

RTS POWER CORPORATION LIMITED

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Policy for Selection of Directors and determining Directors' independence

Introduction:

The Board of Directors of the Company (the Board) consists of a balanced profile of Members specializing in different fields that enables it to address the various business needs of the Company, while placing very strong emphasis on corporate governance

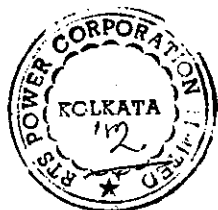
The Company recognizes the importance of Independent Directors in achieving the effectiveness of the Board. The Company has at present an optimum combination of Executive, Non-Executive and Independent Directors which too complies with the Companies Act, Rules made thereunder and the Listing Regulations.

This Policy sets out the Guidelines for the Nomination and Remuneration Committee (the NRC) and the Board for identifying persons who are qualified to become Directors or are suitable for appointment as Director of the Company and to determine the independence of Directors for Independent Directors of the Company.

Policy:

1 Qualifications Criteria

- (a) Before appointment of a person as a Director, NRC and the Board shall ensure that the person concerned has appropriate skill, knowledge and experience required to be a Member of the Board .The objective is to have a Board with diverse background and experience that are relevant for the Company's operations.
- (b) In evaluating the suitability of an individual to be a Board Member, NRC and the Board shall take into consideration the following factors :
 - (i) Educational and professional background
 - (ii) Relevant expertise and experience
 - (iii) Personal and professional ethics, integrity and values;
 - (iv) Readiness to devote sufficient time and energy in carrying out his duties and responsibilities
- (c) The proposed Director shall :
 - (i) not be disqualified under the Companies Act, 2013 and gives a declaration to that effect;
 - (ii) give his written consent to act as a Director of the Company
 - (iii) possess a Director Identification Number;
 - (iv) abide by the Code of Conduct established by the Company for Directors , Independent Directors and Senior Management Personnel;



- (v) disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals or other entity, including his shareholding at the first Meeting of the Board in every Financial Year and thereafter whenever there is a change during the Financial Year in the disclosures already made;
- (vi) Comply with such other requirements as may be prescribed, from time to time in future, under the Companies Act, 2013, Rules made thereunder, Listing Regulations and other laws as applicable .

2 Independence Criteria

- (a) NRC shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall also assess continuity/maintenance of independence whenever any new interests or relationships are disclosed by a Director.
- (b) The Companies Act, 2013 and Listing Regulations sets out the following criteria of independence for a person to be an Independent Director :

An Independent Director in relation to a Company, means a Director other than a Managing Director or a Whole-time Director or a Nominee Director—

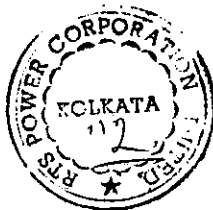
- (i) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (ii) (a) who is or was not a promoter of the company or its holding, subsidiary or associate company;
(b) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (iii) Who, apart from receiving Directors remuneration, has or had no material pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (iv) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (v) who, neither himself nor any of his relatives—
 - I. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;



- II. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
- (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
- (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- III. holds together with his relatives two per cent or more of the total voting power of the company; or
- IV. is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five per cent or more of its receipts or corpus from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two percent or more of the total voting power of the company; or
- V. is a material supplier, service provider or customer or a lessor or lessee of the company.
- (vi) who shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.
- (vii) who shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013 and the Listing Regulations
- (viii) who is not less than 21 years of age.
- (c) The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013
- (d) Every Independent Director shall at the first Meeting of the Board in which he participates as a Director and thereafter at the first Meeting of the Board in every Financial Year or whenever there is any change in the circumstances which may affect his status as an Independent Director, gives a declaration that he meets the criteria of independence as mentioned above.

3. Criteria for making effective contribution:

- Before making its recommendation to the Board for appointment of an individual as a Director of the Company, NRC shall take into consideration his Directorships/ Committee Memberships in other companies because Directors are expected to give sufficient time and energy to the Company for his effective contribution as a Board Member.



The Companies Act 2013, and the Listing Regulations already stipulates the following restrictions in this regard:

- A Director shall not serve as Director, including as alternate Director, in more than 20 companies of which not more than 10 shall be Public Limited Companies.
- A Director shall not serve as an Independent Director in more than 7 Listed Companies, and in more than 3 Listed Companies in case he is serving as a Whole-time Director in any Listed Company.
- A Director shall not be a Member in more than 10 Committees or act as Chairperson of more than 5 Committees across all the companies in which he holds directorships.

For the purpose of considering the limit of the Committee Chairpersonship and Membership, Chairpersonship and Membership of Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies only, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.

For and on behalf of the Board of Directors

Registered Office:
56 Netaji Subhas Road,
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Kolkata-700001

Dated : May 30, 2019



S. S. Jain
Chairman
DIN 00013732