

## K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED

### ANNEXURE TO TERMS OF APPOINTMENT OF INDEPENDENT DIRECTORS

#### TERMS OF REFERENCE OF VARIOUS COMMITTEES

##### 1. Audit Committee

The Audit Committee constituted in pursuance of section 177 of the Companies Act, 2013, shall consist of minimum of 3 directors with independent directors forming a majority. Majority of members of the Audit Committee including its Chairperson shall be persons with ability to read and understand the financial statements.

The Terms of Reference of the Audit Committee:

- a. The Committee has oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommends for appointment, remuneration and terms of appointment of auditors of the company.
- c. Approves payment to statutory auditors for any other services rendered by the statutory auditors.
- d. Reviews with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - ii. Changes, if any, in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. Significant adjustments made in the financial statement arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions
  - vii. Qualifications in the draft audit report.
- e. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- f. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- g. Review and monitor the auditor's independence and performance, and effectiveness of audit process.

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- h. Approval or any subsequent modification of transactions of the company with related parties.
- i. Scrutiny of inter-corporate loans and investments.
- j. Valuation of undertakings or assets of the company, wherever it is necessary.
- k. Evaluation of internal financial controls and risk management systems.
- l. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- m. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n. Discussion with internal auditors of any significant findings and follow up thereon.
- o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- p. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- q. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- r. To review the functioning of the Whistle Blower mechanism.
- s. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc, of the candidate.
- t. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**2. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee constituted in pursuance of section 178 of the Companies Act, 2013, shall consist of three or more non-executive directors out of which not less than one half shall be independent directors.

The terms of reference for this Committee include the following:

- ❖ Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment / removal, and shall carry out evaluation of every director's performance.

- ❖ Committee shall formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.
- ❖ Committee while formulating the policy, shall ensure:
  - i. the level and composition of remuneration is reasonable and sufficient to attract retain and motivate the directors of the quality required to run the company successfully.
  - ii. Relationship of remuneration to performance is clear and needs appropriate performance bench-marks and
  - iii. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

### **3. Stakeholders Relationship Committee:**

The Stakeholders Relationship Committee constituted in pursuance of section 178 of the Companies Act, 2013, shall consist of a Chairperson who shall be a non-executive director and such other members as may be decided by the Board.

The terms of reference encompasses:

- a. To approve requests for share transfers, transmissions, transpositions, dematerialization, split and duplicate shares.
- b. To review and take all necessary steps to redress investor's grievances and complaints as may be required in the interests of the investors.

### **4. Corporate Social Responsibility (CSR) Committee**

The CSR Committee constituted in pursuance of section 135 of the Companies Act, 2013, shall consist of three or more directors, out of which at least one director shall be an independent director.

The terms of reference for this Committee include the following:

- a. Formulate and recommend to the Board the CSR policy which shall indicate the activities to be undertaken by the Company as specified in Sch.VII.
- b. Recommend the amount of expenditure to be incurred on each activity.
- c. Monitor the CSR policy from time to time.
- d. The Board of Directors shall take into account the recommendations made by the CSR Committee, approve the CSR policy and disclosure contents of such policy in its report and also place it on the Company's website.
- e. The Board shall ensure that the activities as are included in CSR policy are undertaken by the Company.

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- f. The Company shall give preference to the local area(s) around it where it operates for spending the amount earmarked for CSR activities.
- g. If the Company fails to spend such amount, the Board shall in its report specify the reasons for not spending such amount.

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