

August, 2014

[Name of independent director]

[Address]

Dear Sir,

Re: Your appointment as the Independent Director of the Company

**TD Power Systems Limited**  
(CIN -L31103KA1999PLCO25071)

REGISTERED OFFICE & FACTORY:  
27, 28 and 29, KIADB Industrial Area  
Dabaspet, Nelamangala Taluk  
Bengaluru Rural District  
Bengaluru – 562 111 India

Tel +91 80 229 95700 / 6633 7700  
Fax +91 80 7734439 / 2299 5718  
Mail [tdps@tdps.co.in](mailto:tdps@tdps.co.in)

[www.tdps.co.in](http://www.tdps.co.in)

We are pleased to advise you that at the Annual General Meeting held on 12 August 2014, Shareholders have approved your appointment as an Independent Director of the Company to hold office for five consecutive years for a term upto March 31, 2019.

This letter of appointment sets out the terms and conditions covering your appointment which are as follows:

**A. Appointement**

1. Your appointment as Independent Director shall be for five consecutive years for a term upto March 31, 2019 (i. e. from April 1, 2014 to March 31, 2019).
2. The term Independent Director should be construed as defined under the Companies Act, 2013 and the Listing Agreement.
3. In terms of the provisions of the Companies Act, 2013(the 'Act') and the Listing Agreement, Independent Directors will serve for not more than two terms of five years each on the Board of the Company.
4. You will not be an employee of the Company and this letter shall not constitute a contract of employment. Accordingly, your appointment shall be in a Non-Executive capacity (Non-executive Independent Director)
5. So long as you are Independent Director of the Company:
  - (a) the number of companies in which you hold office as a Director or a Chairman or Committee member will not exceed the limit stipulated under the Act and the Listing Agreement.
  - (b) you will ensure that you do not get disqualified to act as a Director pursuant to the provisions of section 164 of the Act.
  - (c) you will ensure compliance with other provisions of the Act and the Listing Agreement as applicable to you as an Independent Director.

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6. 1. You will submit a declaration in the beginning of every financial year under section 149 (7) of the Act during your tenure stating that you meet the criteria of independence.

6.2 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 both the Chairman and the Secretary.

## 7. Committees

The Board of Directors [the Board) may, if it deems fit, invite you for being appointed on one or more existing Board Committees or any such Committee that is set up in the future. Your appointment on such Committees will be subject to the applicable regulations.

## **B. Time Commitment**

You will be expected to attend Board, Board Committees to which you may be appointed and Shareholders meetings and to devote such time to your duties, as appropriate for you to discharge your duties effectively.

By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations from your role to the satisfaction of the Board.

## **C. Role and Duties**

Your role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the Listing Agreement.

As an Independent Director, your duties which are fiduciary in nature are as under:

- Act in accordance with the Company's Articles of Association.
- 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 interest of the Company.
- Discharge duties with due and reasonable care, skill and diligence.
- not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company. Please refer to clause A (6.2) in this regard.
- shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.

- not assign your office as Director and any assignments so made shall be void.

In addition to the above requirements applicable to all Directors:

- You will abide by the Code of Ethics and Business Principles to the extent applicable to an Independent Director of the Company as set out separately in **Annexure-1**.
- You will abide by the Guidelines of professional conduct, Role, Function and Duties as an Independent Director as provided in Schedule IV of the Companies Act, 2013 set out at **Annexure-2** hereto.
- You will not hold office as a Director or any other office in a competing firm/entity. **[Note: This is a proposed addition and not provided for under the Act or equity listing agreement]**
- You are expected to stay updated on how best to discharge your roles, responsibilities, and duties and liabilities, as an Independent Director of the Company under applicable law, including keeping abreast of current changes and trends in economic, political, social, financial, legal and corporate governance practices.
- You are expected to:
  - (a) take decisions objectively and solely in the interests of the Company;
  - (b) facilitate Company's adherence to high standards of ethics and corporate behavior;
  - (c) guide the Board in monitoring the effectiveness of the Company's governance practices and to recommend changes, required if any;
  - (d) guide the Board in monitoring and managing potential conflicts of interest of management, Board members and stakeholders, including misuse of corporate assets and abuse in related party transactions;
  - (e) guide the Board in 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.

