



K.C.P. SUGAR AND INDUSTRIES CORPORATION LTD.

Regd. Office : "Ramakrishna Buildings", Post Box No. 727, No.239, (Old No.183), Anna Salai, Chennai - 600 006.
Ph : 044 2855 5171 to 5176 Fax : 044 2854 6617 E-mail : hr@kcpsugar.com, finance@kcpsugar.com
CIN - L15421TN1995PLC033198

<<DATE>>

Letter of Appointment

To

[.] Insert Name of Independent Director

[.] Insert Address

Dear Sir/ Madam,

Sub: Your Appointment as Non- Executive Independent Director of the Company under the Companies Act, 2013

At the outset, we are glad to propose you as an Independent Director in our Company and looking forward for your best part in the Board Process as an Independent Director.

Code for Independent Directors:

We are attaching herewith 'Code for Independent Directors' as set out in Schedule IV of the Companies Act, 2013 containing guidelines of professional conduct, roles, functions and duties of an Independent Director, for your perusal.

Given herein below is the **duty of a Director, in general** as per Section 166 of the Companies Act, 2013:

- (i) *Subject to the provisions of the Companies Act, 2013, a director of a company shall act in accordance with the articles of the company;*
- (ii) *A director of a company 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 interests of the company, its employees, the shareholders, the community and for the protection of environment;*
- (iii) *A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment;*
- (iv) *A director of a company shall not 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;*

◇ Leading Manufacturers of Premium Grade Sugars, Rectified Spirit, Anhydrous Alcohol, Extraneutral Alcohol, Co2, Calcium Lactate, Bio-Fertilizers, Bio-Compost and Mycorrhiza Inoculum.

Factories at - Vuyyuru, Krishna Dist., A.P. - 521 165. Tel : 08676 232001/02 Fax : 08676 232640
- Lakshmipuram, Krishna Dist., A.P. - 521 131. Tel : 08671 222046 Fax : 08671 222640

- (v) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company;
- (vi) A director of a company shall not assign his office and any assignment so made shall be void.

Liabilities of an Independent Director:

We are putting forth herein an outline of liabilities of an Independent Director in a Listed Company.

As per Section 2 (60) (vi) of the Companies Act, 2013, "every director, in respect of a contravention of any of the provisions of the said Act, who is aware of such contravention by virtue of the receipt by him of any proceedings of the Board or participation in such proceedings without objecting to the same, or where such contravention had taken place with his consent or connivance shall be considered to be an "officer who is in default", for the purpose of any provision in the said Act which enacts that an officer of the company who is in default shall be liable to any penalty or punishment by way of imprisonment, fine or otherwise."

As per Section 149 (12) of the Companies Act, 2013, an Independent Director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.

To explain further, read in consonance with Code for Independent Directors, the liability of an Independent Director is assumed only if any or all of the following point is triggered:

- (i) aware / has knowledge of such acts which is not in accordance with law or not in the interest of the Company or stakeholders (knowledge / aware – made known through Board Process or ought to have known by a prudent Independent Director);
- (ii) consented / connived / not objected to such acts;
- (iii) not acted diligently (No doubt, the diligence that is expected from an Independent Director is not the same as man of ordinary prudence but of independent director read in conjunction with 'Code for Independent Directors').

An Independent Director will not be held liable for day to day business / compliances of the Company. An Independent Director is expected to take part actively and independently in the Board Processes.

With this note, the liability of an Independent Director is not quantifiable upfront rather it is related and determinable to commission or omission of an act which is not in accordance with law.

Terms of Appointment:

(i) Appointment Process:

Initially you will be inducted as an Additional Director (Category: Independent) to the Board of Directors in the ensuing Board Meeting dated [Insert Date] and will hold office till the next Annual General Meeting of the Company. Thereafter, your appointment as an Independent Director for a period of 5 years will be proposed in the next Annual General Meeting and if approved by the Shareholders of the Company, you may have to serve as an Independent Director in the Company for the said period.

(ii) Remuneration:

As per policy of the Company, you will be entitled to a sitting fees of Rs.30,000/- for every Board Meeting attended and a commission of 1% of net profits of the Company, if any, equally divided among all the Independent Directors subject to a maximum of Rs.1.75 Lakhs in a financial year per Independent Director.

(iii) Code of Conduct:

The Company expects from its directors due compliance of Code of Conduct for the Members of Board of the Company and Code for Independent Directors (attached herewith) and other statutory requirements.

Consent / Declarations:

To proceed further, please accept and sign this Letter of Appointment and along with this also provide the following documents (format attached herewith), duly filled and signed as a matter of statutory compliance for our records:

- (i) Consent to act as Director in Form DIR – 2;
- (ii) Notice of Interest in Form MBP-1;
- (iii) Intimation of non- disqualification in DIR – 8;
- (iv) Declaration of Independence;
- (v) Code of Conduct for the Members of Board of the Company; and
- (vi) Code for Independent Directors.

Should you need any further clarifications, please feel free to contact us.

Thanking You,

Yours Truly,

For **K.C.P.Sugar and Industries Corporation Limited**

Sd/-

Managing Director