

KALLAM SPINNING MILLS LIMITED

Terms and conditions of Appointment of Independent Directors :

[Pursuant to the provisions of Schedule IV to Section 149(8) of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (LODR) Regulations, 2015]

The broad terms and conditions of appointment of Independent Directors are reproduced hereunder:

1. Appointment :

The appointment of the Independent Directors existing as on the date of the Annual General Meeting of the Company held on 27th September, 2014 (AGM), will be for a period of five years commencing from 27th September, 2014 upto 26th September, 2019 and for the Independent Directors appointed/ to be appointed at any time after the aforesaid AGM, their appointment will be for a period of five years commencing from the respective date of their appointment by the Board, subject to the approval of the Members at the subsequent Annual General Meeting (“Term”). The Company may disengage Independent Directors prior to completion of their Term, subject to compliance of relevant provisions of the 2013 Act.

Details of the Independent Directors of the Company are as follows:

S.No	Name of Independent Director	From	To
1	Sri S.Pullu Rao	27-09-2014	26-09-2019
2	Sri M.R.Naik	27-09-2014	26-09-2019
3	Sri A.Krishna Murthy	27-09-2014	26-09-2019
4	Smt V.Bhargavi	27-09-2014	26-09-2019

Independent Directors will not be liable to retire by rotation.

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Re-appointment 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 Members. The re-appointment would be considered based on the outcome of the performance evaluation process and the Independent Director continuing to meet the independence criteria.

2. Role, duties and responsibilities:

A. As members of the Board, they along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:

Ø Requirements under the Companies Act, 2013

Ø “Responsibilities of the Board” as outlined in the Corporate Governance requirements as prescribed by Stock Exchanges under Regulation 16 of the SEBI (LODR) Regulations, 2015

Ø Accountability under the Director’s Responsibility Statement.

B. They shall abide by the ‘Code For Independent Directors’ as outlined in Schedule IV to section 149(8) of the Companies Act, 2013 and duties of directors as provided in the Companies Act, 2013 (including Section 166) and as per the Regulation 16 (b) of SEBI (LODR) Regulations, 2015.

C. They are particularly requested to provide guidance in their area of expertise.

3. Time Commitment :

They agree to devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities as an Independent Director.

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4. Remuneration :

As Independent Directors they shall be paid sitting fees for attending the meetings of the Board and the Committees, as may be applicable, of which they are members. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time.

Further, the Company may pay or reimburse to the Director such expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by them for accommodation, travel and any out of pocket expenses for attending Board/ Committee meetings, General Meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organized by the Company for Directors) and in obtaining, subject to the expense being reasonable, professional advice from independent advisors in the furtherance of their duties as Independent Directors.

5. Conflict of Interest:

It is accepted and acknowledged that Independent Director may have business interests other than those of the Company. As a condition precedent to commencement of the appointment, Independent Director is required to declare to the Company any such directorships, appointments and interests to the Board. Thereafter Independent Director is required to declare to the Company whenever there is any change in the circumstances which may affect your status as an Independent Director.

6. Performance Evaluation:

Performance of Independent Directors is evaluated based on: objectivity & constructivity while exercising duties; providing independent judgment on strategy, performance, risk management and Board's deliberations; devotion of sufficient time for informed decision making; exercising duties in bona fide manner; safeguarding interests of all stakeholders, particularly

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minority shareholders; upholding ethical standards of integrity & probity; updating knowledge of the Company & its external environment etc.

7. Termination:

Independent Director may resign from his/her position at any time by serving a reasonable written notice on the Board stating out the reason for resignation. Further, appointment of Independent Director may be terminated in accordance with applicable law.

8. Confidentiality:

- (i) All information in relation to the Company acquired by Independent Director during the appointment and tenure as an Independent Director is confidential and should not be disclosed to third parties unless required by law.
- (ii) Independent Director is subject to and bound by the prohibition and restrictions against insider trading and disclosure of unpublished price sensitive information, as prescribed under the Act and the regulations issued by the Securities and Exchange Board of India (“SEBI”). Independent Director would have to strictly abide by the Code of Conduct for Prevention of Insider Trading of the Company under SEBI (Prohibition of Insider Trading) Regulations, 2015.

9. Liability:

Subject to applicable law, for any breach of duties, Independent Director will be liable to consequence prescribed under applicable law and in relation to the Company, Independent Director would be liable for such acts of omission or commission by the Company which had occurred with his/her knowledge, attributable through Board processes, and with his/her consent or connivance, or where Independent Director has not acted diligently.

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10. Miscellaneous:

The appointment of Independent Director is also subject to the maximum permissible directorships that one can hold under applicable law, including as per the provisions of the Act and the Listing Agreement. Independent Director will not be in employment of the Company. Independent Director will be invited to attend ongoing training and familiarization sessions, including briefings from management and site visits.