



Date [\*]

Dear [\*]

**Sub: Appointment as Non-Executive Independent Director**

We are pleased to inform you on behalf of the Board of Directors of Triveni Engineering & Industries Ltd. (“**Board**”) that upon the recommendation of Nomination & Remuneration Committee, the Board and the shareholders have at their respective meetings held on [\*] and [\*] August 6, 2014, approved your appointment as an Independent Director of the Company (under the provisions of Section 149 of the Companies Act, 2013 (“**Act**”) read with rules framed there under and the Listing Agreement entered into between the Company and the Stock Exchanges and all other provisions as may be applicable from time to time).

The Board took on record, your consent to act as Director, declaration under Section 149 of the Act stating that you meet the criteria of the appointment as an Independent Director and disclosure of your interest in the prescribed form.

Your appointment is being formalised through this letter of appointment which shall neither be treated as contract of services nor a contract of employment.

**1. Terms of Appointment**

In accordance with the provisions of applicable laws, you will serve as an Independent Director for a term upto [\*]. You shall not be liable to retire by rotation as per the relevant provisions of the Act. This tenure is subject to your meeting the criteria for becoming an Independent Director and not being disqualified to be a Director under the applicable regulations.

**2. Appointment on the Board level Committees**

Board committees are constituted for facilitating the effective decision-making by the Board. During your tenure, you may be nominated on one or more committees of the Board and in such event you will be provided with the relevant Committee’s terms of reference, and any specific responsibilities, if not provided earlier.

**3. The expectations of the Board from appointment**

- (a) It is expected that you will commit to time and attention as necessary for the effective discharge of your professional obligations as an independent director and strive to attend all the scheduled board meetings, general meetings including annual general meetings, meetings of the Board’s committees, of which you are a member and meeting of the independent directors.

- (b) You will be expected to provide guidance and advice in the area of your expertise in the functioning of the Board and the committees of the Board you have been/may be nominated from time to time.
- (c) It is expected that you will observe the highest standard of confidentiality and not disclose to any person or company (whether during the course of your appointment or at any time after cessation) any confidential information concerning the Company and any group companies which may be in your knowledge or possession or accessible to you by virtue of your position as an Independent Director of the Company.

#### **4. Role, functions and responsibilities**

The duties and liabilities that come with your appointment would be as per the applicable laws, company's policies and its articles of association. The laws that currently govern the duties, obligations and liabilities of an independent director are the Companies Act 2013 (including the rules framed there under) and the Listing Agreement with the Stock Exchanges as amended from time to time.

Your role, functions and responsibilities as an Independent Director are to the Company and, you are expected to fulfill and perform the same in a professional and faithful manner and shall act at all times in the best interests of the Company, exercising your independent judgment on all matters.

You shall also abide by the "Code for Independent Directors" as laid down in Schedule IV to the Act, which is enclosed as Annexure I.

During the term, you are required to make disclosure of your interest/concern in other companies, firms etc. and in any of the contracts or arrangements. You agree to promptly notify the Company of any change in your directorships etc and provide such other disclosures and information as may be required under the applicable laws.

To familiarize you with the Company's business and operations, the Company will make available and / or conduct training sessions from time to time in understanding the business model of the Company as well as the risk profile of the business parameters of the Company. You are also expected to keep yourself well informed about the Company and the external environment in which it operates. The Company will also be conducting a training programme for all the directors to ensure they understand their responsibilities as directors, the best ways to discharge them and the basis for understanding financial statements and related documents.

#### **5. Directors and Officers Liability Insurance**

The Company provides all its directors with, and pays the premiums for, Directors and Officers Liability insurance cover, while acting in their capacities as directors and intends to maintain the cover for the full term of your appointment.

#### **6. Actions that a Director should not do while functioning as such in the Company**

You shall not breach any of the terms and conditions pertaining to Independent Director as mentioned in the applicable laws from time to time. Further, you will not, without the consent of the Board, which shall not be withheld unreasonably, be engaged or interested in

any capacity in any business or with any company which is, in the reasonable opinion of the Board, competitive with the business of the Company or any of its affiliates. In the event that you become aware of any potential conflicts of interest, these should be disclosed to the chairperson and to the company secretary of the Company as soon as possible.

## **7. Code of Business Conduct and Prohibition of Insider Trading**

You are expected to follow Triveni's Code of Conduct for business ethics for its directors and senior management and Insider Trading Code, as amended by the Board from time to time. A copy each of the Code of Conduct for business ethics and Code on Insider Trading is being provided to you for your information.

You will furnish an annual/periodical affirmation/disclosure in writing about the compliance under the respective Code of the Company.

You should not make any statement that might risk a breach of these requirements without prior clearance from the Chairman and Company Secretary.

## **8. Remuneration**

As an Independent Director, you are entitled for sitting fees for attending each meeting of the Board or Committee thereof, of which you are/may be a member, as decided by the Board from time to time.

You shall also be eligible for receipt of profit related commission on annual basis as may be approved by the members & the Board on the recommendations of the Nomination & Remuneration Committee in accordance with the applicable laws. However, you shall not be entitled to any stock options.

The Company will reimburse you all expenses, as may be incurred by you for participation in the Board and other meetings and for attending to any work on behalf of the Company, such as accommodation, travelling expenses etc., reasonably and properly incurred and documented. All payments shall be subject to income tax and other statutory deductions, as applicable.

## **9. Evaluation**

As a member of the Board, your performance as well as the performance of the entire Board and its Committees shall be evaluated annually, based on the parameters approved by the Nomination and Remuneration Committee.

## **10. General**

All the terms as mentioned above including your appointment, remuneration, professional conduct, role and functions, duties and evaluation shall be governed by the Companies Act 2013 and the rules made there under and corporate governance requirements under the Listing Agreement as amended from time to time.

Your engagement with the Company is governed by and shall be construed and interpreted in accordance with the laws of India and your engagement shall be subject to the jurisdiction of the courts of Uttar Pradesh (U.P.), India.

Please confirm your acceptance by signing and returning to us the enclosed duplicate copy of this letter. In returning this letter duly signed, you agree that the Company may make this letter publicly available, as may be required under the applicable laws.

We look forward for your association and valuable contribution to the growth of the Company.

Yours sincerely,  
**For Triveni Engineering & Industries Ltd.,**

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**AGREE AND ACCEPT**

I have read and I agree to the above terms regarding my appointment as a Non-Executive Independent Director of Triveni Engineering & Industries Ltd.

Signature: \_\_\_\_\_

Name :

Place :

Date :

**Schedule IV to the Companies Act, 2013**  
**[See section 149(8)]**

**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:

- 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) scrutinize 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.

### **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 fulfills 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) 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.

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