#### **D. Performance Evaluation**

As prescribed under Schedule IV of the Act, your appointment and re appointment on the Board shall be subject to a performance evaluation to be carried out by the Board.

#### **E. Remuneration & Reimbursements**

1. You will be paid remuneration sitting fees for attending each meeting of the Board and its committees as may be determined by the Board from time to time.
2. Pursuant to applicable law, you will not be entitled to any stock options.
3. You will be entitled to reimbursement of expenses incurred by you in connection with attending the Board Meetings, Board Committee Meetings, General Meetings and in relation to the business of the Company towards hotel accommodation, travelling and other out-of-pocket expenses.

#### **F. Insurance**

The Company has Directors' and Officers' liability insurance cover, which it intends to assume and maintain for the full term of your appointment. The copy of the policy can be furnished on request.

#### **G. Training**

You will be entitled to the benefit of a training program to familiarize you with the business and affairs of the Company, growth plans, the peculiarities of the industry in which the Company operates its goals and expectations and long term plans and objectives.

***[Note: The above clause has been inserted pursuant to clause 49 of the equity listing agreement.]***

#### **H. Confidentiality**

1. You will have access to confidential information, whether or not the information is marked or designated as "confidential" or "proprietary", relating to the Company and its business including legal, financial, technical, commercial, marketing and business related records, data, documents, reports, etc., client information, intellectual property rights (including trade secrets), ("**Confidential Information**").
2. You shall use reasonable efforts to keep confidential and to not disclose to any third party, such Confidential Information.
3. If any Confidential Information is required to be disclosed by you in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be, to the extent possible, with the prior consent of the Board.

#### **I. Termination**

- 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.

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- Continuation of your appointment is contingent 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. You will not be entitled to compensation if the shareholders do not re-elect you at any time.
- Your appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

**J. 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.

If you are willing to accept these terms of appointment relating to your appointment as a non-executive Independent Director of the company, kindly confirm your acceptance of these terms by signing and returning to us the enclosed copy of this letter.

Yours sincerely

Chairman  
For and on behalf of TD Power Systems Limited

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

Signed \_\_\_\_\_ .

Dated .....



**TD POWER SYSTEMS LIMITED**

Corporate Identity Number (CIN): L31103KA1999PLC025071  
Regd. Office: # 27, 28& 29, KIADB Industrial Area, Dabaspet,  
Nelamangala Taluk, Bengaluru Rural District, Bengaluru- 562 111  
Tel. No.: + 91 80 22995700, Fax: + 91 80 7734439  
Email- [investor.relations@TDPS.co.in](mailto:investor.relations@TDPS.co.in), [tdps@tdps.co.in](mailto:tdps@tdps.co.in)  
Website: [www.tdps.co.in](http://www.tdps.co.in)

**CODE OF BUSINESS CONDUCT AND ETHICS**

**TD Power Systems Limited's** ("We", "Our", or the "**Company**") commitment to ethical and lawful business conduct is not only critical to the Company's success, but also a fundamental shared value of its Board of Directors (the "**Board**"), senior management personnel and employees. Our standards for business conduct provide that, we will uphold ethical and legal standards vigorously, as we pursue our financial objectives and the Company, the Board and senior management personnel will not compromise honesty and integrity.

Consistent with these principles, the Board has adopted this Code of Business conduct and Ethics (the "**Code**") as a guide to the high ethical and legal standards expected of its Board and its senior management personnel.

The members of the Board and senior management personnel of the Company acknowledge and accept:

- i. the responsibility to carry out their duties in an honest and businesslike manner and within the scope of their authority, as set forth in the general laws of the land where they operate and in the Memorandum of Association and Articles of Association of the Company, Corporate Governance Guidelines; and
- ii. that they are entrusted with and responsible for the oversight of the assets and business affairs of the Company in an honest, fair, diligent and ethical manner, and with the duty to make and enact informed decisions and policies in the best interests of the Company and its stakeholders.

Accordingly, the Board has adopted this Code and the Directors and senior management personnel are expected to adhere to the standards of loyalty, good faith, and the avoidance of conflict of interest that follow.

