

## LETTER OF APPOINTMENT

**Date:** \_\_\_\_\_

\_\_\_\_\_  
Address:\_\_\_\_\_

**Dear \_\_\_\_\_,**

**Sub:** Your Appointment as an '**Independent Director**' of North East Transmission Company Limited

We are pleased to inform you that the members of the Company in its \_\_\_ Boiard Meeting/ \_\_ Annual General Meeting held on \_\_\_\_\_ has approved your appointment as an Independent Director on the Board of Directors of **North East Transmission Company Limited** (hereinafter referred to as 'the Company') with effect from \_\_\_\_\_ for a period of \_\_\_\_\_ years. This letter of appointment is governed by the following terms and conditions.

### **1. Appointment**

- 1.1 You are appointed as an Additional Non-Executive Independent Director on the Board of Directors of the Company with effect from \_\_\_\_\_ for period of \_\_\_\_\_ years. Your appointment is subject to the extant provisions of the Companies Act, 2013, and amended from time to time.
- 1.2 The term "Independent Director" should be construed as defined under the Companies Act, 2013.
- 1.3 The Company has adopted the provisions with respect to appointment and tenure of Independent Directors and are consistent with the Companies Act, 2013. The Company is at liberty to disengage a Non-Executive Independent Director services earlier than the said tenure, subject to provisions of the Companies Act, 2013.
- 1.4 As an Independent Director you are not liable to retire by rotation.

## **2. Committees**

In addition to the Audit Committee and the Nomination & Remuneration Committee the Board of Directors (the Board) may appoint you on one or more of the existing Board Committees or any other Committee(s) that may be set up in future. Your appointment on Committee(s) shall be subject to the applicable legal requirements.

## **3. Time Commitment**

3.1 As a Non-Executive Independent Director you are expected to bring objectivity and independence to the Board's discussions and help in providing the Board with effective leadership in relation to the Company's strategy, performance and risk management, as well as ensuring high standards of financial probity and Corporate governance.

3.2 The Board and the Audit Committee meets at least four times in a year. The Nomination & Remuneration Committee meetings are ordinarily convened as per requirement. You shall be expected to attend the Board, the Board Committees (wherever applicable) and the Annual General Meetings and devote quality time, as required for discharge of your duties effectively. Generally, all Board and Committee meetings would be convened in Delhi/NCR.

3.3 By accepting this appointment, you are confirming that you are in agreement with all above terms of appointment and meet expectations of the role to the satisfaction of the Board.

## **4. Fiduciary Duties**

Your role and duties shall be those normally required of a Non-Executive Independent Director under the Companies Act, 2013. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and inter alia are as under:

- I. You shall act in accordance with the Company's Articles of Association.
- II. You shall act in good faith in order to promote the objectives of the Company for the benefit of its stakeholders, and in the best interest of the Company.
- III. You shall discharge your duties with reasonable care, expertise and diligence.
- IV. You shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly conflict, with the interests of

the Company or bring discredit to it. Any situation that may create a conflict of interest between personal interests and the Company and its stakeholders' interests, shall be avoided at all times.

- V. You shall not assign the role of Directorship and any such assignments shall become null and void.

You may abide by the 'Code of Conduct for Independent Directors' as amended from time to time to the extent relevant and applicable to your role (as per Schedule IV of the Companies Act, 2013). The present code is annexed hereto as Annexure A.

## **5. Status of Appointment and Remuneration**

- 5.1 You are not an employee of the Company and this letter shall not constitute a Contract of employment. You will be paid such remuneration by way of sitting fees for attending meetings of the Board and its Committees and Commission of Profits as may be decided by the Board and approved by the Members from time to time.
- 5.2 You will be entitled to receive such sitting fee, to attend the Board meeting and/or committee meeting, from the Company as may be decided by the Board of Directors of the Company from time to time.

## **6. Reimbursement of Expenses**

In addition to the remuneration described in S. No. 5 above, the Company shall, for the period of your appointment, reimburse reasonable expenses incurred in the discharge of your role/duties including:

- 6.1 Business class airfare to attend the Board or Committee meetings or General Meetings of Members, Court Convened Meetings or Meetings with Creditors, wherever applicable.
- 6.2 Accommodation, equivalent to the entitlement of the Director of the Company, during the days of the Board and Committee meetings or General Meetings of Members, Court Convened Meetings or Meetings with Creditors as may be necessary.
- 6.3 Out-of-pocket expenses like conveyance, food and incidentals that are incurred during the days of the Board and Committee meetings or General Meetings of Members, Court Convened Meetings or Meetings with Creditors.

## 7. Confidentiality

All information acquired during the tenure of Directorship shall be kept confidential and shall not be disclosed (during service or after service) under any circumstances to third parties without prior written approval from the Company, unless required by law.

## 8. Disclosure of Interest

It is expected that any interest you may have in any transaction or arrangement that the Company has entered into shall be disclosed no later than when the transaction or arrangement comes at a Board meeting so that the minutes may record your interest accordingly. A general notice that you are interested in any Contracts with a particular person, firm or Company is acceptable.

Please sign the appointment letter (issued in duplicate) as a token of acceptance and return the second copy for our records.

Yours Sincerely

For **North East Transmission Company Limited**

( \_\_\_\_\_ )

\_\_\_\_\_

Place: \_\_\_\_\_

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### **AGREE AND ACCEPT**

I have read and understood the terms of my appointment as an Independent Director of North East Transmission Company Limited and I hereby affirm my acceptance to the same.

( \_\_\_\_\_ )

DIN: \_\_\_\_\_

Independent Director

Date:

Place:

## **ANNEXURE: A**

### **Schedule IV**

[See section 149(8) of the Companies Act, 2013]

#### **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:

- (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 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 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 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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