

January 9, 2016

The Corporate services department

BSE Limited  
P J Towers  
Dalal Street  
Mumbai 400001

**TD Power Systems Limited**  
(CIN -L31103KA1999PLC025071)

REGISTERED OFFICE & FACTORY:  
27, 28 and 29, KIADB Industrial Area  
Dabaspet, Nelamangala Taluk  
Bengaluru Rural District  
Bengaluru – 562 111 India

Tel +91 80 229 95700 / 6633 7700  
Fax +91 80 7734439 / 2299 5718  
Mail tdps@tdps.co.in

www.tdps.co.in

The Listing Department

The National Stock Exchange of India Limited  
Exchange Plaza,  
Bandra- Kurla Complex  
Bandra (East)  
Mumbai 400 051

Dear Sir,

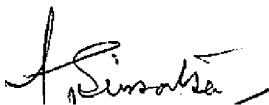
Sub: Formulation of policies as required under various Regulation of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015(LODR)

The following policies drawn pursuant to the LODR and adopted by the Board of Directors are enclosed:

1. Document Retention & Archival Policy
2. Policy on Board Diversity
3. Policy on Determining Material Subsidiaries
4. Policy for Determining Material Related Party Transaction
5. Whistle Blower & Vigil Mechanism Policy
6. Nomination & Remuneration Policy

Please take the same on record.

Yours truly,  
For TD POWER SYSTEMS LIMITED



N. Srivatsa  
Company Secretary



## **TD POWER SYSTEMS LIMITED**

Corporate Identity Number (CIN): L31103KA1999PLC025071  
Regd. Office: # 27, 28& 29, KIADB Industrial Area, Dabaspet,  
Nelamangala Taluk, Bengaluru Rural District, Bengaluru- 562 111  
Tel. No.: + 91 80 22995700, Fax: + 91 80 7734439  
Email- investor.relations@TDPS.co.in, tdps@tdps.co.in  
Website: www.tdps.co.in

### **Document Retention & Archival Policy (“Policy”)**

*(Regulation 9 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) (Hereinafter called as “LODR”)*

Adopted by the Board of Directors on February 03, 2016

This policy deals with the retention and archival of documents of the TD Power Systems Limited and all its subsidiaries (hereafter, the “Company”/TDPS “Company”).

Documents include records, filings, statutory records/ registers, books of accounts, certificates, agreements, contracts (both in paper or electronic form) of the Company.

Retention of the documents may be in paper or electronic forms or in both forms depending on statutory and business requirements.

Generally, all documents (whether electronic or paper) of the Company other than specifically dealt with below are to be retained for no less than three (3) years, and may be destroyed thereafter with the approval of the respective Heads of Departments/functions.

#### **Disclosures to Stock Exchange:**

Disclosures to the Stock exchanges in terms of Regulation 30(6) of **the LODR shall be** shall be maintained for not less than five (5) years on the website of the company and thereafter in the archives of the company for a period of 2 years.

#### **Statutory and other Records:**

1. Minutes and Board related documents: Minutes of meetings of the Board of Directors, Committees and Shareholders shall be maintained in perpetuity. A copy of all documents including meeting agenda and presentations provided to the Board of Directors or Committees of the Board shall be maintained for a period of one (1) year. All declarations, forms, consents and undertakings received from the Directors shall be retained for a period of eight (8) years.

2. Statutory Registers and other documents pursuant to various Statutes and Regulations applicable to the company from time to time shall be retained as per requirements of the said Statutes and Regulations.
3. Books of Accounts and Tax Records: Books of Accounts and Tax documents shall be retained for at least eight (8) years following the completion of the relevant transactions or assessment year for which the documents were last used or as per the requirement of the relevant statute.
4. Employee/Personnel documents relating to recruitment, employment and personal information. These documents shall be retained for a period of one (1) year following the expiry/cessation/termination of employment. Such documents which are statutory in nature shall be maintained as required under the relevant statute.
5. Intellectual Property documents: Documents relating to the development and protection of intellectual property rights should be maintained for the life of such intellectual property right.
6. Contractual documents shall be retained for at least one (1) year following the expiry or termination of the contracts.
7. Legal pleadings and judicial/quasi-judicial orders shall be preserved permanently.

