



ONGC Tripura Power Company Limited

(JV Company of ONGC, IL&FS, IIF - II and Govt. of Tripura)

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LETTER OF APPOINTMENT

Ref: OTPC/Sec/Dir /2019

Dated: 21st February, 2019

Mr. A. K. Purwar
C-2303/4, Ashok Tower
Dr S. S. Rao Road, Parel
Mumbai-4400012

Sub: Appointment as Independent Director

Dear Sir,

We are pleased to inform that the Board of Directors of ONGC Tripura Power Company Limited has appointed you as Independent Director on Board of the Company w.e.f 21.02.2019.

We are glad to welcome you on the Board of OTPC and look forward for your valuable guidance as Independent Director in times to come.

As per requirement under Section 149(8) of the Companies Act, 2013 read with Sub-clause (4) under Clause IV of Schedule IV of the Act, we are pleased to issue formal appointment letter and enclose Schedule IV containing, the code for independent Directors which will serve as a guide to professional conduct and contains role & functions and duties of an independent Director.

We entails below the important terms of your appointment alongwith some provisions under the Companies Act, 2013 to be taken care of :

Broad terms of appointment:

1. As per section 150(2) of the Companies Act, 2013, the appointment of an independent director is subject to approval by the Company in general meeting.
2. An independent Director has to give a yearly declaration that he meets the criteria of independence as provided in section 149(6) of the Companies Act, 2013, in first meeting of every financial year.
3. As per section 184 of the Companies Act, 2013, a director has to disclose his concern or interest in any company, firms, association including shareholding if any therein on yearly basis and also his concern or interest in a contract or arrangement at meeting of Board in which same is being discussed and cannot participate in such meeting.
4. Section 149(8) of the Companies Act, 2013 makes it mandatory the adherence to the Schedule IV as enclosed.


5. Section 164 of the Companies Act, 2013 provides the situations under which a person is not eligible for appointment as director.
6. Section 167 of the Companies Act, 2013 provides for situations under which office of a director shall become vacant by force of law.
7. Section 165 of the Companies Act, 2013 restrict a person to hold directorship in more than 20 Companies at the same time, provided maximum number of public companies in which a person can be appointed as a director shall not exceed 10.
8. The Board of Directors may assign such duties and delegate such powers as may be deemed fit to an independent director for discharging his duties in efficient manner.
9. The appointment of an Independent Director of the Company is subject to the provisions of the Companies Act, 2013 and Rules made and applicable laws and regulations from time to time and it is expected to adhere the same in true letter and spirit.
10. It is expected from an Independent Director to maintain confidentiality in respect of information acquired by him during association with the Company as Independent Director.
11. As per Section 197 (7) of the Companies Act, 2013, an Independent Director will be entitled for a sitting fee for attending meeting of Board or Committee as decided by the Board from time to time and reimbursement of travel and stay expenses for participation in the Board and other meetings. All fees will be subject to income tax and other statutory deductions as applicable except otherwise decided by Board.

Kindly confirm your agreement to the terms set out in this letter by signing the endorsement below and returning a copy of same.

Yours Faithfully,

For and on behalf of

ONGC Tripura Power Company Limited.


Company Secretary

I agree to the terms of appointment set as above


(A. K. Purwar)



SCHEDULE IV
[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 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) scrutinise 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) ¹["act within their 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 formalised 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 ²["three months"] 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 ³["in a financial 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.

⁴["Note: The provisions of sub-paragraph (2) and (7) of paragraph II, paragraph IV, paragraph V, clauses (a) and (b) of sub-paragraph (3) of paragraph VII and paragraph VIII shall not apply in the case of a Government company as defined under clause (45) of section 2 of the Companies Act, 2013 (18 of 2013), if the requirements in respect of matters specified in these paragraphs are specified by the concerned Ministries or Departments of the Central Government or as the case may be, the State Government and such requirements are complied with by the Government companies."]