

ALSTOM India Limited

The terms and conditions of appointment of Independent Directors

Term of Appointment

The terms of the Appointment, shall be as subject to the detailed terms of this letter as mentioned below.

The Appointment is for a period of five years with effect from 25 July 2014 (i.e. to hold office for five consecutive years for a term upto 24 July 2019, not liable to retire by rotation).

Independence

The Board of the Company has determined you to be an Independent in accordance with provisions of the Companies Act, 2013 and the provisions of the Listing Agreement with the Stock Exchanges and will be identified as such in the annual report and other documentation of the Company. If circumstances change and you believe it may not be possible for you to retain your independence you should discuss this with the Chairman as soon as practicable.

Conflict of Interest

By accepting this appointment you will be deemed to have confirmed that any other position you hold including your directorships in other organizations, shall not rise to any conflicts of interest in relation to your appointment as an Independent Director of the Company. Should you become aware of any conflict or potential conflict during your tenure, you are expected to notify the Chairman.

Time Commitment

It is difficult to be precise about the time commitment required to fulfil the role of an Independent Director as the demands will clearly vary from year to year and will depend on a range of factors, in particular the extent of your involvement in Board and Committees. You should aim to attend regular and emergency Board meetings, Board Committee Meetings in which you hold Chairmanship/Membership, Annual General Meeting.

By accepting the Appointment, you confirm that you will be in a position to allocate sufficient time to meet the expectations of your role.

Role and Functions

As an Independent Director, your role shall *inter-alia* include:

- 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 adequate;
- 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.
- 9) Any other matters as may prescribed from time to time under the relevant statutes

Duties

As an Independent Director, your duties shall *inter-alia* include:

- 1) to act in accordance with the Articles of Association the Company;
- 2) to 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 interests of the company, its employees, the shareholders, the community and for the protection of environment;
- 3) to exercise your duties with due and reasonable care, skill and diligence, and independent judgment;
- 4) not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners, or associates;
- 5) not to assign your office;
- 6) undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company;
- 7) 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;
- 8) strive to attend all meetings of the Board of Directors and of the Board committees of which you are a member;
- 9) participate constructively and actively in the Committees of the Board in which you are chairperson or member;
- 10) strive to attend the general meetings of the Company;
- 11) 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;
- 12) keep yourself well informed about the Company and the external environment in which it operates;
- 13) not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- 14) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure yourself that the same is in the interest of the Company;
- 15) 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;
- 16) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- 17) acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees; and
- 18) 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.

Insurance

The Company will maintain appropriate Directors' and Officers' (D&O) Liability insurance (including ensuring that premiums are properly paid) for your benefit.

Presently the Company maintains a D&O Policy for a limit of INR 50 Crore, which provides coverage for damages and defense costs in the event Directors and Officers suffer losses while serving on the Board and/or as an officer of the Company.

Professional Conduct

As an Independent Director of the Company, you must follow the following principles while fulfilling your fiduciary responsibility:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising your duties;
- (3) exercise your 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 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;
- (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.

Code of Ethics

During the Appointment you are required to comply with any relevant regulations as may be applicable under the relevant statutes and such other requirements as the Company/Board of Directors may from time to time specify including the Code of Conduct for Board Members and Senior Management of the Company.

Confidentiality

You must apply the highest standards of confidentiality, and not disclose to any person or Company (whether during the course of the Appointment or at any time after your cessation), any confidential information concerning the Company and any Group Companies with which you come into contact by virtue of your position as an Independent Director of the Company.

Your attention is drawn to the requirements under both legislation and regulation as to the disclosure of price-sensitive information. Consequently you should not make any statements that might risk a breach of these requirements without prior clearance from the Chairman.

On termination of the Appointment you will deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Group Company which are in your possession, custody or power by virtue of your position as an Independent Director of the Company.

Membership of Committees

This letter refers to your appointment as an Independent Director of the Company. You will also be required to serve on the Audit Committee and the Nomination and Remuneration Committee as per the terms of reference approved by the Board from time to time.

Review process

The performance of individual Directors and the whole Board and its committees shall be evaluated annually. If, in the interim, there are any matters arising in connection with your role as an Independent Director which cause you concern you should discuss them with the Chairman as soon as is appropriate.

Remuneration

You are entitled only to the sitting fees for attending the meetings of the Board and the Committee(s) in which you hold membership/chairmanship, provided such sum as may be decided by the Board of directors from time to time.

Further, you shall also be entitled for reimbursement of expenses for participation in the Board and other Committee meetings in which you hold chairmanship/membership and profit related commission as may be approved by the members of the Company.

You shall not be entitled to any Stock Options in the Company.

Publication of the letter of appointment

In line with provisions of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges where the shares of the Company are listed, the Company will post this Letter on the company's website.

Governing Law

This Letter and any non-contractual obligations arising out of or in connection with this Letter are governed by and are to be construed in accordance with Applicable Laws of India and agree to submit to the exclusive jurisdiction of courts at Mumbai, India.