### **Compliance**

All employees are expected to fully comply with this policy and failure to do so may result in disciplinary action against the employee, including suspension or termination.

Policy Review

Queries if any, regarding this policy shall be addressed to the Company Secretary and compliance officer.

### **Policy review**

This policy shall be subject to review and changes as may be deemed necessary by the Board of Directors and to comply with any regulatory requirements.

**Bangalore**  
**February 03, 2016**

**TD Power Systems Limited**

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Website: www.tdps.co.in

**POLICY ON BOARD DIVERSITY**

Adopted by the Board of Directors on February 03, 2016

**PREAMBLE**

In accordance with Part D of Schedule II (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) (Hereinafter called as “LODR”), the Nomination and Remuneration Committee (Committee) has framed a policy on Board diversity which sets out a framework to promote diversity on Company’s Board of directors (the ‘Board’).

**POLICY FRAMEWORK**

The Company recognizes the benefits of a Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the business of the Company.

The Company maintains that Board appointment should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole, taking into account gender, age, professional experience and qualifications, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time towards achieving a diverse Board.

The Nomination and Remuneration Committee (Committee) is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions.

The Board of directors of the Company shall have an optimum combination of executive and non-executive directors with at least one woman director and the composition of the Board shall be in

accordance with requirements of the Articles of Association of the Company, the Companies Act, 2013, LODR and the statutory, regulatory obligations of the Company.

**REVIEW AND MONITORING**

The Committee will review and monitor from time to time the implementation of this Policy to ensure its effectiveness and will at an appropriate time set measurable objectives for achieving Board diversity.

**DISCLOSURE OF THE POLICY**

This policy will be posted on the Company’s website. The necessary disclosure about the policy will also be made as per requirements of LODR and Companies Act, 2013.

**POLICY REVIEW**

This policy shall be subject to review and changes as may be deemed necessary by the Board of Directors and to comply with any regulatory requirements.

**Bangalore  
February 03, 2016**

**TD Power Systems Limited**



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Website: www.tdps.co.in

Adopted by the Board of Directors on February 03, 2016.

**POLICY ON DETERMINING MATERIAL SUBSIDIARIES**

*(Pursuant to Regulation 16 (1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) (Hereinafter called as “LODR”)*

**1. Introduction**

The Board of Directors (the “Board”) of TD Power Systems Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries and to provide a governance framework for such subsidiaries.

**2. Definitions**

|                                |   |
|--------------------------------|---|
| “Audit Committee or Committee” | means “Audit Committee” constituted by the Board of Directors of the Company, from time to time, under provisions of LODR and the Companies Act, 2013.  |
| “Board of Director” or “Board” | means the Board of Directors of TD Power Systems Limited, as constituted from time to time.   |
| “Company”                      | means TD Power Systems Limited  |
| “Independent Director”         | means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and LODR. |

## **“Policy on Material Subsidiaries”**

“Material Non Listed India Subsidiary” implies an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up share capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

“Policy” means Policy on Material Subsidiaries.

“Significant Transaction or Arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, and LODR or any other applicable laws or regulations.

### **3. Material Subsidiary**

A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

- a. in which the Investment of the Company in subsidiary, exceeds twenty percent (20%) of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- b. if the subsidiary has generated twenty percent (20%) of the consolidated income of the Company during the previous financial year.

### **4. Independent Director on the Board of material non-listed Indian subsidiary companies**

At least one Independent Director of the Company shall be a director on the Board of the Material non-listed Indian subsidiary companies.

### **5. Review by Audit Committee/Board of directors of the Company**

- a. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- b. The Board of the Company is consulted in respect of the appointments, remuneration and severance of CEO & senior managerial personnel and reviews the business plans and contracts by the unlisted subsidiary company.

### **6. Minutes and Significant transactions / arrangements of unlisted subsidiary companies**

- a. The minutes of the Board meetings of the unlisted subsidiary companies shall be placed at the Board meeting of the company.

## **“Policy on Material Subsidiaries”**

- b. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all Significant Transactions and arrangements (including purchase orders released under contracts where in the purchase order value was Rs. 5 crore or 10 % of contract value, whichever is lower) entered into by the unlisted subsidiary company.

