

## **Kalpataru Power Transmission Limited**

(Following are the material terms and conditions for appointment of Independent Directors of the Company and Specimen letter of appointment)

### **Sub: Appointment as an Independent Director of Kalpataru Power Transmission Limited (the Company)**

We are pleased to confirm that upon the recommendation of the Board, shareholders of the Company at the annual general meeting held on 27th September, 2014, has approved your appointment as Independent Director on the Board of Kalpataru Power Transmission Limited (**the “Company”**). We are glad to welcome you on Board of the Company. This letter sets out the major terms of your appointment pursuant to the requirements of Section 149 and Schedule IV of the Companies Act, 2013.

1. Your appointment is considered as an Independent Director and will be identified as such in the annual report and other documentation. Your appointment is pursuant to applicable provision of the Companies Act 2013 and Listing Agreements with the National Stock Exchange of India Ltd. and BSE Ltd. The Appointment is subject to Companies Act 2013, Listing Agreements, Memorandum and Articles of Association of the Company, as may subsist from time to time.

You appointment as an Independent Director is for a term of 5 years w.e.f. 1st April, 2014.

2. Independent Director will require to make a declaration at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect the status as an independent director, stating that you meet the criteria of independence as prescribed under the provisions of the Companies Act, 2013.
3. Independent Director shall adhere to the following guidelines of professional conduct:
  - a) uphold ethical standards of integrity and probity;
  - b) act objectively and constructively while exercising your duties;
  - c) exercise your responsibilities in a bona fide manner in the interest of the company;
  - d) devote sufficient time and attention to your professional obligations for informed and balanced decision making;
  - e) not allow any extraneous considerations that will vitiate your 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;
  - f) not abuse your 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;

- g) refrain from any action that would lead to loss of your independence;
- h) where circumstances arise which make you to lose your independence, you must immediately inform the Board accordingly;
- i) assist the company in implementing the best corporate governance practices.

4. Independent Director's role and functions as independent director shall:

- a) 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;
- b) bring an objective view in the evaluation of the performance of board and management;
- c) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- d) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e) safeguard the interests of all stakeholders, particularly the minority shareholders;
- f) balance the conflicting interest of the stakeholders;
- g) 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;
- h) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
- i) as may be prescribed under the Companies Act, 2013 and Listing Agreement, as may be amended and for the time being in force.

5. Independent Director 's duties as an independent director shall:

- a) undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the company;
- b) 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;
- c) strive to attend all meetings of the Board of Directors and of the Board committees of which you are a member;
- d) participate constructively and actively in the committees of the Board in which you are chairman or member;
- e) strive to attend the general meetings of the company;
- f) where you 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;
- g) keep yourself well informed about the company and the external environment in which it operates;

- h) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
  - i) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure yourself that the same are in the interest of the company;
  - j) 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;
  - k) report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
  - l) acting within the authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
  - m) 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.
  - n) as may be prescribed under the Companies Act, 2013 and Listing Agreement, as may be amended and for the time being in force.
6. The tasks Independent Director are required to perform as an independent director at committees of the board is as per the terms of reference approved by the Board of the Company from time to time.
7. Independent Director's fiduciary obligations as independent director are:
- a) You must demonstrate loyalty to the company's shareholders at all times.
  - b) You must exercise due diligence in making decisions, discover as much information as possible with due application of mind and objective, unbiased reasoning, so that independent judgment which is in the best interest of the company and its shareholders can be taken.
  - c) You must disclose to the company, the board of material facts and circumstances relevant to conflicted transactions so that informed decisions is possible.
8. Company has already taken Directors and Officers (D & O) insurance policy. This policy covers your liabilities as an independent director of the company.
9. Code of business ethics which is required to be followed by directors of the company is attached with this letter.
10. Independent Director will be entitled to sitting fees for attending Board Meetings and committee meetings, as determined by the Board.
11. Independent Director will be entitled to reimbursement of actual out of pocket exp. incurred for attending the board meeting, committee meeting and for all official work of the company which you are require to perform as an independent director of the company.

12. Independent Director shall not be entitled to any stock option as provisions of the Companies Act, 2013 clearly prohibits giving stock option to the independent directors of the company.
13. Pursuant to the provisions of section 197 and other applicable provisions of the Companies Act, 2013 a sum not exceeding 1% per annum of the net profits of the company calculated in accordance with the provisions of section 198 of the Companies Act, 2013 be paid to and distributed amongst the directors other than the Managing Director and Whole-time Director of the company or some or any of them in such amount or proportions and in such manner and in all respect as may be decided and directed by the board, subject to applicable provisions of the Companies Act 2013 and shareholders' approval.

Such payments shall be made in respect of the profits of the company for each financial year commencing from 1<sup>st</sup> April, 2014.

The above remuneration shall be in addition to the fees payable to you for attending the meetings of the board or committee thereof or for any other purpose whatsoever as may be decided by the board and reimbursement of expenses for participation in the board and other meetings.

14. Your re-appointment as independent director shall be on the basis of report of performance evaluation. Your performance evaluation shall be done by the entire Board of Directors excluding you at such intervals as may be decided by the Nomination and Remuneration Committee and the Board.
15. Independent Directors of the company are require to hold at least one meeting in a year, without the attendance of non-independent director and members of management to:
  - a) review performance of non-independent directors and board as a whole
  - b) review the performance of the Chairman 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.
16. Independent Director shall not buy in the company or any of its subsidiary or associate company—
  - a) a right to call for delivery or a right to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures; or
  - b) a right, as you may elect, to call for delivery or to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures.
17. Independent Director shall not be entitled to appoint any person as alternate

director unless he is qualified to be appointed as independent director under the provisions of the Companies Act, 2013.

You are requested to acknowledge the copy of this letter as acceptance of terms and conditions stated above.

Thanking You

Yours faithfully,  
**For Kalpataru Power Transmission Limited**

**Mofatraj P. Munot**  
**Chairman**