



## VARINDERA CONSTRUCTIONS

### TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

#### Appointment

1. The appointment as an Independent Director on the Board of Directors of the Company is subject to the provisions of the Companies Act, 2013 along with the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement), 2015, as amended (SEBI Listing Regulations), and other applicable provisions thereof, if any.
2. In compliance with provisions of Section 149(13) of the Companies Act, 2013, the directorship is not subject to retirement by rotation.
3. The appointment may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined in Section 149(6) or Regulation 16(1)(b) of the SEBI Listing Regulations or on the occurrence of any event as defined in Section 167 of the Companies Act, 2013.
4. Upon termination or upon resignation for any reason, the Independent Director will not be entitled to any compensation for loss of office.

#### Time Commitment

1. An Independent Director is expected to bring objectivity and independence of view to the Board's discussions and to help provide the Board with effective leadership in relation to the Company's strategy, performance and risk management as well as ensuring high standards of financial probity and corporate governance. An Independent Director is expected to attend Board Meetings and Board Committees Meetings to which they may be appointed and Shareholders meetings and to devote such time to his duties, as appropriate for him to discharge his duties effectively.
2. The Independent Director should allocate sufficient time to meet the expectations from his role to the satisfaction of the Board.

#### Role and Duties

1. The role and duties will be those normally required of an Independent Director under the Companies Act, 2013. The Independent Directors shall also abide by the "Code for Independent Directors" as laid down in Schedule IV of the Companies Act, 2013 (Attached as a part of these terms of conditions).
  - They shall act in accordance with the Company's Articles of Association as may be amended from time to time.
  - They shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interest of the Company, its employees, the shareholders, the Community and for the protection of environment.
  - They shall discharge their duties with due and reasonable care, skill and diligence and shall exercise Independent judgment.
  - They shall not involve themselves in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.

**Varindera Constructions Limited** (CIN No.: U45201DL1987PLC128579)



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- They shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates.
- They shall not assign their office as Director and any assignment so made shall be void.

### **Status of Appointment**

1. The Independent Director will not be an employee of the Company and their appointment letter shall not constitute a contract of employment. They will be paid such remuneration by way of sitting fees for meetings of the Board and other meetings allowed under the Companies Act, 2013 and as may be decided by the Board and approved by the Shareholders from time to time, if required. Further, they would be entitled to profit related commission as may be approved by the Board and the Shareholders from time to time.

2. They will not have any entitlement to participate in any employee stock option scheme operated by the Company or any Subsidiary Company except as may be permitted by the Companies Act, 2013.

### **Reimbursement of Expenses**

In addition to the remuneration described above, the Company will, for the period of their appointment, reimburse them for legitimate travel, hotel and other incidental expenses incurred by them in the performance of their role and duties.

### **Conflict of Interest**

1. It is accepted and acknowledged that they may have business interests in other companies / entities, however, as a condition to their appointment, they are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of their appointment and also about the changes that may happen from time to time.

2. In the event that their circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that they are independent, this should be disclosed to the Board.

### **Evaluation**

The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

### **Disclosure of Interest**

Any material interest that a Director may have in any transaction or arrangement that the Company has entered into should be disclosed not later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record their interest appropriately and records are updated. A general notice that the Independent Directors are interested in any contracts with a particular person, firm or company is acceptable. During the appointment, it is agreed to promptly provide an annual declaration under Section 149(7) of the Companies Act, 2013 and under Regulation 16 of the Listing Regulations regarding status of independence and also upon change in circumstances which may affect the status as an Independent Director.

### **Code of Conduct**

During the appointment Independent Directors are requested to comply with regulations as contained in Schedule IV under Companies Act, 2013 and also the Code of Conduct of the Company for Board of Directors and Senior Management.

### **Confidentiality**



1. All information acquired during the appointment is confidential to the Company and should not be released, either during the appointment or following termination (by whatever means) to third parties without prior clearance from the Board unless required by-law or by the rules of any stock exchange or regulatory body. In such a case, the Independent Directors will promptly inform to the Board about such disclosure before it will be made to any third party. On reasonable request, they shall surrender any documents and other materials made available to them by the Company.

2. The Independent Directors should avoid making any statements or performing any transactions that might risk a breach of the requirements under the applicable regulations and the Insider Trading Code without prior clearance from the Board.

### **Membership of Committees**

The Board of Directors may appoint them as Member/Chairman of one or more of its Committees which will be covered in a separate communication setting out the relevant committee's terms of reference and any specific responsibilities.

### **Termination**

The independent directors may resign from their position at any time after serving a reasonable written notice on the Board. In terms of provisions of the Companies Act, 2013, they are required to file a copy of their resignation letter with the Registrar of Companies.



## Schedule IV

[See section 149(8)]

### Code for Independent Directors

The Code is a guide to professional conduct for independent Directors. Adherence to these standards by independent Directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent Directors.

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

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.

#### **II. Role and functions:**

The independent Directors 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 controls 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.

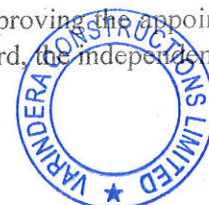
### **III. Duties:**

The independent Directors 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;
- (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 their 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.

### **IV. Manner of appointment:**

- (1) Appointment process of independent Directors shall be independent of the company management; while selecting independent Directors the Board 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.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) 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.

(4) The appointment of independent Directors shall be formalised through a letter of appointment, which shall set out:

(a) the term of appointment;

(b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;

(c) the fiduciary duties that come with such an appointment along with accompanying liabilities;

(d) provision for Directors and Officers (D and O) insurance, if any;

(e) the Code of Business Ethics that the company expects its Directors and employees to follow;

(f) the list of actions that a director should not do while functioning as such in the company; and

(g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

(5) The terms and conditions of appointment of independent Directors shall be open for inspection at the registered office of the company by any member during normal business hours.

(6) The terms and conditions of appointment of independent Directors shall also be posted on the company's website.

#### **V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

#### **VI. Resignation or removal:**

(1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.

(2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within ["three months"] from the date of such resignation or removal, as the case may be.

(3) Where the company fulfils the requirement of independent Directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

#### **VII. Separate meetings:**

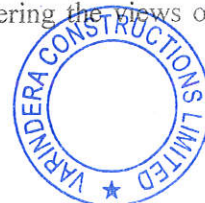
(1) The independent Directors of the company shall hold at least one meeting ["in a financial year"], without the attendance of non-independent Directors and members of management;

(2) All the independent Directors of the company shall strive to be present at such meeting;

(3) The meeting shall:

(a) review the performance of non-independent Directors and the Board as a whole;

(b) review the performance of the Chairperson of the company, considering the views of executive Directors and non-executive Directors;



(c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**VIII. Evaluation mechanism:**

(1) The performance evaluation of independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