### **7. Restriction on Disposal of Shares and Assets of material subsidiary by the company**

The Company, without passing a special resolution in its General Meeting, shall not:

- a. dispose shares in material subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b. ceases the exercise of control over the subsidiary, except in cases where divestment is under a scheme of arrangement duly approved by a court/ tribunal; or
- c. Sell, dispose and lease of assets amounting to more than twenty percent (20%) of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/dispose/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

### **8. Disclosures**

As prescribed under LODR, this Policy shall be disclosed on the website of the Company at [www.tdps.co.in](http://www.tdps.co.in) and a web link thereto shall be provided in the annual report.

### **9. Policy review**

This policy shall be subject to review and changes as may be deemed necessary by the Board of Directors and to comply with any regulatory requirements.

**Bangalore**  
**February 03, 2016**

**TD Power Systems Limited**





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Website: www.tdps.co.in

### **Policy for determining material related party transaction (“Policy”)**

*(Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) (Hereinafter called as “LODR”)*

Adopted by the Board of Directors on February 03, 2016

The object of this policy is to determine the “Materiality of Related Party Transaction” and to provide a Governance framework thereof.

#### **Materiality of Related Party Transaction**

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company or transaction(s) in excess of sums as prescribed under the Companies Act, 2013.

For the purposes of this policy Related Party and Related Party transactions shall be as defined in Regulation 2(Zb) and 2(Zc) of the LODR.

#### **Governance Framework**

1. All related party transactions shall require prior approval of the audit committee.
2. Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the condition mentioned in LODR.
3. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
4. The audit committee shall review on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approvals.

5. Any member of the Audit Committee interested in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.
6. All material related party transactions shall require approval of shareholders through an ordinary resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party or not to the transaction.
7. In the event a related party transaction is covered by applicable provisions of the Companies Act, 2013, the Company shall comply with such provisions including requirements as prescribed under the LODR.

### **Exceptions**

Transactions with Wholly owned Subsidiaries are exempt from the above requirement.

### **Reporting of Related Party Transactions**

Every contract of arrangement, which is required to be approved by the Board/Shareholders under this policy, shall be referred to in the Board's report to the shareholders along with justification for entering into such contract or arrangement.

Further, the Company shall provide additional disclosures on related party transactions as required under the LODR.

### **Policy review**

This policy shall be subject to review and changes as may be deemed necessary by the Board of Directors and to comply with any regulatory requirements.

**Bangalore**  
**February 03, 2016**

**TD Power Systems Limited**

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**TD POWER SYSTEMS LIMITED**

**Whistle Blower Policy**

**&**

**Vigil Mechanism**



## TD POWER SYSTEMS LIMITED

### Whistle Blower Policy & Vigil Mechanism

#### PREAMBLE

**TD Power Systems Limited (the Company)** is committed to ethical and lawful business conduct which is not only critical to the Company's success, but also a fundamental shared value of its Board of Directors (the "**Board**"), senior management personnel and employees. Consistent with these principles, the Board has adopted a Code of Business conduct and Ethics (the "**Code**") as a guide to the principles and standards that should govern the actions of its Board and senior management personnel.

Any actual or potential violation of the Code or any deviation from the key company policies howsoever insignificant or perceived as such, is a matter of serious concern for the Company and should be reported appropriately for remedial /penal action.

To enable reporting (Whistle blowing) of actual or potential violation of the Code or any deviation from the key company policies, a fair and proactive mechanism is imperative fortified by an appropriate protection policy.

*Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Hereinafter called as "LODR") , inter alia, provides for all listed companies to establish a mechanism called 'Whistle Blower Policy' for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the company's code of conduct. Further, Section 177 of the Companies Act, 2013 requires every listed company to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed.*

Accordingly, this **Whistle Blower Policy** ("the Policy" or "this Policy") has been formulated with a view to provide a mechanism for Directors/ Employees of the Company to approach the Chairperson of the Audit Committee of the Company or Chairman of the Company and **Vigil Mechanism** as envisaged in the Companies Act 2013 and the Rules prescribed is implemented through this Whistle Blower Policy to provide for adequate safeguards to the whistle blowers against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

## **I. SHORT TITLE, APPLICABILITY AND COMMENCEMENT**

1. This policy will be called as "TD POWER SYSTEMS Limited Whistle Blower Policy"
2. This policy applies to all the employees (including outsourced, temporary and contractual personnel), ex-employees, including Associates and stakeholders of the company and its Subsidiary companies (hereinafter referred to as 'Whistle Blower').
3. This policy shall come into force with immediate effect.

