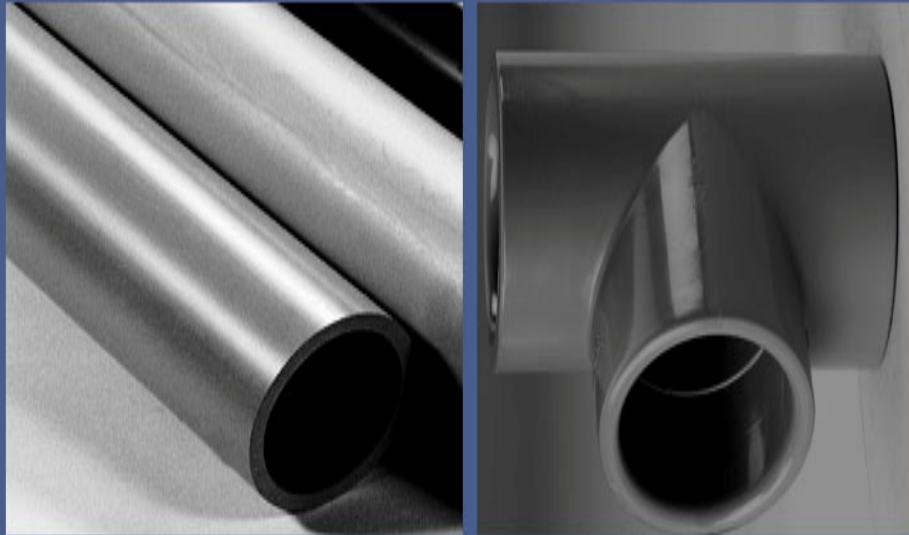


**Sri KPR
Industries
limited**



TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

Schedule IV to the Companies Act, 2013 provides for the 'Code for Independent Directors'. The appointment process of Independent Directors is independent of the company 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 there under and that the proposed director is independent of the management and a statement to that effect is included in the explanatory statement attached to the notice of the meeting.

The terms and conditions for the appointment of the Independent Director are enumerated below:

APPOINTMENT

- ❖ The appointment of Independent Directors is for a term of 5 (five) years or such other period as decided and approved commencing from the date of their appointment.
- ❖ The Independent Directors shall not be liable to retire by rotation.
- ❖ Unless the appointment is renewed on or prior to the Termination Date, the appointment shall come to an end on the Termination Date.
- ❖ Re appointment at the end of their tenure shall be considered by the Board of Directors (“the Board”) based on the recommendation of the Nomination and Remuneration Committee and the performance evaluation process, subject to the Directors continuing to meet the independence criteria of independence as specified in the Companies Act, 2013 and the listing agreement.
- ❖ The re-appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- ❖ The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made there under and that the proposed director is independent of the management.
- ❖ The independent Directors may be nominated to be a Member or Chairman of the committees of the Board.
- ❖ The appointment of Independent Directors shall be formalized through a letter of appointment, which shall set out:
 - The terms of appointment;
 - The expectation of the Board from the appointed director; the Board level committee(s) in which the director is expected to serve and its tasks;

- The fiduciary duties that come with such an appointment along with accompanying liabilities;
 - Provision for Directors and Officers insurance, if any;
 - The code of Business ethics that the company expects its directors and employees to follow;
 - The list of actions that a director should not do while functioning as such in the Company; and
 - The remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Board's and other meetings and profit related commission, if any.
- ❖ The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- ❖ The terms and conditions of appointment of independent directors shall also be posted on the company's website.

ROLES AND FUNCTIONS

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;

- (7) determine 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;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

TIME COMMITMENT

By accepting the appointment the independent Director confirms that he will be able to allocate sufficient time to perform his/ her duties as a director and attend meetings of the Board or any committee thereof.

REMUNERATION

The Independent Director will be paid such remuneration by way of sitting fees for meetings of the Board and its committees as approved by the Board or commission based on profits as approved by the Members from time to time in accordance with the limits prescribed under the Companies Act, 2013 and the rules made there under.

RESIGNATION OR REMOVAL

The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Companies Act, 2013.

An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.

Where the company fulfils the requirements of independent directors in its Board even without filling the vacancy created by such resignation or removal as the case may be, the requirement of replacement by a new independent director shall not apply.

EVALUATION MECHANISM

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

On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of independent director.
