Terms of the Appointment of Independent Directors of Kitex Garments Limited

1. **Appointment**

1.a. Subject to the provisions of Section 149 and 152 and other applicable provisions of the Companies Act, 2013 ('Act') read with SEBI (LoDR) Regulations, 2015, as amended and the Companies (Appointment and Qualification of Directors) Rules, 2014 ('Rules'), an independent director is appointed as a Non-Executive Independent Director on the Board of Directors of KGL with effect from ________________.

1.b. The term of appointment is for a period of 5 (five) years commencing from ____________ and ending on _____________.

1.c. The company has adopted the provisions with respect to appointment and tenures of Independent Directors which is consistent with the Companies Act, 2013 and SEBI (LoDR) regulations, 2015 (Listing Regulations). Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. The Company is at liberty to disengage Non-Executive Independent Director earlier subject to compliance of relevant provisions of Companies Act, 2013.

2. **Committees**

The Board of Directors (the Board) may, if it deems fit, invite an independent director for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. The appointment on such committee(s) will be subject to the applicable Regulations.

3. **Time Commitment**

3.a. As a Non-Executive Director, independent directors are expected to bring objectivity and independence of view to the Board's discussions and to help in providing the Board with effective leadership in relation to the Company's strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance. The Board meets at least four times in a year. The audit committee also meets at least four times in a year. Besides, there are other committee meetings like Nomination and Remuneration Committee, Stakeholder's Relationship Committee and Corporate Social Responsibility Committee meetings. Independent Directors will be expected to attend Board, Board Committees to which they may be appointed as member(s) and shareholder's meetings and to devote such time to your duties, as appropriate for them to discharge their duties effectively, ordinarily, all meetings are held in Kizhakkambalam, Kochi, Kerala State.

3.b. By accepting the appointment, independent directors confirm that they are able to allocate sufficient time for meeting the expectations from their role to the satisfaction of the Board.

4. **Role and Duties**

The role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the Listing Regulations. There are certain duties prescribed by the 'Act' for all Directors, both executive and non-executive, which are fiduciary in nature and are as under:

i. Independent Directors shall act in accordance with the Company's Articles of Association.
ii. Independent Directors shall 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.
iii. Independent Directors shall discharge their duties with due and reasonable care, skill and diligence.
iv. Independent Directors shall not involve themselves in a situation in which they may have a direct or indirect interest that conflict, or possible may conflict, with the interest of the Company. Please refer to clause 7 for full explanation on conflict of interest.
v. Independent Directors shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates.
vi. Independent Directors shall not assign their office as Director or any assignments so made shall be void.

In addition to the above requirements applicable to all Directors, the role of the Non-Executive Director has the following key elements:

Strategy: Non-Executive Independent Directors should constructively challenge and help to develop proposals on strategy;

Performance: Non-Executive Independent Directors should scrutinize the performance of management in meeting agreed goals and objectives;

Risk: Non-Executive Independent Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;

People: Non-Executive Independent Directors are responsible for determining appropriate levels of remuneration of Executive Directors, Key Managerial Personnel and Senior Management Personnel and have a prime role in appointing and where necessary, removing Executive Directors and Senior Management Personnel and in succession planning;

Reporting: Non-Executive Independent Directors shall take responsibility for the processes for accurately reporting on performance and the financial position of KGL; and

Compliance: Non-Executive Independent Directors should keep governance and compliance with the applicable legislation and regulations under review and the conformity of KGL practices to accepted norms.

5. Status of Appointment

5.a. Independent Directors will not be employees of the Company and shall not constitute a contract of employment. They will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board.

5.b. The sitting fees presently paid to the Non-Executive Independent Directors is Rs. 30,000/- per meeting of the Board and Rs. 20,000/- for other committees of the Board. All taxes and levies due on such payments will be deducted before disbursement of the same from time to time.

6. Reimbursement of Expenses

In addition to the remuneration described in paragraph 5, the company will, for the period of appointment, reimburse for travel, hotel and other incidental expenses incurred by independent directors in performance of their role and duties.

7. Conflict of Interest

7.a. It is accepted and acknowledged that independent directors may have business interests other than those of the Company. As a condition to appointment commencing, they are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of your appointment.

7.b In the event that, any circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that independent directors are independent, this should be disclosed to both the Chairman & Managing Director and the Company Secretary.

8. Confidentiality

All information acquired during the time of appointment of independent directors is confidential to KGL and should not be released, either during their appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, they shall surrender any documents and other materials made available to them by KGL.

9. Induction

Immediately after the appointment, independent directors will be invited to attend an initial induction session and thereafter, ongoing training and familiarization sessions, including briefing from management and site visits. Please avail of these opportunities as fully as is appropriate to personal circumstances.

10. Evaluation

The Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis. The appointment and re-appointment on the Board shall subject to the outcome of the yearly evaluation process.

11. Independent Professional Advice

There may be occasions when independent directors consider that they need professional advice in furtherance of duties as a Director and it will be appropriate for independent directors to consult independent advisers at the Company's expense. The Company will reimburse the full cost of expenditure incurred in accordance with the Company's policy.

12. Disclosure of Interest and Annual Declarations

The Company must include in its Annual Accounts a note of any material interest that a director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed not later than when the transaction or arrangement comes up at a Board Meeting so that the minutes may record your interest appropriately and our records are updated. A general notice in Form MBP-1 under Section 184(1) of Companies Act, 2013 that independent directors are interested in any contracts with a particular person, firm or company is acceptable.

An annual declaration as required under Section 149(7) of the Companies Act, 2013 and the rules made thereunder and Listing Regulations shall be given. Besides these independent directors shall also provide the following disclosures as required under Companies Act, 2013 viz.,

a) Consent to act a Director in form DIR-2
b) Intimation in Form No.DIR-8 regarding no disqualification under Companies Act, 2013

13. Code of Conduct

During the tenure of appointment, independent directors are required to comply with the code of conduct adopted by the Board of Directors and to comply with Schedule IV of the Companies Act, 2013 and applicable clauses of the Listing Regulations, SEBI Rules and Regulations for prohibition of Insider trading and other related issued from time to time.

14. Termination

a) Independent Directors may resign from their position at any time and should independent directors wish to do so, are requested to serve a reasonable written notice on the Board.

b) Continuation of appointment of independent directors is in accordance with provisions of Companies Act, 2013, Rules made there under and the Articles of Association of the Company, from time to time in force.

c) The appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company and the provisions of the Companies Act, 2013 and rules made thereunder as amended.

15. Governing Law

The agreement of appointment is governed by and will be interpreted in accordance with Indian law and the engagement shall be subject to the jurisdiction of the Indian courts and the Courts in Kerala shall have exclusive jurisdiction.