## **II. DEFINITIONS**

The definitions of some of the key terms used in this Policy are given below. Capitalized terms not defined herein shall have the meaning assigned to them under the Code.

"Associate" means all business associates of the Company including all suppliers, vendors, consultants, auditors, service providers, Lessors / Owners of commercial / residential properties, manpower supply agencies, etc., with whom the Company has been dealing with or proposed to enter into any transactions.

"Audit Committee" means the Audit Committee of the Board of Directors of the Company constituted in accordance with Section 177 of the Companies Act, 2013 and Rules framed thereunder read with LODR.

"Board/ Board of Directors" means the Board of Directors of the Company.

"Code" means the Code of Conduct of the company

"Company" means TD Power Systems Limited.

"Employee" means every employee (including ex-employee) of the Company (whether working in India or abroad), including the Directors in whole time employment of the Company and temporary/contractual employees.

"Disciplinary Action" means any action that can be taken on the completion of or during the investigation proceedings, including but not limited to, a warning, recovery of financial losses incurred by the Company, suspension/ dismissal from the services of the Company or any such action as deemed fit considering the gravity of the matter.

"Investigators" mean those persons authorized, appointed, consulted or approached by the Chairman of the Audit Committee or the Vigil Mechanism Committee, Departmental Heads and includes the Auditors of the Company, Police and other Investigating Agency (ies) appointed in terms of this Policy. .

"Initial Complaint "or Initial Communication" also referred to as Valid complaint ,means a written communication of any form of letter/e-mail that discloses or demonstrates information that may evidence unethical or improper activity also referred to as Valid complaint

"Policy" means the Whistle Blower policy and vigil mechanism of the Company.

"Subject" means an accused person against or in relation to whom an Initial Complaint or Initial Communication has been made or evidence gathered during the course of an investigation.

"Vigil Mechanism Committee" means a Committee constituted by the Company comprising of a Chairman and such other Members, as may be nominated by the Board from time to time.

"Whistle Blower" means an Employee (including ex-employee / contractual employee)/ Associate making an Initial complaint or Communication under this Policy.

### **III. CONSTITUTION OF THE VIGIL MECHANISM COMMITTEE**

1. As a sub- committee of the Audit committee, a Vigil Mechanism Committee (**VMC**) shall be constituted comprising of a Chairman, who shall be the Chairman of the Audit Committee of the Board and two other Members as may be nominated by the Board from time to time.
2. The VMC shall meet at least once in a year and submit their report to the Audit Committee.
3. The VMC shall also meet as and when required for matters referred to the Committee.
4. The Company Secretary shall act as the Secretary to the VMC and shall be a permanent invitee to the meetings of VMC. The Secretary shall be responsible to record the proceedings of the meetings and decisions taken thereat.
5. The Chairman of the Committee shall have the power to invite any other person to the VMC Meeting, if considered necessary.

### **IV. ROLE AND RESPONSIBILITY OF THE "VIGIL MECHANISM COMMITTEE**

On receipt of a valid complaint from a Whistle Blower, the VMC may perform all such acts as may deem fit and appropriate to safeguard the interests of the Company, including but not limited to, the following functions:

- a) if required obtain legal opinion or expert's view in relation to initial communication;

- b) seek assistance of the Statutory Auditors
- c) request any officer(s) of the Company to provide adequate financial or other resources
- d) for carrying out investigation
- e) to conduct the enquiry in fair and unbiased manner;
- f) to ensure that complete fact finding exercise has been undertaken;
- g) to appoint investigating officer(s) / agencies (internal or external), if required;
- h) to maintain strict confidentiality;
- i) to decide on the outcome of the investigation;
- j) to recommend an appropriate course of action against the accused, if found guilty;
- k) to recommend an appropriate course of action against the complainant including his/her mastermind and other associates, for false complaints/claims.
- l) to review the Whistle Blower Policy of the Company and suggest modifications, if any.
- m) to report to the Audit Committee of the Board about the number of complaints received, investigated, redressed and un-resolved in a financial year.

