



CODE FOR INDEPENDENT DIRECTORS AND TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

1. PRELIMINARY:

The term 'Independent Director' should be construed as defined under the Companies Act, 2013 (hereinafter referred as "Act") and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred as "SEBI LODR") as amended time to time.

The Board has also constituted Board Level Committees as required under statutory regulations & guidelines and to facilitate the smooth & efficient flow of decision-making process. The Independent Director may be inducted to serve as Chairperson/ Member on any of the said Committees or any of other Committee(s) as may be constituted from time to time. Their appointment on such Committee(s) shall be subject to applicable laws.

This 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 other various stakeholders.

2. GUIDELINES OF PROFESSIONAL CONDUCT:

An Independent Director shall:

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

3. Role and functions:

- 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;
- bring an objective view in the evaluation of the performance of board and management;
- scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- safeguard the interests of all stakeholders, particularly the minority shareholders;
- balance the conflicting interest of the stakeholders;
- 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;
- moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

4. Duties

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 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;
- strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- strive to attend the general meetings of the company;
- 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;
- keep themselves well informed about the company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 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;
- 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;
- report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;



- acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- not to 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. MANNER OF APPOINTMENT:

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.

The appointment of Independent Director(s) of the company shall be approved at the meeting of the shareholders, upon recommendation by the Nomination and Remuneration Committee.

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.

The appointment of Independent Directors shall be formalised through a letter of appointment (enclosed as **ANNEXURE-I**), which shall set out:

- the term of appointment;
- 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;
- the fiduciary duties that come with such an appointment along with accompanying liabilities;
- provision for Directors and Officers (*D and O*) insurance, if any;
- the Code of Business Ethics that the company expects its Directors and employees to follow;
- the list of actions that a director should not do while functioning as such in the company; and
- the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

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. The terms and conditions of appointment of Independent Directors shall also be posted on the company's website.

6. RE-APPOINTMENT:

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

7. RESIGNATION OR REMOVAL:

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.

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..

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.

No Independent Director, who resigns from the company, shall be appointed as an executive/ Whole- time Director on the board of the company, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an Independent Director.

8. SEPARATE MEETINGS:

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. All the Independent Directors of the company shall strive to be present at such meeting;

The meeting shall:

- review the performance of non-Independent Directors and the Board as a whole;
- review the performance of the Chairperson of the company, taking into account the views of executive Directors and non-executive Directors;
- 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.

9. DIRECTOR FEES/REMUNERATION:

Independent Directors will be entitled to sitting fees for attending Board of Directors and the various Committees meeting of which he/she is a member or chairman as fixed by the Board from time to time and shall not be entitled to any stock option.

In addition to sitting fees, Independent Directors will be entitled for profit related commission as may be approved by the Board/members. Further the company may pay or reimburse of expenses for participation in the Board/Committees Meetings and Annual General Meetings and Extra-ordinary General Meetings.



10. EVALUATION MECHANISM:

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.

11. CONFLICT OF INTEREST:

It is accepted and acknowledged that the Independent Directors may have business interests other than those of the Company. Considering the same, 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. In the event that 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 judgments that they are independent, this should be disclosed to the Chairman or the Secretary.

12. CONFIDENTIALITY:

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 Chairman or Company Secretary unless required by law or by the rules of any stock exchange or regulatory body.

On reasonable request, Director shall surrender any documents and other materials made available to them by the Company. Consequently director should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Chairman or the Company Secretary. Unless specifically authorized by the Company, the Independent Director shall not disclose Company and business information to public constituencies such as the media, the financial community, employees, members, agents, franchises, dealers, distributors and importers.

13. MISCELLANEOUS:

Independent Directors shall give an annual declaration as required under the provision of Section 149(7) of the Companies Act, 2013 and the rules made thereunder and as required under Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

An Independent Director shall not serve as an Independent Director in more than seven listed companies as may be stipulated in SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 or any other law for the time being in force.

Further, an Independent Director who is serving as a Whole-time director in any Listed company shall not serve as an Independent Director in more than three listed companies or



such number of listed companies as may be stipulated in SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 or any other law for the time being in force.

(Amended at the board meeting held on 29th May 2025)



ANNEXURE-I

LETTER OF APPOINTMENT OF INDEPENDENT DIRECTOR

Date: dd.mm.yyyy

To,

Mr./Mrs./Ms _____,

Dear Sir,

Sub: Appointment as Independent Director

We thank you for your confirmation to KNR Constructions Limited (the “Company”) that you meet the “Independence” criteria as envisaged in Section 149 (6) of the Companies Act, 2013 read with Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosures Requirements), 2015. We are pleased to conform that the Board of Directors of Company has approved your appointment as an Independent Director on the Board of the Company.

