

KINETIC ENGINEERING LIMITED

Terms & Conditions of Appointment of Independent Directors



KINETIC

GENERAL TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

The terms and conditions of appointment of Independent Directors are subject to the extant provisions of applicable laws, including the Companies Act, 2013 ("Act") and the Articles of Association of the Company.

The appointment process of Independent Directors is independent of the Company's management. During the selection process, the Board ensures 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 is approved at the meeting of the shareholders. The Board always ensures that 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 terms and conditions for the appointment of the Independent Director are provided below:

APPOINTMENT

An independent director shall not be liable to retire by rotation in terms of the Provisions of the Act. An independent director shall not be liable to retire by rotation in terms of the Provisions of the Act. Independent Directors will serve for not more than two terms of not more than five years each on the Board.

ROLE AND RESPONSIBILITY

- By accepting the appointment, the Independent Director confirms that he/she is able to allocate sufficient time to perform his/her role as an Independent Director of the Company.
- In terms of the Act, he/she will have to attend at least 1 (one) Board Meeting during every Financial Year in-person and other meetings may be attended through video conference or other audio visual means, subject to the requirements set out in the Act. Also, he/she will strive to attend the Board / its committees' calls whenever scheduled as per the best convenience of all the attendees.
- As an Independent Director, he/she will be bound by the Code for Independent Directors as mentioned under Schedule IV to the Act.
- As an Independent Director, he/she has the same general legal responsibilities to the Company as any other Director including all fiduciary duties, responsibilities, statutory obligations and liabilities of directors prescribed in law including the Act.
- The Board as such is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The brief description of the terms of reference of the Board of Directors are as follows:
 - To manage and direct the business and affairs of the Company;
 - To manage, subject to the Articles of Association of the Company, its own affairs, including planning its composition, selecting its Chairman, appointing Committees, establishing the terms of reference and duties of Committees and determining Directors' compensation;
 - To act honestly and in good faith in the best interests and objects of the Company, its employees, its shareholders, the community and for protection of environment;

- To exercise due care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and shall also exercise independent judgment;
 - To participate directly or through its Committees, in developing and approving the mission of the business, its objectives and goals and the strategy for their achievement;
 - To ensure congruence between shareholders' expectations, Company's goals, objectives and management performance;
 - To monitor the Company's progress towards its goals and to revise and alter its direction in light of changing circumstances;
 - To approve and monitor compliance with all significant policies and procedures by which the Company is operated;
 - To ensure that the Company operates at all times within applicable laws and regulations and ethical and moral standards;
 - To ensure that the performance of the Company is adequately reported to shareholders, other stakeholders and regulators on a timely and regular basis;
 - To ensure that the audited annual financial statements are reported fairly and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India;
 - To ensure that any developments that have a significant and material impact on the Company are reported from time to time to the concerned authorities;
 - Not to involve in a situation which may have a direct or indirect interest that conflicts, or possibly may conflict with the interest of the Company;
 - Not to achieve or attempt to achieve any undue gain or advantage either to himself/herself or to his/her relatives, partners or associates and if such director is found guilty of making any undue gain, he/she shall be liable to pay an amount equal to that gain to the Company;
 - Not to assign his / her office and any assignment so made shall be void; and
 - To act in accordance with the laws and regulations of the country and the Memorandum and Articles of Association of the Company
- In addition to the above responsibilities, the role of the Independent Directors shall also have the following key elements:
- **Strategy and Business Development:** The Independent Director should constructively challenge and contribute to the overall strategy and to the business development initiatives of the Company by getting actively engaged with the Company in making introductions to potential clients in the key service areas of the Company;
 - **Performance:** The Independent Director should scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance; and
 - **Risk:** The Independent Director should satisfy himself/herself that financial information is accurate and that financial controls and systems of risk management are robust and defensible.

OTHER OBLIGATIONS AND COMPLIANCES

The Independent Director will be required to execute/confirm with respect to the following documentation on a periodic basis:

- Confirmation that he/she is not disqualified to act as a Director of the Company in terms of the Companies Act, 2013.
- Declaration of Independence in terms of the Companies Act, 2013.
- Code of Conduct for Independent Directors as per Schedule IV of the Act.

