

## **KAJARIA CERAMICS LIMITED**

### **Proposed Terms & Conditions of re-appointment Mr. H. Rathnakar Hegde as an Independent Director of Kajaria Ceramics Limited**

#### **1. Appointment**

- Proposed re-appointment Mr. Hegde is as a Non-Executive Independent Director on the Board of Directors of the Company for a period of 5 consecutive years w.e.f. 01.04.2019 to 31.03.2024. The said re-appointment is subject to the criteria of eligibility as defined under the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, for being an Independent Director and not being disqualified to be a Director under the applicable laws / regulations.
- In compliance with the provisions of the Section 149(13) of the Act, directorship of Mr. Hegde is not subject to retirement by rotation.
- This is a contract for service and is not a contract of employment.

#### **2. Role on the Board and Committees of Board**

Mr. Hegde is expected to provide his expertise and experience, *inter-alia*, in the fields of Strategic Planning, Risk Management, Sales, Marketing, Corporate Governance, etc. and bring objectivity and independence in the functioning of the Board and the Committees of the Board he may be nominated.

In addition to Board meetings, it is anticipated that he will devote his time for committee meetings (as and when conducted), general meetings and to discharge his other ancillary and fiduciary duties effectively.

As per the required constitution of the Committees of Board under the Act and Listing Regulations, he may be appointed on one or more committees of the Board and in such event he will be provided with relevant committee's terms of reference and other specific responsibilities, if any. The Board is responsible for constituting, assigning, co-opting and fixing terms of service for committee members.

He is currently, nominated as a member of the Audit Committee, Nomination & Remuneration Committee and Risk Management Committee of the Company.

In compliance with the provisions of the Act and Listing Regulations, an Independent Directors meeting needs to be conducted at least once in a year, in order to discuss the performance of the Company, risks faced by the Company, and the performance of executive members of the Board including the Chairperson.

#### **3. Duties and Liabilities**

The Duties and Liabilities that come with his re-appointment as a Non-Executive Independent Director would be as per the Act, Listing Regulations and applicable laws, if any, the existing and future policies of the Company, as implemented from time to time and the Articles of Association of the Company. There are certain duties prescribed for all the directors of the Company which are fiduciary in nature, including the followings:

- To act in accordance with the Company's Articles of Association as may be amended from time to time.
- To 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 interest of the Company.
- To abide by the "Code for Independent Directors" as per Schedule IV of Act and "Kajaria Code of Business Conduct & Ethics", as amended from time to time.
- To make the disclosure of interest as per the requirements of Section 184 and disqualification under section 164 of the Act and Listing Regulations.
- Not to assign office as Director and any of the assignments so entered shall be treated as null and void.
- Not to achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners or associates.
- Not to involve in a situation in which he may have a direct or indirect interest that conflicts or possibly may conflict with the interest of the Company.
- To review the Company's strategy, the annual financial plan and monitor the Company's performance.
- To review management performance and compensation.
- To advice and counsel the Management.
- To oversee and ensure the integrity of financial information and legal compliance.
- To seek appropriate clarification and, where necessary, seek and follow appropriate professional advice from external experts at the expense of the Company.
- To give consent by advance notification to the Chairman or Company Secretary to participate in any meeting(s) of the Board of Director or committee thereof, when necessary through video conferencing or other audio visual means.

#### **4. Independence**

The Board of Directors of the Company, inter-alia, has given due consideration to his declaration of being qualified as "Independent" in accordance with the provisions of Act and the Listing Regulations. He is expected to be qualified as "Independent" during his tenure and provide periodic declaration to the effect as required under the Act and Listing Regulations. He will be identified as "Independent Director" in the Annual Report and other documents and publications of the Company. If circumstances change and he believe it may not be possible for him to retain his independence he should inform this with the Company / the Chairman, as soon as practicable.

#### **5. Evaluation Process**

The Company carries out an evaluation of the performance of the Board as a whole, Committees of Board and the Directors on an annual basis. His appointment on the Board shall be subject to the outcome of the yearly evaluation process.

