

## **Appointment as a Non-Executive Independent Director of Kirloskar Brothers Limited (the Company)**

The terms of the Appointment, which shall in any event be subject to the provisions of the Companies Act, 2013, the rules made thereunder, Listing Agreement and Articles of Association of the Company are set out below.

### **Appointment**

The appointment is subject to compliance of applicable provisions of the Companies Act, 2013 and rules made thereunder.

### **Independence**

The Board of the Company has determined you to be independent in accordance with the provisions of section 149 (6) of the Companies Act, 2013;

The declaration to the above effect shall be given by you in 1<sup>st</sup> Board Meeting of every financial year. If circumstances change and you believe it may not be possible for you to retain your independence, you would communicate the same to the Chairman as soon as practicable.

### **Commitment**

By accepting the Appointment you confirm;

- Although it is difficult to be precise about the time commitment required to fulfil the role of a Non-Executive Independent Director as the demands will clearly vary from year to year and will depend on a range of factors, in particular the extent of your involvement in the matters of the Board / Committees thereof, you confirm that you will be in a position to allocate sufficient time to meet the expectations of your role;
- Not to allow any extraneous considerations that will vitiate your exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring with or dissenting from the collective judgment of the Board in its decision making;
- Not to use 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;
- To refrain from any action that would lead to loss of your independence;
- Where circumstances arise which make you lose your independence, you must immediately inform the Chairman accordingly;
- Assist the Company in implementing the best corporate governance practices.

### **Role**

As an independent director you shall:

- Help in bringing an independent judgment 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 yourself 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 and recommend 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.

### **Remuneration Fees**

- You will be entitled to a commission at such rate as may be provided under Companies Act, 2013, read with the relevant rules and subject to approval of the shareholders or Central Government, where applicable.
- In addition to the above, you will be entitled to sitting fees at such rate as may be determined by the Board of Directors of the Company, for attending the meetings of the Board and Committees thereof.
- You will not be entitled to any stock options under Companies ESOS 2007.

### **Expenses**

In addition to the fees described above, the Company will reimburse you for all reasonable out of pocket expenses necessarily incurred in carrying out your duties.. You will submit any details of expenses together with appropriate receipts so incurred to the Company Secretary.

### **Insurance**

The Company will use its best endeavours to maintain appropriate directors' and officers' (**D&O**) liability insurance for your benefit, during the Appointment; and after the Appointment, in each case in respect of any matter occurring or alleged to have occurred while you are or were a director of the Company. Furthermore, the Company will use its best endeavours to retain in any renewed D&O policy a clause permitting you to notify claims for an extended period following non-renewal of D&O cover. Details of the current D&O policy will be sent to you separately and you will be informed of any changes to that policy.

### **Other directorships and business interests and duties**

The Company acknowledges that you have business interests other than those of the Company and that you have declared no conflicts that are apparent at present. Under the Companies Act 2013, there are a number of statutory duties, which are the personal responsibility of each director. Such duties are of particular relevance on the matters of conflicts of interest as follows:-

- Undertake appropriate induction and regularly update and refresh the skills, knowledge and familiarity with the Company;
- Seeks 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 and participate actively in all meetings of the Board of Directors and of the Board committees of which you are a member;
- Strive to attend the general meetings of the Company;

- 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 their concerns are recorded in the minutes of the Board meeting;
- 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 ensure 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 your 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.

### **Compliance with code**

During the Appointment, you are required to comply with all the relevant regulations as may be issued by Securities Exchange Board of India, including its Model Code for Securities Transactions by Directors of Listed Companies, and such other requirements as the Board of Directors may, from time to time, specify.

### **Confidentiality**

You are expected to 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 afterwards), any confidential information concerning the Company and any Group Companies which you will come across by virtue of your position as a Non-Executive Independent Director.

Your attention is drawn to the requirements as to the disclosure of price-sensitive information. Consequently you should not make any statements that might risk a breach of these requirements without prior clearance from the Chairman or Company Secretary.

### **Removal and resignation**

Your term of appointment as an independent director shall be determined on the basis of report of performance evaluation by the Board of Directors.

Notwithstanding other terms of this Letter, the resignation or removal of a Non Executive Independent Director shall be in the same manner as is provided in sections 168 and 169 of the Companies Act, 2013 and Articles of Association of the Company. Upon your resignation or removal for any reason, you will not be entitled to any damages for loss of office and no fee or compensation will be payable to you in respect of any unexpired portion of the term of the Appointment.

### **Publication of the letter of appointment**

In line with the provisions of Schedule IV of the Companies Act, 2013, the terms and conditions of your appointment shall be posted on the website of the Company at [www.kirloskarpumps.com](http://www.kirloskarpumps.com)

**General**

For the purposes of this Letter **Group Company** shall mean the Company and any of its subsidiaries and associates.

This Letter and any non-contractual obligations arising out of or in connection with this Letter are governed by, and shall be construed in accordance with, the Indian Laws, and the parties agree to submit to the exclusive jurisdiction of the courts of Pune.