



NEOLITE ZKW LIGHTINGS LIMITED

(Formerly known as Neolite ZKW Lightings Private Limited)

TERMS & CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

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**Registered Office: N-13 Second Floor, South Extension Part 1 – 110 049, New Delhi,
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TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS OF THE COMPANY IN ACCORDANCE WITH THE REQUIREMENTS OF SCHEDULE IV TO THE COMPANIES ACT, 2013 AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

1. Terms of Appointment

The term of appointment of an Independent Director is in accordance with the provisions of the Companies Act, 2013 (“Act”), Regulation 16 (1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (“SEBI Listing Regulations”) of Neolite ZKW Lightings Limited (formerly known as Neolite ZKW Lightings Private Limited) (hereinafter referred to as “Company”) Independent Director will serve a single term for maximum period of 5 (five) consecutive years from the date of his/ her appointment. An Independent Director is not liable to retire by rotation. The appointment of every Independent Director shall be approved by members of the Company vide special resolution.

No Independent Director shall hold office for more than 2 (two) consecutive terms. The reappointment of Independent Directors 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 of Directors (“Board”) and the shareholders vide special resolution. The reappointment would be considered based on the outcome of the performance evaluation process and independence criteria.

2. Other Terms and Conditions

a. Committees:

- i. During the appointment, the Independent Director will be required to serve on one or more of the committees of the Board, i.e., 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.
- ii. 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, the Independent Director should discuss the same with the Chairperson of the Company as soon as practicable and further course of action should be taken by the Company as per applicable law, in timely manner.

b. Roles & Duties

The roles and duties of the Independent Director will be those normally required of a Non-Executive under the Companies Act, 2013, as amended. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are inter-alia as under:

- i. He/ she shall act in accordance with the Company’s Memorandum of Association and Articles of Association and as per the applicable law.
- ii. He/ she 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 interests of the Company, its employees, the shareholders, the community and for the protection of the environment.
- iii. He/ she shall discharge duties with due and reasonable care, skill, and diligence and shall exercise independent judgement.
- iv. He/ She, unless otherwise approved by the Board, shall not be involved in a situation in which he/ she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.

- v. He/ She shall not achieve or attempt to achieve any undue gain or advantage either to himself/ herself or his/ her relatives, partners, or associates and if he/ she is found guilty of making any undue gain, he shall be liable to pay an amount equal to the gain of the Company.
- vi. He/ She shall not assign his/ her office as Director and any assignment so made shall be void.
- vii. He/ She shall comply with all applicable laws and regulations of all the relevant regulatory and other authorities as may be applicable to such Directors in their individual capacities.

The Independent Directors shall also be taking sufficient care to perform duties specified in the Code for Independent Directors under Schedule IV of the Companies Act, 2013, duties of the directors as provided in the Act (including section 166) and SEBI Listing Regulations (including any modification or re-enactment of the same) that come with such an appointment along-with accompanying liabilities.

The Independent Director will be held liable only in respect of such acts of omission or commission by the Company which have occurred with his/her knowledge, attributable through Board processes, and with his/her consent or connivance or where the Independent Director had not acted diligently.

c. Expectation of the Board from the Appointed Director

An Independent Director is expected to bring objectivity and independence of view to the Board's discussions especially on issues in relation to the Company's strategy, performance, risk management, resources, key appointments and standards of conduct as well as ensuring high standards of financial probity and corporate governance.

The Board meets at least four times in a year and the Audit Committee and Stakeholders' Relationship Committee also meet at least four times in a year. Besides, there are other Committee meetings like Nomination and Remuneration Committee, which are ordinarily convened twice in a year.

They will be expected to attend meetings of Board and Board Committees in which Independent Director is a member and Members meetings and to devote such time as appropriate to discharge their duties effectively. Ordinarily, all meetings are held at the corporate office or registered office. The Annual General Meeting are held at the place and the manner prescribed under Companies Act, 2013.

By accepting the appointment, the Directors confirm that they can allocate sufficient time to meet the expectations from their role to the satisfaction of the Board.

d. Professional Conduct for Independent Directors

The Independent Director shall:

- i. uphold ethical standards of integrity and probity;
 - ii. act objectively and constructively while exercising your duties;
 - iii. exercise your responsibilities in a bona fide manner in the interest of the Company;
 - iv. devote sufficient time and attention to your professional obligations for informed and balanced decision making;
 - v. not allow any extraneous considerations that may vitiate your exercise of objective independent judgement in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgement of the Board in its decision-making;
 - vi. not abuse your 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;
 - vii. refrain from any action that could lead to a loss of your independence;
- Assist the Company in implementing the best corporate governance practices

e. Code of Conduct and Business Ethics for Board of Directors and Insider Trading Code

The Board has put in place a Code of Conduct and Ethics for Board of Directors (“Code”). Independent Directors shall abide by the Code. An annual affirmation of compliance is required to be provided by the Independent Directors on the same.

Unless specifically authorized by the Company, they shall not disclose company and business information to constituencies such as the media, the financial community, employees, shareholders, agents, franchisees, dealers, distributors and importers.

