

## **FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

### **1. Preamble**

The enactment of the Companies Act, 2013 (the Act, 2013) has brought to the fore a number of provisions which will help the directors and the companies to ensure better corporate governance.

In keeping with the overarching need to synthesize corporate laws, the Equity Listing Agreement has also been revised such that Clause 49 (II) (B) (7) provides that companies should conduct “training programs” for the independent directors so as to provide insights about the background of the company, their roles, responsibilities etc. on September 15, 2014, the Revised Clause 49 has changed the nomenclature of the said training program to “familiarisation program” keeping the other provisions intact. This requirement was part of the “non-mandatory requirements” of the erstwhile Clause 49 of the Equity Listing Agreement. The same have now been made compulsory in the revised Clause 49 which came into effect from October 1, 2014.

SEBI has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) on September 2, 2015. It comes into effect from 1<sup>st</sup> December, 2015. With the coming into effect of Listing Regulation, the existing Listing Agreement has become inoperative and repelled.

### **2. Applicability of requirement to training of directors or familiarization program**

In accordance with the requirements of provisions of Regulation 25 (7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule IV of the Companies Act, 2013, Keerthi Industries Limited (the “Company”) has introduced a programme to familiarize the Independent Directors with the Company, their roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. (the “Programme”).

### **3. Purpose**

The Programme aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

### **4. Objective**

- a) To enable them to understand the Company and the industry and business environment it operates in.
- b) To enable them to understand their roles and responsibilities.
- c) To keep the Independent Directors updated on an ongoing basis about the significant changes which occur concerning the Company or its industry and business environment so that they are in a position to take well-informed decisions at appropriate time.

### **5. Familiarization Process**

- 1)
  - a) At the time of induction of the newly appointed Independent Director (ID), he/she is apprised adequately about the Company, its latest financial statements and their analysis, its business model, Industry scenario, competition, significant recent developments and also the Board processes by the Chairman and Managing Director, the Chief Financial Officer, the Company Secretary and the Senior Management. In addition, following documents is given to the ID:

- Latest Annual Report of the Company;
  - Copy of Code of Conduct for Prevention of Insider Trading Regulations;
  - Copy of Code of Conduct as per Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - Copy of Vigil Mechanism/Whistle Blower Policy;
  - Copy of Risk Management Policy;
  - Copy of Corporate Social Responsibility Policy;
  - Copy of Policy on Related Parties Transactions;
  - Copies of Remuneration Policy, Board Diversity Policy and Board Succession Policy;
  - Copy of Policy for Determining Material Subsidiaries;
  - Copies of Policy for Determination of Materiality of Events, Policy for Preservation of Documents and Archival Policy.
- 2) As a part of the process of induction of the ID, his/her visit to the factories of the Company located at different places are also arranged. The ID is given an overview of the plant operations, the organization structure and key team members. He/she is also briefed about the various important raw materials, production processes, finished goods, principal suppliers, customers, utilities, safety, health environment and applicable laws etc.
  - 3) In every Board meeting, a detailed report on business performance, significant operational issues, strategy and growth plans relating to Company shall be placed and explained or presented by the Chief Financial Operator (CFO) / Unit Head(s) of the Company.
  - 4) The presentations also provide an opportunity to the Independent Directors to interact with the senior team of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management.
  - 5) At every meeting of the Board, presentations are also made covering performance of the different businesses, financial analysis, financial position including liquidity, borrowings and investments, financial projections, significant changes in applicable laws and regulations, if any and operational/strategic issues of importance.
  - 6) Board members are updated about the statutory amendments from time to time.

## **6. Review of the Programme**

The Programme will be conducted on an "as needed" basis during the year and will be reviewed by the Board from time to time to make necessary revisions.

## **7. Disclosure of the Programme**

The Programme shall be uploaded on the Company's website for public information and a web link for the same shall also be provided in the Annual Report of the Company.

### **Details of familiarization program held during the year 2015-2016**

Topic: Recent amendments in statutory laws having bearing on duties and obligation of IDs

Venue: D/No 1-1-651/B, Gandhi Nagar, Hyderabad, 500080.

Time: 11.30 to 12.30