for maximum two consecutive terms of five years each.</p>
<b>Committees of Board</b>	<p>The Board of Directors may as it deems fit, invite them for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. Their appointment on such Committee(s) will be subject to the applicable regulations.</p>
<b>Role and Functions</b>	<p>As member of the Board, their role and functions of Independent Directors will be those as specified for an Independent Director under the Act which are as follows.</p> <p>The independent directors shall:</p> <ol style="list-style-type: none"><li>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;</li><li>2. Bring an objective view in the evaluation of the performance of board and management;</li><li>3. Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;</li><li>4. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;</li><li>5. Safeguard the interests of all stakeholders, particularly the minority shareholders;</li><li>6. Balance the conflicting interest of the stakeholders;</li><li>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</li></ol>



	<p>management;</p> <p>8. Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.</p>
<p><b>Duties of Independent Director</b></p>	<p>The independent directors shall fulfill their duties as provided in the act and regulations which are as follows —</p> <ol style="list-style-type: none"><li>1. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;</li><li>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;</li><li>3. Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;</li><li>4. Participate constructively and actively in the committees of the Board in which they are chairpersons or members;</li><li>5. Strive to attend the general meetings of the company;</li><li>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;</li><li>7. Keep themselves well informed about the company and the external environment in which it operates;</li><li>8. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;</li><li>9. Pay sufficient attention and ensure that adequate deliberations are held before</li></ol>



	<p>approving related party transactions and assure themselves that the same are in the interest of the company;</p> <ol style="list-style-type: none"><li>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;</li><li>11. Report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;</li><li>12. Act within their authority; assist in protecting the legitimate interests of the company, shareholders and its employees;</li><li>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.</li></ol>
<b>Responsibilities</b>	<p>Along with the other Directors they will be collectively responsible for meeting the objectives of the Board which include:</p> <ul style="list-style-type: none"><li>• Requirements under the Companies Act, 2013;</li><li>• Accountability under the Directors' Responsibility Statement;</li><li>• Overseeing the maintenance of ethical conduct of business.</li></ul> <p>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/her knowledge, attributable through processes of board of directors, and with his/her consent or connivance or where he/she had not acted diligently with respect to the provisions contained in regulations.</p>
<b>Professional Code of Conduct</b>	<p>They shall abide by the Code of Conduct of Independent Directors as outlined in Schedule-IV of the Companies Act, 2013 and the conduct of</p>



	<p>directors as provided in the Companies Act, 2013 as follows.</p> <p>An Independent Director Shall</p> <ol style="list-style-type: none"><li>1. Uphold ethical standards of integrity and probity;</li><li>2. Act objectively and constructively while exercising his/her duties;</li><li>3. Exercise his/her responsibilities in a bona fide manner in the interest of the company;</li><li>4. Devote sufficient time and attention to his/her professional obligations for informed and balanced decision making;</li><li>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;</li><li>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;</li><li>7. Refrain from any action that would lead to loss of his/her independence;</li><li>8. Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;</li><li>9. Assist the company in implementing the best corporate governance practices.</li></ol>
<p><b>Commitment:</b></p>	<p>Considering the nature of the role of a director, it is difficult for a company to lay down specific parameters on time commitment. They will agree to devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities as an Independent Director.</p> <p>Pursuant to the regulation of SEBI [LODR] all independent Directors shall hold at least one meeting in an in every financial year without the presence of non-independent directors and members, and all the independent directors shall strive to be present at such meeting.</p>



<b>Remuneration:</b>	<ul style="list-style-type: none"><li>• They will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board from time to time.</li><li>• Payment of sitting fees shall at all times be subject to the provisions of the Companies Act, 2013 and Rules thereunder and such amendments, as may be made thereto from time to time and other Acts and Rules as may be applicable.</li><li>• Pursuant to a Regulations, Independent directors shall not be entitled to any stock option.</li></ul>
<b>Performance Evaluation:</b>	The Independent Directors at their meeting shall: <ul style="list-style-type: none"><li>A. Review the performance of non-independent directors and the board of directors as a whole;</li><li>B. Review the performance of the chairperson of the Company, taking into account the views of executive directors and non - executive directors;</li><li>C. Assess the quality, quantity and timeliness of flow of information between the management of the Company and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.</li></ul>
<b>Evaluation of Independent Director:</b>	The evaluation of Independent Director shall be done by the entire board of directors which shall include <ul style="list-style-type: none"><li>A. Performance of the directors; and</li><li>B. Fulfilment of the independence criteria as specified in these regulations and their independence from the management: Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.</li></ul>
<b>Disclosures, Other Directorships and Business Interests:</b>	Pursuant to section 149(7), every Independent Director shall at the first meeting of the Board in which he participates as a Director and



	<p>Thereafter at the first meeting of the Board in every financial year or whenever there is any change in the Circumstances which may affect his status as an Independent Director, give a declaration that he meets the criteria of independence</p>
<b>Changes of Personal Details:</b>	<p>During the Term, they shall promptly intimate the Company Secretary and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.</p>
<b>Induction:</b>	<p>The management will be organizing a suitable training program for Independent Directors to familiarize them with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. The dates of the training program will be intimated to them sufficiently in advance.</p>
<b>Limit on Number of Directorships:</b>	<ul style="list-style-type: none"><li>• A person shall not serve as an Independent Director in more than seven Listed Companies.</li><li>• If any person who is serving as a whole time director / managing director in any listed entity shall not serve as an independent director in more than three listed entities.</li></ul>
<b>Termination:</b>	<ul style="list-style-type: none"><li>• Their directorship on the Board of the Company shall terminate or cease in accordance with law.</li><li>• They may resign from the directorship of the Company by giving a notice in writing to the Company stating detailed 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.</li><li>• Any vacancy created by such resignation of the Independent director shall be replaced by the new Independent Director at the earliest but within three months from the date of such</li></ul>





	<p>vacancy.</p> <ul style="list-style-type: none"><li>• If at any stage during the Term, there is a change that may affect their status as an Independent Director as envisaged in Section 149(6) of the Companies Act, 2013, They agree to promptly submit their resignation to the Company with effect from the date of such change.</li><li>• Independent director, who resigns from the Company, shall not be appointed as an executive /whole time director on the board of the Company, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group within one year from the date of resignation as an independent director.</li></ul>
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For Konstelec Engineers Limited.

Sd/-  
Biharilal Ravilal Shah  
Managing Director  
DIN: 00337318

Sd/-  
Amish Biharilal Shah  
Whole Time Director  
DIN: 01415766

Date: 16/10/2023  
Place: Mumbai

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