Their obligation of confidentiality shall survive cessation of their respective directorships with the Company

Additionally, they shall not participate in any business activity which might impede the application of independent judgment in the best interest of the Company

The Directors shall also comply with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Code of Conduct for Prevention of Insider Trading of the Company. Independent Directors of the Company are classified as a designated person of the Company and hence are prohibited from dealing in the Company’s securities during the period when the trading window is closed.

Further, Independent Director being designated officers of the Company for the purpose of insider trading guidelines, are required to obtain the necessary preclearance for all trades (buy/sell/gift) from the Compliance Officer. They are required to comply with the applicable insider trading laws and regulations and with the Company’s code of conduct and ethics.

Further, for the purpose of compliance with insider trading regulations, they are required to pre-clear from the Compliance Officer of the Company, trade(s) in securities of Company where the cumulative trade whether in one or more transaction, exceeds ₹10 lacs in any financial year.

f. Training and Development

The Company may, if required, conduct formal training programmes for its Independent Directors. The training programmes may include any or all of the following:

- Board roles and responsibilities, whilst 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 and business operations,
- Meetings with stakeholders, visits to business locations and meetings with senior and middle management.

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

g. Directors’ Fees / Remuneration

Sitting Fees

Independent Directors may be paid sitting fees for attending meetings of the Board of Directors and committees thereof (of which they are members), as per the ceiling/ limits prescribed under the Act.

h. Remuneration

Subject to the provisions of sections 197 and 198 of the Act, an ID may receive remuneration by way of sitting fees, reimbursement of expenses for participation in Board and other meetings and profit related commission, as may be approved by the members. This amount shall not exceed 1% of the net profit of the Company for the year calculated as per the provisions of the Act.

i. Stock Options

An Independent Director is not eligible to participate in stock option schemes of the Company.

j. Status of Appointment

The Independent Director will not be the employee of the Company and the appointment letter shall not constitute a contract of employment.

The Company shall disclose the terms and conditions of the appointment of Independent Directors on the website of the Company

k. Conflict of Interest

It is accepted and acknowledged that the appointed 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.

If 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 both the Chairman and the Company Secretary.

l. Disclosures, Other Directorships and Business Interests:

Every Independent Director shall, at the first meeting of the board in which he participates as a director and 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, submit a declaration that he meets the criteria of independence as provided in clause (b) of sub-regulation (1) of regulation 16 of the SEBI Listing Regulations, and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.

During the terms of the Independent Director, he/she will promptly notify/ intimate the Company of the following:

- (a) any change in their directorships;
- (b) any other disclosures and information as may be required under the applicable laws;
- (c) any potential conflict of interest with the position as “Independent Director” of the Company, upon becoming aware of the same;
- (d) Declaration under Section 149(7) of the Companies Act, upon any change in circumstances which may affect the status as an “Independent Director”; and
- (e) any change in address or other contact and personal details provided to the Company.

m. Confidentiality

All information acquired during the appointment is confidential to the Company and should not be released, either during the appointment or following cessation (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, an Independent Director shall surrender any documents and other materials made available to them by the Company.

Attention is also drawn to the requirements under the applicable regulations and the Insider Trading Code which is concerned with the disclosure of price sensitive information and dealing in the securities of 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.

n. Cessation

Independent Directors may resign from their position at any time and if they wish to do so, they are requested to serve a reasonable written notice and stating the reasons for the resignation on the Board. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by Independent Director in the notice, whichever is later. The resignation letter shall follow the format and such disclosures as prescribed under the SEBI Listing Regulations.

Continuation of their appointment is contingent on getting re-elected by the members in accordance with provisions of Companies Act, 2013, the Rules framed thereunder and the Articles of Association of the Company, from time to time in force. They will not be entitled to compensation if the members do not re-elect them at any time.

Their appointment may also be dispensed with in accordance with the provisions of the Companies Act, 2013 & Articles of Association of the Company. The Company may disengage Independent Directors prior to completion of Term (subject to compliance of relevant provisions of the Act) upon

1. Violation of any provision of the Code of Conduct of the Company as applicable to Directors
2. Violation of any provision of Code for Independent Directors
3. Violation of duties of Independent Director as envisaged in the Act, 2013, Listing Regulations or your terms of appointment
4. Upon the director failing to meet the criteria for independence as envisaged in Section 149(6) of the Act and 16(1)(b) of the SEBI Listing Regulations
5. Vacancy of the position of Directorship being created on account of the disqualification of Director being attracted under the provisions of Section 164 and 167 of the Companies Act, 2013

o. Performance Evaluation of Independent Directors

The performance evaluation of Independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The re-appointment of Independent Director shall be based on report of performance evaluation.

p. Separate Meetings

- i. 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.
- ii. 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, taking into account the views of executive and non-executive directors;
 - (c) assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably perform their duties.

q. 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.

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 by the SEBI Listing Regulations or any other law of the land, for the time being in force.

The terms of appointment contained in this code along with the Independent Director's detailed profile shall be disclosed on the website of the Company.

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