

Dear Mr / Ms

**Sub: Your appointment as an Independent Director on the
Board of Directors of ACC Limited (the Company)**

We are pleased to inform you that the ACC Board, at its meeting held on _____ has appointed you as an Independent Director of the Company for a period of _____ years commencing from _____. The said appointment is subject to the approval of the Members of the Company in general meeting.

The Board of Directors has also appointed you on the following Committees of the Board.

I am requesting the Managing Director & CEO to take you through an induction programme which will give you an overarching perspective of the Cement Industry and a detailed briefing on the Company, its organizational set up, working and the business.

As an Independent Director you hold a fiduciary duty, to use the best of your skill and ability to safeguard the interest of the Company, ensure higher standards of governance, aspire to fulfill the aspirations of stakeholders. and to share your valuable time and expertise so as to enable the Company to strive for profitable growth. The role, function and duties expected from an Independent Director are set out in Schedule IV of the Companies Act, 2013. Additionally, independent directors are also bound by the duties imposed on the Board and directors under Section 166 of the Companies Act, 2013 (including actions a director should not do whilst functioning as such in the Company) and Clause 49(I)(D) of the revised Listing Agreement (effective from October 01, 2014). The relevant regulatory provisions are extracted and enclosed as Annexure A. The ACC Code of Business Conduct will also apply to you. *A copy of the same will be provided to you by the Company Secretary and Head Compliance along with a detailed letter on the compliances required of you as an Independent Director under various provisions of the Companies Act 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.* .

As an Independent Director, you shall be liable for acts of omission or commission by ACC which occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you did not act diligently.

I may inform you that sitting fees are being paid to the Directors for every meeting of the Board or a Committee thereof attended by them based on the Committee/s on which they have been appointed as members. Presently sitting fees paid to the Directors for every meeting of the Board or a Committee thereof attended by them are as under:

- (i) For attending meetings of the Board Meetings/Audit Committee - ` 50,000/- for each Meeting of the Board / Audit Committee;

- (ii) For attending other Committee Meetings (excepting CSR Committee) –
Rs. 30,000/- per Committee for each meeting attended by the Director.

For your information we may inform you that the CSR Committee has determined not to accept sitting fees.

The Non-Executive Directors are also paid a commission on an annual basis as may be decided by the Board subject to a maximum of 1% of the net profit of the Company (calculated in the manner referred to in Section 198 of the Companies Act 2013) for giving their time and expertise for the business of the Company.

The Company Secretary & Head Compliance will be in touch with you to assist you with regard to the various compliance required from you under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

I look forward to a fruitful interaction and for your valuable support to the ACC Board.

With best regards

Yours sincerely

N S Sekhsaria
Chairman

contd. -Annexure to the letter dated _____

Section 166 of the Companies Act 2013 - Duties of Director

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 the environment.
3. A Director of a Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgement.
4. A Director of the 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 lakhs.

SCHEDULE IV

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment 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) 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.

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 behavior, 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 formalized 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) 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.

Clause 4 (f) of the SEBI (Listing Obligations & disclosure Requirements) Regulations 2015

Responsibilities of the Directors

1. Disclosure of Information

- a. Members of the Board should be disclose to the Board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.

In case of any potential conflict of interest a Director shall make full disclosure of all facts and circumstances of the matter at the earliest and shall act in a manner such as to ensure that the interest of the Company is protected.

- b. Members of the Board should conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision-making.

A director is expected to apply highest standard of confidentiality and not disclose to any person confidential information concerning the Company which he may have acquired in his capacity as a Director of the Company, whether during his appointment on the Board or after he ceases to be a Director of the Company.

2. Key functions of the Board of Directors

The Board of Directors should fulfill certain key functions, including:

- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- b. Monitoring the effectiveness of the company's governance practices and making changes as needed.
- c. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- d. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
- e. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- g. Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- h. Overseeing the process of disclosure and communications.
- i. Monitoring and reviewing Board Evaluation framework.

3. Other responsibilities

- a. The Board should provide the strategic guidance to the company, ensure effective monitoring of the management and should be accountable to the company and the shareholders.
- b. The Board should set a corporate culture and the values by which

- executives throughout a group will behave.
- c. Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.
 - d. The Board should encourage continuing directors training to ensure that the Board members are kept up to date.
 - e. Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly.
 - f. The Board should apply high ethical standards. It should take into account the interests of stakeholders.
 - g. The Board should be able to exercise objective independent judgement on corporate affairs.
 - h. Boards should consider assigning a sufficient number of non-executive Board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
 - i. The Board should ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognized or exposes the company to excessive risk.
 - j. The Board should have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the company's focus.
 - k. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.
 - l. Board members should strive to attend Meetings of the Board and of Committees of the Board on which they are Members and shall commit themselves effectively to their responsibilities.
 - m. In order to fulfill their responsibilities, board members should have access to accurate, relevant and timely information.
 - n. The Board and senior management should facilitate the Independent Directors to perform their role effectively as a Board member and also a member of a committee