



KPB Nidhi Ltd.

Approved by Govt. of India-ESTD 1989

KPB Mandir, Sangeetha Sabha Road, Aluva-683101. Phone: 0484-2922000, 2922060

CIN: U65991KL1989PLC005448 headoffice@kpbnidhi.com, www.kpbnidhi.com

Sub: Appointment as Independent Director

We are pleased to inform you that upon the recommendation of the Nomination and Remuneration Committee, approval of the Board of Directors ('the Board') of M/S KPB Nidhi Limited ('the Company') and approval of shareholders of the Company at the Annual General Meeting held on, you are being appointed as an Independent Director on the Board of the Company.

This letter sets out the terms of your appointment.

Appointment

In accordance with the provisions of the Companies Act, 2013 and other applicable laws, you will serve as an Independent Director on the Board, subject to the approval of shareholders for a term up to 5 consecutive years from the date of your appointment and will be eligible for re-appointment on passing of a special resolution by the Company in the general meeting and disclosure of such appointment in the Board's Report.

The Independent Directors will serve for not more than two terms of five years each on the Board of the Company. However, such independent director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. The disengagement earlier than five years will be in accordance with the provisions of the Companies Act, 2013 or on mutually agreed terms.

Board Committees

As advised by the Board, during the tenure of office, you may be required to serve on one or more of the committees of the Board established by the Company.

Currently, the Board has four committees: Audit Committee, Nomination and Remuneration Committee (NRC), Stakeholders Relationship Committee (SRC) and Credit Committee. The Board is responsible for constituting, assigning, co-opting and fixing terms of service for committee members. The chairperson of the Board, in consultation with the company secretary and the committee chairperson, determines the frequency and duration of the committee meetings. Recommendations of the committees are submitted to the full Board for approval. The quorum for meetings is either two members of the committee or one-third of the members of the committee, whichever is higher.

3. Role and Duties

Your role and duties will be those normally required of an Independent Director under the Companies Act, 2013. The Board expects the independent director to follow the Code of Conduct for Independent Directors as laid down in Schedule IV of the Companies Act, 2013 during your tenure as Independent Director (Code of conduct as mentioned in the Companies Act, 2013 is enclosed as "Annexure A"). You are also expected to adhere to the Roles and Functions as well as the Duties of Independent Directors as laid down in Schedule IV of the Companies Act 2013 as well as those mentioned in the Act. There are certain duties prescribed for all Directors which are fiduciary in nature (Duties of Directors, as mentioned in the Companies Act, 2013 is enclosed as "Annexure B")

4. Status of Appointment

You will not be an employee of the Company and this letter shall not constitute a contract of employment. You will be paid remuneration by way of setting fees for attending meetings of the Board or its Committees thereof and in line with the applicable provisions of the Companies Act, 2013.

5. Reimbursement of Expenses

In addition to the remuneration described in paragraph 4 the Company will, for the period of your appointment, reimburse you for travel, hotel and other incidental expenses incurred by you, if any, in the performance of your role and duties.

6. Conflict of Interest

1. It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition to your appointment, you 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.
2. In the event that your 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 judgment that you are independent, this should be disclosed to the Board and the secretary.

7. Confidentiality

All information acquired during your appointment should be treated as confidential and should not be released, either during your appointment or following termination/vacation/retirement (by whatever means) to third parties unless required by law or by regulatory body.

8. Evaluation

The evaluation process shall be guided as prescribed under Schedule IV of the Companies Act, 2013 and the rules made under the Act.

9. Disclosure, other directorship and other interest

During the term of your appointment, you agree to promptly notify the Company of any change in your directorships, and provide such other disclosures and information as may be required under the applicable laws. You also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the Board. Please confirm that as on date of this letter, you have no such conflict of interest issues with your existing directorships. During your term, you agree to promptly provide a declaration under Section 149(7) and other applicable sections, if any, of the Companies Act 2013 every year and upon any change in circumstances within 15 days which may affect your status as an Independent Director. Also during the term of your appointment, you shall promptly intimate the Company of any change in address or other contact and personal details as provided to the Company.

10. Termination

1. You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice on the Board.
2. Continuation of your appointment is dependent on your getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company, from time to time in force.

11. Governing Law

This agreement is governed by and will be interpreted in accordance with Indian law and your engagement shall be subject to the jurisdiction of the Indian courts. Kindly confirm your acceptance of these terms by signing and returning to us the enclosed copy of this letter.

Yours sincerely

For and on behalf of M/s KPB Nidhi Limited

I hereby acknowledge receipt of and accept the terms set out in this letter.

Sign:

Name:

Date:

[Section 149(8) of the Companies Act 2013]**CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

- I. Guidelines of professional conduct: An independent director shall:
 - (1) uphold ethical standards of integrity and probity;
 - (2) act objectively and constructively while exercising his duties;
 - (3) exercise his responsibilities in a bona fide manner in the interest of the company;
 - (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
 - (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
 - (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
 - (7) refrain from any action that would lead to loss of his independence;
 - (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
 - (9) assist the company in implementing the best corporate governance practices.

- II. Role 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) scrutinise 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.