VMC may also delegate its powers to a sub-committee comprising of as many members as it may deem necessary to carry out initial investigations. Such sub-committee shall submit its report to the Chairman of VMC

#### **V. ROLE AND RESPONSIBILITY OF THE "WHISTLE BLOWER"**

1. The Whistle Blower's role is that of a reporting party with reliable information.
2. The Whistle Blower shall co-operate with the Chairman / Members of the Vigil Mechanism committee and extend all support including production of documentary evidences to investigate the allegations complaints.
3. He/she is neither required to act as investigator nor permitted to determine the appropriate or remedial action on behalf of the Company. He /she shall also not participate in any investigation activities unless warranted otherwise and required by the VMC

## **VI. SCOPE OF THE POLICY**

This policy encourages Whistle Blowers to report any kind of misuse of company's properties, mismanagement or wrongful conduct prevailing/executed in the company, which the whistleblower in good faith believes including any of the following:

1. Breach of the Code of Conduct and Business Ethics.
2. Violation of any law or regulations, policies including but not limited to corruption, bribery, theft, fraud, coercion and willful omission.
3. Criminal Offence having repercussions on the Company or its reputation.
4. Rebating of Commission/benefit or conflict of interest.
5. Procurement frauds.
6. Mismanagement, gross wastage or misappropriation of company funds/assets.
7. Manipulation of Company data/records.
8. Misappropriating cash/company assets; leaking confidential or proprietary information.
9. Unofficial use of Company's property/human assets.
10. Activities violating Company policies.
11. A substantial and specific danger to public health and safety.
12. An abuse of authority or fraud.
13. Sexual Harassment related complaints.

## **VII. COMPLAINTS PROCEDURE**

1. The Whistle Blower shall lodge his/her initial complaint of the Company and the complaint must be either in the form of a written letter (in closed envelope) or by-mail.
2. The Whistle Blower must indicate his/her name, contact details and relationship with the Company in the complaint. Relevant supporting documents/ evidences and a brief background must form an integral part of the written complaint. No unnamed complaint shall be entertained



3. The name and contact details of the complainant shall not be disclosed to anyone except the Chairman /Members of the VMC.
4. If the complaint relates to a specific fact/incident, the complainant must lodge the complaint within 30 days from the date he/ she became aware of such fact/incident.
5. The Whistle Blower shall be entitled to withdraw his/her complaint within 10 days from the date of lodgment with appropriate explanations in writing to the satisfactions of the VMC.
6. All complaints including against any Director of the Company or against any Member of the VMC, the Whistle Blower shall lodge his/her complaint by email or in writing directly to the Chairman of the VMC at the following address:

The Chairman  
Vigil Mechanism Committee  
TD Power Systems Limited  
# 27, 28 & 29 | KIADB Industrial Area  
Dabaspeta, Nelamangala Taluk,  
Bangalore — 562 111  
Telephone-080 40012752  
Email: [ChairmanVMC@tdps.co.in](mailto:ChairmanVMC@tdps.co.in)

7. On receipt of initial complaint, the Chairman of VMC shall acknowledge receipt thereof within 48 hours and proceed to carry out initial investigation in consultation with the Members of the VMC.
8. The Whistle Blower shall exercise caution before lodging a complaint to ensure that s/he is not doing so under influence of any person and/or any past incidence.

#### **VIII. INVESTIGATION OF COMPLAINTS**

- a) Any Member of VMC cannot act arbitrarily and arrive at a conclusion to take penal action against the subject or against the complainant for lodging a false complaint, as the case may be, unless prior approval of the VMC is obtained.
- b) During the period of investigation or even after completion of the investigation, identity of the Whistle Blower and the subject should be kept confidential and disclosed only to the extent necessary given the legitimate needs of law and the investigation process.
- c) The subject will normally be informed of the allegations against him/her at the outset of a formal investigation and he/she shall be given requisite opportunities to defend his/her case during the investigation process.