- Disclosure of change in interest in companies where he/she is appointed / ceased as a Director or Key Managerial Personnel.
- Confirmation that his/her directorships in companies do not conflict with the interest of the Company.

REMUNERATION

- The aggregate remuneration to be paid to all the Independent and Non-Executive Directors would not exceed 1% of the total net profits of the Company during any Financial Year.
- The remuneration described above is the gross amount payable per financial year, which is subject to deductions of applicable taxes and any other deductions required, if any by any applicable laws. The Independent Director shall be responsible for the personal taxation.
- If the term comes to an end or due to resignation or termination; any amounts due shall be paid on a pro-rata basis.
- The Company has made provisions for Directors and Officers (D&O) insurance policy.

OTHER DIRECTORSHIPS AND BUSINESS INTERESTS

- The Company acknowledges that Independent Director may have business interests in other companies. In the event that he/she becomes aware of any potential conflicts of interests, these should be disclosed to the Executive Chairman and the Company Secretary as soon as they become apparent.
- During the appointment, he/she should consult with the Executive Chairman prior to accepting any such other (or further) directorships of Indian companies or any major external appointments which may affect his/her interest in the Company.

CODE OF CONDUCT

During the period of the appointment, the Independent Director will be bound by codes of conduct under the Act and the code of conduct applicable to the Company.

CONFIDENTIALITY AND NON-DISCLOSURE

- The Independent Director must apply the highest standards of confidentiality and not disclose to any person or company (whether during the course of the appointment or at any time after its termination) any confidential information concerning the Company and any group companies with which he/she comes into contact by virtue of his/her position as an Independent Director of the Company.
- Any information concerning the Company's business, its customers, suppliers, etc. which is not in public domain and to which all employees do not have access, should be considered confidential for the purpose and should be held in confidence, unless authorised to do so and when disclosure is required as a requirement of law.
- The attention is drawn to the requirements under Indian regulations as to the disclosure of price sensitive information. The Independent Director shall not provide any information either formally

or informally, to the press or any other publicity media without prior written clearance from the Chairman and Managing Director.

- The examples of confidential information are, but not limited to the following:
 - Business plan, annual operations plan
 - Performance against target
 - Costing, pricing, profitability, financial budget and related issues
 - Fees / stipend, evaluations, recommendations etc. related to any of the employees of the Company
 - Sales commission, third party commission and about reference agents
 - Details of past, present and future contracts and proposals
 - Information about suppliers and/or customers
 - Communication facilities and equipment
 - Proposed ventures and corporate plans
 - Technical marketing and financial strategies of the Company and/or its customers
 - Core competencies and activities of the Company and/or its customers
 - Any other information, which is likely to be crucial for the business operations

- On termination of the Appointment, the Independent Director will deliver to the Company all books, documents, papers, and other property of or relating to business of the company or any group company which are in their possession, custody or power by virtue of their position as an Independent Director of the Company. The Company will arrange the disposal of papers that he/she no longer requires.

- If there is a breach or threatened breach of the provisions of confidentiality, the Company shall be entitled to injunctive relief.

REVIEW PROCESS

The performance of individual Directors and the Board and its committees are evaluated annually. The Independent Director shall make himself/herself available for carrying out the annual / periodic performance review. The Independent Director shall further confirm that he/she will extend his/her contribution to review of the Board of Directors individually as well as for its various committees on behalf of / as desired by the Board of Directors on an annual / periodic time frame.

The indicative criteria for evaluation of performance of the Independent Director are provided hereunder:

- Attendance and contribution at Board and Committee meetings.
- Appropriate mix of expertise, skills, behavior, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.
- Knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes and corporate governance.
- Ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
- Effective decision making ability.
- Ability to open channels of communication with executive management and other colleagues on Board to maintain high standards of integrity and probity.

- His/her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.
- His/her ability to monitor the performance of management and satisfy himself/herself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.
- His/her contribution to enhance overall brand image of the Company.

Note: These are general terms and conditions of appointment of Independent Directors and are subject to change.

S/d

Arun Hastimal Firodia

Chairman