- III. Duties : The independent directors shall—
 - (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
 - (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
 - (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
 - (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;

- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure 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.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) 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 thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:
 - (a) the term of appointment;
 - (b) 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;
 - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - (d) provision for Directors and Officers (D and O) insurance, if any;
 - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
 - (f) the list of actions that a director should not do while functioning as such in the company; and
 - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) 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.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

- V. Re-appointment: The re-appointment of independent director shall be on the basis of report of performance evaluation.
- VI. Resignation or removal:
(1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
(2) 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.
(3) Where the company fulfils the requirement 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.
- VII. Separate meetings:
(1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
(2) All the independent directors of the company shall strive to be present at such meeting;
(3) The meeting shall:
(a) review the performance of non-independent directors and the Board as a whole;
(b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
(c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- VIII. Evaluation mechanism:
(1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Duties of Directors

Annexure B

Duties of Directors Section 166 of the Companies Act, 2013 lays down the duties of Director. Section 166 of the act is reproduced as under:-

- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) 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.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) 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.
- (5) 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.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.
- (7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.



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ADDENDUM TO INDEPENDENT DIRECTORS ELIGIBILITY CRITERIA

(Pursuant to Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014)

Dear Director, your appointment as Independent Director shall be subject to the following conditions laid down in Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, in addition to the terms mentioned in the letter of appointment.

Compliances required by a person eligible and willing to be appointed as an independent director.

(1) Every individual –

(a) who has been appointed as an independent director in a company, on the date of commencement of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, shall within a period of [thirteen **months**] from such commencement; or

(b) who intends to get appointed as an independent director in a company after such commencement, shall before such appointment, apply online to the institute for inclusion of his name in the data bank for a period of one year or five years or for his life-time, and from time to time take steps as specified in sub-rule (2), till he continues to hold the office of an independent director in any company:

Provided that any individual, including an individual not having DIN, may voluntarily apply to the institute for inclusion of his name in the data bank.

(2) Every individual whose name has been so included in the data bank shall file an application for renewal for a further period of one year or five years or for his life-time, within a period of thirty days from the date of expiry of the period upto which the name of the individual was applied for inclusion in the data bank, failing which, the name of such individual shall stand removed from the data bank of the institute:

Provided that no application for renewal shall be filed by an individual who has paid life-time fees for inclusion of his name in the data bank.

(3) Every independent director shall submit a declaration of compliance of sub-rule (1) and sub-rule (2) to the Board, each time he submits the declaration required under sub-section (7) of section 149 of the Act.

(4) Every individual whose name is so included in the data bank under sub-rule (1) shall pass an online proficiency self-assessment test conducted by the institute within a period of [Two years from] the date of inclusion of his name in the data bank, failing which, his name shall stand removed from the databank of the institute:

(5) Any individual whose name has been removed from the databank under sub-rule (4), may apply for restoration of his name on payment of fees of one thousand rupees and the institute shall allow such restoration subject to the following conditions, namely :-

(i) his name shall be shown in a separate restored category for a period of one year from the date of restoration within which, he shall be required to pass the online proficiency self-assessment test and thereafter his name shall be included in the databank, only, if he passes the said online proficiency self-assessment test and in such case, the fees paid by him at the time of initial registration shall continue to be valid for the period for which the same was initially paid; and

(ii) in case he fails to pass the online proficiency self-assessment test within one year from the date of restoration, his name shall be removed from the data bank and he shall be required to apply afresh under sub-rule (1) for inclusion of his name in the databank.

[Provided that an individual shall not be required to pass the online proficiency self-assessment test when he has served for a total period of not less than three years as on the date of inclusion of his name in the data bank,-

(A) as a director or key managerial personnel, as on the date of inclusion of his name in the databank, in one or more of the following, namely:-

(a) listed public company; or

(b) unlisted public company having a paid-up share capital of rupees ten crore or more; or

(c) body corporate listed on any recognized stock exchange or in a country which is a member State of the Financial Action Task Force on Money Laundering and the regulator of the securities market in such member State is a member of the International Organization of Securities Commissions; or

(d) bodies corporate incorporated outside India having a paid-up share capital of US\$ 2 million or more; or

(e) statutory corporations set up under an Act of Parliament or any State Legislature carrying on commercial activities; or

(B) in the pay scale of Director or above in the Ministry of Corporate Affairs or the Ministry of Finance or Ministry of Commerce and Industry or the Ministry of Heavy Industries and Public Enterprises and having experience in handling the matters relating to corporate laws or securities laws or economic laws; or

(C) in the pay scale of Chief General Manager or above in the Securities and Exchange Board or the Reserve Bank of India or the Insurance Regulatory and Exchange Board or the Reserve Bank of India or the Insurance Regulatory and Development Authority of India or the Pension Fund Regulatory and Development Authority and having experience in handling the matters relating to corporate laws or securities laws or economic laws :

Provided further that for the purpose of calculation of the period of three years referred to in the first proviso, any period during which an individual was acting as a director or as a key managerial personnel in two or more companies or bodies corporate or statutory corporations at the same time shall be counted only once.

Explanation: For the purposes of this rule,-

(a) the expression “institute” means the ‘Indian Institute of Corporate Affairs at Manesar’ notified under sub-section (1) of section 150 of the Companies Act, 2013 as the institute for the creation and maintenance of data bank of Independent Directors;

(b) an individual who has obtained a score of not less than [fifty percent] in aggregate in the online proficiency self-assessment test shall be deemed to have passed such test;

(c) there shall be no limit on the number of attempts an individual may take for passing the online proficiency self-assessment test.

Provided also that the following individuals, who are or have been, for atleast ten years :

(A) an Advocate of a court; or

(B) in practice as a Chartered Accountant; or

(C) in practice as a cost accountant; or

(D) in practice as a company secretary.

Shall not be required to pass the online proficiency self- assessment test.

CHAIRMAN

(DIN: 06817818)