- d) It will be the duty of the subject to co-operate with the investigator and not to interfere or obstruct with the investigation process. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the accused. If found indulging in any such actions, the subject shall be liable for disciplinary action. Under no circumstances, the subject should compel the investigator to disclose the identity of the Whistle Blower.
- e) A report shall be prepared after completion of investigation by Members or Chairman of the VMC, which shall be submitted to the VMC. Upon receipt of the Report, the Committee shall forward the same along with its recommendations to the Managing Director of the Company for Disciplinary Action. In case, the Managing Director is the subject and found guilty, the VMC shall forward such Report to the Chairman of the Board of Directors for taking appropriate action.
- f) The decision to conduct an investigation is by itself not an accusation and is to be treated as a neutral fact finding process.
- g) Unless there are compelling reasons not to do so, Subject(s) will be given the opportunity to respond to material findings contained in the investigation report.
- h) The investigation shall be completed normally within 90 days of the receipt of the protected disclosure and is extendable by such period as the Audit Committee deems fit.
- i) Any member of the Audit Committee or other officer having any conflict of interest with the matter shall disclose his/her concern /interest forthwith and shall recuse himself from the matter.

#### **IX. SUGGESTIVE PENAL PROVISION**

The Company may take the following punitive actions against the accused, where the Committee finds him/her guilty:

- a. Counseling & issue of a Warning letter;
- b. Withholding of promotion / increments;
- c. Bar from participating in bonus review cycle;
- d. Termination from employment;
- e. Cancellation of Orders placed as per Purchase/ Work Order;
- f. Recovery of monetary loss suffered by the Company;
- g. Legal Suit.

**X. REPORTING RECOMMENDATION TO THE BOARD OF DIRECTORS**

The VMC shall submit a report to the Board of Directors informing the status of Initial Communications received from the Whistle Blowers, Grievance Resolved and action taken, Grievances under investigation and Number of false complaints lodged by Whistle Blowers, during each of the Financial Year.

**XI. PROTECTION AGAINST VICTIMIZATION**

1. No adverse action shall be taken against an employee/associate or business associate in "knowing retaliation" who makes any good-faith disclosure of suspect or wrongful conduct prevailing in the Company, to the VMC.
2. While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment, any abuse of this protection will warrant disciplinary action.
3. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a mala fide intention. A complainant who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the Subject to the VMC or the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

**XII. PRESERVATION OF DOCUMENTS AND RECORDS**

All Initial Communications, documented along with the results of Investigation relating thereto, shall be retained by the Company Secretary for a minimum period of 5 (five) years or as mentioned in applicable law, if any.

**XIII. POWER TO AMEND THE POLICY**

This Policy may be amended from time to time by the Board based on the recommendation of the VMC.

**Bangalore  
February 03, 2016**

**By order of the Board of Directors  
TD POWER SYSTEMS LIMITED**

## “Nomination & Remuneration Policy”



### TD POWER SYSTEMS LIMITED

Corporate Identity Number (CIN): L31103KA1999PLC025071  
Regd. Office: # 27, 28& 29, KIADB Industrial Area, Dabaspet,  
Nelamangala Taluk, Bengaluru Rural District, Bengaluru- 562 111  
Tel. No.: + 91 80 22995700, Fax: + 91 80 7734439  
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Website: www.tdps.co.in

Adopted by the Board of Directors on February 03, 2016

### **NOMINATION & REMUNERATION POLICY**

*(Pursuant to Section 178 of the Companies Act, 2013 and Part D of schedule Ie II (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) (Hereinafter called as “LODR”)*

#### Table of Contents:

1. Introduction
  - 1.1. Objective of the Policy
  - 1.2. Effective Date: This policy shall be effective from Financial Year 2014-15
  - 1.3. Definitions
2. Nomination and Remuneration Committee
  - 2.1. Guiding Principles for Constitution of Nomination and Remuneration Committee
  - 2.2. Committee Members
  - 2.3. Functions of the Nomination and Remuneration Committee
3. Applicability