This letter sets out the terms of your appointment as an Independent Director. Your relationship with the Company will be that of an office-holder and not one of contract for employment in the Company.

The terms of your appointment, as set out in this letter, are subject to the extent provisions of the Applicable laws, including Companies Act, 2013 and rules made there under read with Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Appointment & Re-appointment:

Your Appointment is for a term up to _____ (-) years from dd-mm-yyyy, unless terminated earlier or extended, as per the provisions of this letter and applicable laws.

As an Independent Director you will not be liable to retire by rotation under Section 152(6) of Companies Act, 2013 and rules made there under.

Re-appointment for another term of maximum period of five (5) years at the end of the current term shall be based on approval of the Board of Directors and Shareholders by way of Special Resolution. Your re-appointment shall be considered on the basis of report of performance evaluation by the Board and your continuity to meet the independence criteria.

Role and functions:

- 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;
- bring an objective view in the evaluation of the performance of board and management;
- scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- safeguard the interests of all stakeholders, particularly the minority shareholders;
- balance the conflicting interest of the stakeholders;
- 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;
- moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

Duties

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 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;
- strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- strive to attend the general meetings of the company;
- 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;
- keep themselves well informed about the company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 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;
- 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;
- report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;



- 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.

Board Committees:

As advised by the board during the tenure of your office, you may be required to serve one or more committee(s) as established by board. On appointment in any one or more committee(s), you will be provided with appropriate Committee character which sets out the Roles and Functions of that committee.

Director Fees/Remuneration:

As an Independent Director, you will be entitled to sitting fees for attending Board of Directors and the various Committees meeting of which you are a member or chairman as fixed by the Board from time to time and shall not be entitled to any stock option.

In addition to sitting fees, you will be entitled for profit related commission as may be approved by the members. Further the company may pay or reimburse of expenses for participation in the Board/Committees Meetings and Annual General Meetings and Extra-ordinary General Meetings.

Code of Conduct

As an Independent Director of the Company, you agree to comply with the Code of Conduct for Board Members and Senior Management.

Unless specifically authorised by the Company, you are required to maintain the confidentiality of all confidential information that you receive or become privy to in connection with the Company's business, except when disclosure is authorized or legally mandated.

Induction and Training:

The Company shall, if required, conduct formal induction program for its Independent Directors which may include any or all of the following:

- Board Roles and Responsibilities, while seeking to build working relationship among the Board members.
- Company's vision, strategic direction, core values, ethics and corporate governance practices.
- Familiarization with financial matters, management team, business operations, meeting with stakeholders, visit to business locations and meeting with senior and middle management.

The Company shall, as may be required, support directors to continually update their skills and knowledge and improve their familiarity with company and its business. The company will fund/arrange for training on all matters which are common to the entire Board.



Disclosures, other Directorships and Business Interests:

During the term, you agree to promptly notify to the Company of any change in your directorships and provide such other disclosures and information as may be required under the applicable laws. You also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the Chairman and Company Secretary.

During your tenure, you agree to promptly provide a declaration Section 149(7) of the Companies Act, 2013 read with Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Resignation/ Termination:

Your directorship on the Board of the Company shall terminate in accordance with the provisions of Companies Act, 2013 and rules made thereunder and other applicable laws for time being in force.

You may resign from directorship of the Company before completion of your tenure by giving a notice in writing to the Company stating reasons for resignation. The resignation shall take effect from the date on which the notice is received by the company or any date specified by you in the notice of resignation, whichever is later.

Co-operation:

In the event of any claim or litigation against the company, based upon any alleged conduct, act or omission on your part during your term, you agree to render all reasonable assistance and co-operation to the company and provide such information and documents as are necessary and reasonably requested by the company or its counsel.

Liability:

You shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with your knowledge, attributable through Board processes and with your consent or connivance or where he had not acted diligently.

Acceptance of Appointment:

We are confident that the Board and the Company will benefit immensely from your rich experience and we are eager to have you as an integral part of the growth of our Company. If these terms of appointment are acceptable to you, please conform your acceptance by signing and returning the enclosed copy of this letter.

**Thanking You,
Yours faithfully,
For KNR Constructions Limited**



Managing Director
(DIN: _____)