

Date:

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**Re.: APPOINTMENT AS INDEPENDENT DIRECTOR**

Dear Sir,

Pursuant to your consent to act as a Director of the Company and requisite confirmation u/s 149 (6) of the Companies Act, 2013, we are pleased to inform you that the shareholders of Karam Chand Thapar & Bros. (Coal Sales) Limited (the Company), at their meeting held on\_\_\_\_\_have appointed you as an Independent Director of the Company.

The terms of appointment, as set out herein, are in accordance with the extant provisions of Section 149 read with schedule IV of the Companies Act, 2013 ("Act") and the Articles of Association of the Company (AOA). Your appointment as an Independent Director is subject to the following terms and conditions:

1. The appointment shall be effective for a period of five consecutive years starting from 1<sup>st</sup> October, 2014 and ending on 30<sup>th</sup> September, 2019. As an Independent Director you will not be liable to retire by rotation.

Re-appointment at the end of the term shall be based on the recommendation of the Nomination & Remuneration of the Board of Directors and subject to the approval of the Board of Directors (the Board) and the shareholders. The recommendation for re-appointment will be based on the outcome of the performance evaluation process and meeting of independence criteria.

2. As per Board's current assessment, you will be a Chairman/member of the following Committees constituted by the Board to discharge the delegated functions as provided under the Act or otherwise:
  - a. Corporate Social Responsibility Committee - Chairman
  - b. Nomination and Remuneration Committee - Member
  - c. Share Transfer & Investor Grievance Committee - Chairman

The constitution of the aforementioned committees ("Committee(s)") is decided by the Board at its meetings. Whenever such committees are recast, you may become Chairman/member or your existing Chairmanship/membership may change and accordingly you are expected to attend the meetings of one or more of such committees. Needless to mention, serving on one or more of the afore-mentioned committees would be subject to your consent at the time of the appointment. The terms of references of the aforesaid Committees are annexed herewith for your ready reference, and marked as Annexure A.

3. You shall abide by the with the provisions of the Act, the rules made there under, the Directors' Code of Conduct, Whistle Blower policy, the AOA and other policies as may be applicable to you as a Director of the Company from time to time etc. The Directors' Code of Conduct of the Company as well as Code stipulated for Independent Directors pursuant to Schedule IV of the Companies Act, 2013 is also enclosed herewith and collectively marked as Annexure B.
4. You are expected to;
  - a) take decisions objectively and solely in the interests of the Company;
  - b) facilitate Company's adherence to high standards of ethics and corporate behavior;
  - c) guide the Board in monitoring the effectiveness of the Company's governance practices and to recommend changes, required if any;
  - d) guide the Board in monitoring and managing potential conflicts of interest of Management, Board Members and Stakeholders, including misuse of corporate assets and abuse in related party transactions;
  - e) guide the Board in ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
  - f) To attend Regular Board / Relevant Committee meetings and ensure that you have read and understood the contents of all the documents and

information provided to you in relation to each Board of Directors / Committee meetings and pursue such additional enquiries as you consider necessary and appropriate to be informed with respect to the Company's financial and operational performance; and

g) Such other programmes / meetings as may be decided by the Board.

5. It is further brought to your notice that, in terms of section 2(60)(vi) of the Companies Act, 2013, an officer in default, inter alia, means:

- every director, in respect of a contravention of any of the provisions of the Act, who is aware of such contravention by virtue of the receipt by him of any proceedings of the Board or participation in such proceedings without objecting to the same, or where such contravention had taken place with his consent or connivance;

6. The Independent Directors of any company, in terms of provisions of the Act are subject to various criteria pertaining to their independence. Hence your appointment as an Independent Director shall be subject to the adherence to the Independence criteria as per the provisions of the Act. The relevant provisions of the Act is enclosed herewith for your ready reference as Annexure C.

7. Further, as an Independent Director, you will receive remuneration as mentioned below:

- a. Sitting Fees of Rs.50,000/- (Rupees Fifty Thousand Only) for each meeting of the Board attended.
- b. Sitting Fees of Rs.30,000/- (Rupees Thirty Thousand Only) for each meeting of the Committee of the Board, attended.
- c. You will also be entitled to a commission of 1% (one percent) of the net profits of the Company calculated pursuant to Section 198 of the Companies Act, 2013, to be divided equally among all the Independent Directors, subject to a maximum of Rs.10,00,000 (Rupees Ten Lakhs Only) per annum per Director or as may be decided by the Board from time to time within the limits approved by the Shareholders of the Company.

- d. You will be reimbursed for all the expenses incurred for attending any meeting of the Board or Committees thereof, and which may arise from performance of any special assignments given by the Board.
8. You will have access to confidential information, whether or not the information is marked or designated as “confidential” or “proprietary”, relating to the Company and its business including legal, financial, technical, commercial, marketing and business related records, data, documents, reports, etc., client information, intellectual property rights (including trade secrets), (“Confidential Information”).

You shall use reasonable efforts to keep confidential and to not disclose to any third party, such Confidential Information. However, If any Confidential Information is required to be disclosed by you in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be, to the extent possible, with the prior consent of the Board.

The copy of the resolution of the Annual General Meeting of the shareholders is attached herewith for your ready reference – Annexure D.

Please acknowledge your acceptance by signing where indicated below.

With Warm Regards,

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Encl: As above

I agree to the terms hereof and acknowledge receipt of this letter.

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