## **“Nomination & Remuneration Policy”**

4. Appointment of Director, KMP and Senior Management
5. Term / Tenure
  - 5.1. Whole-time Director
  - 5.2. Independent Director
6. Familiarization Programme for Independent Directors
7. Evaluation
8. Disqualifications for Appointment of Directors
9. Removal
10. Retirement
11. Policy relating to the remuneration for the Whole-time Director, KMP and Senior Management Personnel
  - 11.1. General
12. Remuneration to Whole-time Director
  - 12.1. Fixed Pay
  - 12.2. Minimum Remuneration
  - 12.3. Provisions for excess remuneration
13. Remuneration to Non-executive / Independent Director
  - 13.1. Remuneration/Commission
  - 13.2. Sitting Fees
  - 13.3. Profit-linked Commission
  - 13.4. Stock Options

## **“Nomination & Remuneration Policy”**

14. Dissemination

15. Amendments to the Policy

## **“Nomination & Remuneration Policy”**

### **1. INTRODUCTION**

In terms of Section 178 of the Companies Act, 2013 and LODR, as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), and Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors.

This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel and Senior Management employees of the Company and its wholly owned subsidiaries in India and overseas.

#### **1.1. OBJECTIVE OF THE POLICY**

The policy is framed with the objective(s):

1. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
2. That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
3. That the remuneration to Directors, Key Managerial Personnel (KMP), and senior management employees of the Company involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
4. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration.
5. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry.
6. To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company's operations; and
7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

## **“Nomination & Remuneration Policy”**

8. To lay down criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management Personnel and evaluation of their performance.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on May 20, 2015.

### **1.2. EFFECTIVE DATE**

This policy is applicable with immediate effect

### **1.3. DEFINITIONS**

In this Policy unless the context otherwise requires:

1. ‘Act’ means Companies Act, 2013 and rules thereunder.
2. ‘Board of Directors’ or ‘Board’, in relation to the Company, means the collective body of the directors of the Company.
3. ‘Committee’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
4. Company means “TD Power Systems Limited” and includes its wholly owned subsidiaries in India & overseas.
5. ‘Directors’ means Directors of the Company and includes its wholly owned subsidiaries in India & overseas.
6. ‘Independent Director’ means a director referred to in Section 149 (6) of the Companies Act, 2013.
7. ‘Whole-time Director’ includes Managing Director and Executive Directors of the Company and its wholly owned subsidiaries in India & overseas.
8. ‘Key Managerial Personnel’ (KMP) means:
  - a. Chief Executive Officer and / or Managing Director
  - b. Whole-time Director
  - c. Chief Financial Officer



## **“Nomination & Remuneration Policy”**

- d. Company Secretary
  - e. Such other officer as may be prescribed
9. ‘Ministry’ means the Ministry of Corporate Affairs
10. ‘Regulations’ refers to and comprise of Companies Act, 2013, the Companies (Meeting of Board and its Powers) Rules, 2014, the Companies (Appointment and Qualification of Directors) Rules, 2014, the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, LODR and such other rules and provisions as applicable to the matters dealt in by this Policy.
11. ‘Senior Management Personnel’ for this purpose shall mean employees of the Company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional / vertical heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

## **2. NOMINATION AND REMUNERATION COMMITTEE**

### **2.1. GUIDING PRINCIPLES FOR CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee will consist of three or more non-executive directors, out of which at least one-half shall be independent director(s), provided that chairperson of the Company may be appointed as a member of this Committee but shall not chair such Committee.

The Committee will meet at such intervals as deemed fit to carry out the objectives set out in the Policy. A quorum of two members is required to be present for the proceedings to take place. The Committee members may attend the meeting physically or via permitted audio-visual mode, subject to the provisions of the applicable Regulations. The Committee shall have the authority to call upon such employee(s), senior official(s) and / or externals, as it deems fit to be present at its meetings. The Company Secretary shall act as Secretary to the Committee.