In performing their daily duties, the Directors/senior management personnel will:

1. Act ethically, diligently, openly, honestly, in good faith and with integrity;

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2. Act in the best interests of, and fulfill their fiduciary obligations to the Company and its stakeholders;
3. Act in good faith, responsibly, and with due care, competence and diligence, without allowing their independent judgment to be subordinated;
4. Dedicate their best efforts to advancing the Company's interests and act in a manner that will enhance and maintain the reputation of the Company;
5. Abide by all applicable laws and regulations, confidentiality obligations and specially with the Company's Insider Trading Rules;
6. Become and remain familiar with the Company's business and the economic and competitive environment in which it operates and understand its principal business plans, strategies and objectives; operations results and financial condition and relative marketplace position;
7. Conduct themselves in a professional, courteous and respectful manner;
8. Be aware of and comply with all applicable laws, rules and regulations that govern the conduct of the business in all jurisdictions where the Company operates;
9. Commit the time necessary to prepare for, attend (in person or as appropriate) and actively participate in regular and special meetings of the Board/ senior management or other meetings on which they serve/attend;
10. Disclose potential conflicts of interest that they may have regarding any matters that may come before the Board, and abstain from discussion and voting on any matter in which the Director/Senior Manager has or may have a conflict of interest;
11. Discharge their duties, as members of the Board and of any Board Committees on which they serve or as senior management personnel in accordance with their good faith business judgment and in the best interests of the company and its stakeholders;
12. Inform the Chairman of the Board of changes in their employment, other board positions, relationships with other business, charitable, and governmental entities, and other events, circumstances or conditions that may interfere with their ability to perform their duties or impact the Board's assessment of whether they meet the independence requirements;
13. Maintain the confidentiality of all material non-public information about the Company, its business and affairs;
14. Make available to and share with fellow Directors and senior management personnel information as may be appropriate to ensure proper conduct and sound operation of the Company;
15. Not enter into, without the prior approval of the disinterested members of the Board, any transaction or relationship with the Company in which they will have a financial or personal interest (either directly or indirectly, such as through a family member or other person or

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organization with which they are associated), or any transaction or situation which otherwise involves a conflict of interest;

16. Not use confidential information acquired in the course of their service as Directors or senior management personnel for their personal advantage.
17. Provide leadership in advancing the Company's vision, values and guiding principles; and
18. Respect the confidentiality of information relating to the affairs of the Company acquired in the course of their service as Directors, except when authorized or legally required to disclose such information.
19. Safeguard and properly use Company assets and resources, as well as assets of other organizations that have been entrusted to the Company.
20. Never request gifts, entertainment or any other business courtesies from people doing business with the Company (including suppliers, customers, competitors, contractors and consultants).

#### **Annual Confirmation**

All Directors and senior management personnel will annually on or before March 31 of every year or such other date as may be determined in this regard sign a confirmation that they have read and will comply with this Code.

#### **Non - compliance**

Suspected violations of this Code must be reported to the Chairman of the Board or the Chairman of the Audit Committee. All reported violations will be appropriately investigated. Directors who violate this Code may be subject to sanctions, up to and including a request to resign as Director or the Board's seeking removal of the Director, where permitted by applicable law.

#### **Waivers and amendments**

The Company is continuously reviewing and updating all its policies and procedures and therefore this Code is subject to modification. The Board must approve any amendment or waiver of any provision of this Code in writing.

**Bangalore  
February 18, 2011**

**TD Power Systems Limited**



**Guidelines of professional conduct, Role, Function and Duties as an independent director (As provided in Schedule IV of the Companies Act)**

**Guidelines for Professional conduct:**

1. uphold ethical standards of integrity and probity;
2. act objectively and constructively while exercising their duties;
3. exercise their responsibilities in a bona fide manner in the interest of the Company;
4. devote sufficient time and attention to their professional obligations for informed and balanced decision making;
5. not allow any extraneous considerations that will vitiate their 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 their 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 their 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.

**Role and functions:**

1. Assist 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 yourself on the integrity of financial information and that financial controls and 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.

**Duties:**

1. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
2. Undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company.
3. 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.
4. Strive to attend all meetings of the Board including a Separate meeting of the independent director and of the Board committees of which you are a member.
5. Participate constructively and actively in the committees of the Board in which you are chairperson or member.
6. Strive to attend the general meetings of the Company.
7. 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 your concerns are recorded in the minutes of the Board meeting.
8. Keep yourself well informed about the Company and the external environment in which it operates.
9. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
10. 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.
11. 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.
12. Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
13. Acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.
14. 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.

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