Further, his performance evaluation shall be done by the Board of Directors annually, without his participation. He will participate in reviewing the performance of non-independent directors and the Board as a whole, performance of the Chairman and other Independent Directors, in accordance with the applicable provisions of the Act and the Listing Regulations.

**6. Code of Business Conduct & Ethics**

He will follow the Kajaria Code of Business Conduct & Ethics and furnish an annual affirmation of the same.

He will apply the highest standards of confidentiality, and not disclose to any person or company (whether during the course of the tenure as Independent Director or at any time after its cessation), any confidential information concerning the Company and any group companies with which he comes into contact by virtue of his position as a Director, except as permitted by law or with prior clearance from the Chairman or Company Secretary of the Company.

**7. Disclosure of Interest**

Any material interest that he may have in any transaction or arrangement that the Company has entered into should be disclosed not later than the transaction or arrangement comes up at the Board Meeting so that minutes may record his interest appropriately and the records are updated regularly. A general notice that he is interested in any contract with the particular person, firm or company is acceptable.

**8. Prohibition on Insider Trading**

As a director of the Company, he will be considered an "Officer" and an "Insider" under Insider Trading regulations. Any trade of securities of Kajaria Ceramics Limited by him and his relatives will be subject to appropriate statutory disclosures and will require prior approvals in accordance with the regulations.

Further, he shall follow the Kajaria Code of Conduct for Prevention of Insider Trading and the requirements under the Act and the SEBI (Prohibition of Insider Trading) Regulations, 2015, which, inter-alia, requires that price sensitive information is not used or transmitted and is required to be maintained securely. He should not make any statements that might risk a breach of these requirements without prior clearance from the Chairman or Company Secretary of the Company.

**9. Remuneration**

He will be entitled to sitting fees in accordance with the criteria, as approved by the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, and in accordance with the provisions of Act, rules made thereunder and the Listing Regulations, which shall be within the overall limits approved by the shareholders of the Company, if required. He will also be entitled to remuneration, if any, payable for attending the meetings of the Board or Committee thereof either personally or through video conference or other audio visual means or for any other purpose whatsoever as may be decided by the Board of Directors. The sitting fees or remuneration, if any, payable shall be subject to applicable tax deduction at source.

In addition to the above he will be entitled to the reimbursement of all the expenses for

participating in the Board, Committee and other meetings, if any.

#### **10. Changes in Personal Details**

- During the term, he will promptly intimate the Company Secretary and the concerned Registrar of Companies in the prescribed manner, of any change in address or other contact or personal details provided to the Company.
- In the event any of his business interest changes, which might give rise to conflict of interest or when applicable, circumstances that might lead the Board to revise its judgment that he is independent, this should be disclosed to both the Chairman and the Company Secretary.

#### **11. Termination**

His directorship on the Board of the Company will terminate or cease in accordance with applicable laws. Apart from the grounds of termination as specified in Act and other applicable laws, his directorship may be terminated for violation of any provision of Kajaria Code of Conduct as applicable to Independent Directors.

He may resign from directorship of the Company by giving a notice in writing to the Company and also to the concerned Registrar of Companies stating the reason for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by him in the notice, whichever is later.

If at any stage during the term, there is any change that may affect his status as an independent director as envisaged in Section 149(6) of the Act or if he fail to meet the criteria for "Independence" under the provisions of the Listing Regulations, he agree to promptly submit his resignation to the Company with effect from the date of such change.

#### **12. General**

All the terms as mentioned above including his appointment, remuneration, professional conduct, role and functions, duties and evaluation shall be governed by the Act and Rules made thereunder and Corporate Governance requirements under the Listing Regulations, as amended from time to time.

The letter of appointment will be issued under the authority of the Board. Further, the letter and any non-contractual obligations arising out of and in connection with this letter are governed by and shall be construed in accordance with the laws of India and subject to the exclusive jurisdiction of the Courts of Delhi.

In line with the provisions of Schedule IV to the Act and Listing Regulations, the letter of appointment will be open for inspection by any shareholder and the Company will also post the terms and conditions of the appointment on the Company's website [www.kajariaceramics.com](http://www.kajariaceramics.com)