### **2.2. COMMITTEE MEMBERS**

The Nomination and Remuneration Committee comprises of the following Director:

| Name                   | Category                           | Designation |
|------------------------|------------------------------------|-------------|
| Dr. Arjun Kalyanpur    | Independent Director               | Chairman    |
| Mr. Mohib N Khericha   | Non-Executive Independent Director | Member      |
| Ms. Nandita Lakshmanan | Independent Director               | Member      |

## **“Nomination & Remuneration Policy”**

### **3. FUNCTIONS OF THE NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee shall, inter-alia, perform the following functions:

1. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
3. Ensure that the Board comprises of a balanced combination of Executive Directors and Non-executive Directors and also the Independent Directors.
4. Devise framework to ensure that Directors are inducted through suitable familiarization process covering their roles, responsibility and liability.
5. Oversee the formulation and implementation of ESOP Schemes, its administration, supervision, and formulating detailed terms and conditions in accordance with SEBI Guidelines.
6. Decide / approve details of fixed components and performance linked incentives along with the performance criteria.
7. Devise a policy on Board diversity.
8. Formulate the criteria for evaluation of Independent Directors and the Board.
9. The Nomination and Remuneration Committee shall, formulate the Remuneration Policy of the Company.
10. The Nomination and Remuneration Committee shall assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board and to senior management.

The Chairman of the nomination and remuneration committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.

Provided that Nomination and Remuneration Committee shall set up mechanism to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and / or officers of the Company, as deemed necessary for proper and expeditious execution.

## **“Nomination & Remuneration Policy”**

### **4. APPLICABILITY**

This Policy is applicable to:

1. Directors viz. Executive, Non-executive and Independent
2. Key Managerial Personnel under the Companies Act, 2013
3. Senior Management Personnel including CEO & CFO of wholly owned subsidiaries in India & overseas.

### **5. APPOINTMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. Appointment of Independent Directors is subject compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder.
4. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### **6. TERM / TENURE**

#### **6.1. WHOLE-TIME DIRECTOR**

The Company shall appoint or re-appoint any person as its Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

#### **6.2. INDEPENDENT DIRECTOR**

Subject to the provisions of the applicable Regulations, an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure(s) of such appointment in the Board's report.

## **“Nomination & Remuneration Policy”**

Provided that a person who has already served as an independent director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed Company.

### **7. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

1. The Company shall familiarize the independent directors with the Company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes.
2. The details of such familiarisation programmes shall be disclosed on the Company's website and a web link thereto shall also be given in the Annual Report.

### **8. EVALUATION**

The performance evaluation of independent directors shall be done by the entire Board of Directors (excluding the director being evaluated) at regular interval (yearly) including at the time of extension/continuance.

### **9. DISQUALIFICATIONS FOR APPOINTMENT OF DIRECTORS**

1. Pursuant to section 164 of the Companies Act, 2013, a person shall not be eligible for appointment as a director of a company if:
  - a. He is of unsound mind and stands so declared by a competent court;
  - b. He is an undischarged insolvent;
  - c. He has applied to be adjudicated as an insolvent and his application is pending;

## **“Nomination & Remuneration Policy”**

- d. He has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;

- e. An order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
  - f. He has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
  - g. He has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
  - h. He has not complied with sub-section (3) of section 152.
2. No person who is or has been a director of a company which:
- a. Has not filed financial statements or annual returns for any continuous period of three financial years; or
  - b. Has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so

### **10. REMOVAL**

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

### **11. RETIREMENT**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Regulations and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **12. POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

## **“Nomination & Remuneration Policy”**

### **12.1. GENERAL**

1. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
3. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
4. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### **13. REMUNERATION TO WHOLE-TIME, KMP AND SENIOR MANAGEMENT PERSONNEL:**

#### **13.1. FIXED PAY**

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, medical expenses etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

#### **13.2. MINIMUM REMUNERATION**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

#### **13.3. PROVISIONS FOR EXCESS REMUNERATION**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and

## **“Nomination & Remuneration Policy”**

until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

### **14. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR**

#### **14.1. REMUNERATION / COMMISSION:**

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

#### **14.2. SITTING FEES**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

#### **14.3. PROFIT-LINKED COMMISSION**

The profit-linked Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

#### **14.4. STOCK OPTIONS**

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.

### **15. DISSEMINATION**

The details of the Policy and the evaluation criteria as applicable shall be published on Company’s website and accordingly disclosed in the Annual Report as part of Board’s report therein.

### **16. AMENDMENTS TO THE POLICY**

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**Bangalore**  
**February 03, 2016**

**TD Power Systems Limited**