

## **SHIVAM AUTOTECH LIMITED**

### **TERMS AND CONDITIONS FOR THE APPOINTMENT OF INDEPENDENT DIRECTOR**

#### **Duration of Appointment**

**Mr. Bhagwan Dass Narang** has been appointed as an Independent Director of the Company for a second term of 5 (five) consecutive years by the members from the date of 14<sup>th</sup> Annual General Meeting held on September 25, 2019 up to the conclusion of 19<sup>th</sup> Annual General Meeting of the Company to be held in the Calendar year 2024.

**Ms. Jyothi Prasad** has been appointed as an Independent Director of the Company for a first term of 5 (five) consecutive years by the Board of Directors in the Board Meeting held on November 13, 2019 up to November 12, 2024, recommended by Nomination and Remuneration Committee and approved by the shareholders of the Company at the 15<sup>th</sup> Annual General Meeting held on September 30, 2020.

**Mr. Sunil Chinubhai Vakil** has been appointed as an Independent Director of the Company for a first term of 4 (four) consecutive years by the Board of Directors in the Board Meeting held on December 21, 2020 up to December 20, 2024, recommended by Nomination and Remuneration Committee and subject to the approval of the shareholders of the Company at the subsequent Annual General Meeting to be held in the year 2021.

As an Independent Director you will not be liable to retire by rotation. Reappointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders.

Your reappointment would be considered by the Board based on the outcome of the performance evaluation process and your continuation to meet the independence criteria.

#### **Committees**

- (1) During the Appointment, you may be required to serve on one or more of the committees of the Board including Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Stakeholders Relationship Committee or such other Committees, as the Board may decide.
- (2) The Independent Director is an independent non-executive director and will be identified as such in the annual report and other documentation of the Company. If circumstances change, and he/she believes that his/her independence will be in doubt, Independent Director should discuss the same with the Chairman of the Company as soon as practicable.

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CIN: L34300HR2005PLC081531

Registered Office: 10, 1<sup>st</sup> Floor, Emaar Digital Greens, Tower A, Golf Course Extension Road,  
Sector- 61, Gurugram, Haryana-122012

Tel: 0124-4698700

## Code of Business Ethics

You shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising duties;
- (3) exercise responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to professional obligations for informed and balanced decision making. You are expected to make yourself available for all regular & emergency Board Meeting, Committee Meeting and the General Meetings.
- (5) not allow any extraneous considerations that will vitiate 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 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 your independence;
- (8) where circumstances arise in which you lose your independence, you must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

## Duties:

As an Independent Director you have the same general legal responsibilities to the Company as any other Director, such as you shall:

- (1) Act in accordance with the articles of the Company
- (2) 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 interests of the company, its employees, the shareholders etc.
- (3) Exercise your duties with due and reasonable care, skill and diligence and shall exercise independent judgement;
- (4) Not involve in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company;
- (5) Not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates and if found guilty of making any undue gain, you shall be liable to pay an amount equal to that gain to the company;
- (6) Not assign your office.

You shall:-

- (1) undertake appropriate induction and regularly update and refresh 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 you are a member;
- (4) participate constructively and actively in the committees of the Board in which you are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where you 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 the concerns are recorded in the minutes of the Board meeting;
- (7) keep yourself 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) acting within the 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.

**Role and functions:**

You 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) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy yourself 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;

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- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

Following action should not be done by you during the service time:

- (1) All information acquired during your appointment is confidential to the Company and should not be disclosed to third parties or used for any reason other than in the interests of the Company, either during your appointment or following termination (by whatever means), without prior clearance from the Board of Directors.
- (2) Your attention is also drawn to the requirements under both legislation and regulation as to the disclosure of inside information. Consequently you should avoid making any statements that might risk a breach of these requirements without prior clearance from the Board of directors.

### **Restrictions**

- (1) During the term of Appointment, you are expected not to take up directorship in any company (whether in India or abroad) engaged in the same or similar businesses as that of the Company or in a company, business or undertaking which competes or is likely to compete with the Company or which could otherwise potentially give rise to a conflict with his/her duties with the Company. In the event that you become aware of any potential conflicts of interest, or in case of doubt, he / she should consult the Chairman of the Company as soon as practicable.
- (2) During the term of Appointment, you shall not serve as (a) an independent director in more than the prescribed number of companies and (b) a committee member of more than the prescribed number of committees (i.e. the Audit Committee and the Stakeholders' Relationship Committee) including chairmanship of such committees.
- (3) During the term of appointment, you shall not indulge in forward dealings in securities of the Company which is prohibited under the Act. Directors are prohibited from dealing in the Company's securities during the period when the trading window is closed. They should not enter into insider trading and are expected to comply with the Company's code for securities dealing as well as with the concerned provisions of the Insider Trading Laws and Regulations.
- (4) During the term of Appointment, (a) You will neither enter into any agreement for himself/herself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the shares of the Company; and (b) You will not enter into any such agreement referred to in (a) above without obtaining the prior approval from the Board of Directors as well as public shareholders of the Company.

**External Advice:**

In order to enable you to carry out the duties of your office, you will after consultation with the Chairman, if that is practicable (and, if appropriate, jointly with other Non-Executive and Independent Directors whose interest are the same as yours) be entitled to seek appropriate clarification or amplification of information and where necessary, take and follow appropriate professional advice and opinion of outside experts at the expenses of the Company.