

Terms and Conditions of appointment of Independent Directors

[Date]

To,

[Name of Independent Director (ID)]

[Address of ID]

Dear [Name of ID],

Sub: Appointment as an Independent Director of Punj Lloyd Limited (the “Company”)

On behalf of the Company, we are pleased to confirm your appointment as an Independent Director of the Company (the “Appointment”) with effect from August 4, 2014. The terms of the Appointment, shall be subject to applicable laws including the Companies Act, 2013 and the rules made thereunder (the “Companies Act”), the Articles of Association of the Company, the Listing Agreements entered with Stock Exchanges where the equity shares of the Company are listed and on conditions as set out hereinunder.

Subject to the detailed terms of this letter, your Appointment as an Independent Director will be for a period of five years from August 4, 2014 but you may be re-appointed thereafter if permitted by the law and for the period permitted by law and if mutually agreed.

Appointment

1. The Appointment is for a term of five years and will expire on August 3, 2019 (the “Termination Date”). The Appointment can be mutually renewed, if permitted by law / Listing Agreements, on or prior to the Termination Date, in accordance with law. The Appointment will be subject to applicable laws including the Companies Act and the Company’s Articles of Association (a copy of which has been provided to you), Listing Agreements and any necessary resolution(s) of the Board and the shareholders.
2. The Board of Directors may invite you to serve on one or more of the Board committees including the Audit Committee, Stakeholders’ Committee, Nomination and Remuneration Committees, Corporate Social Responsibility Committee.
3. Apart from receiving director’s remuneration (i.e. sitting fee, commission and reimbursement of expenses, etc.), you shall not have any pecuniary relationships or transactions with the Company, its holding, subsidiaries or associate companies or their promoters or directors or the senior management of the Company during your tenure of appointment.
4. You shall ensure that none of your relatives shall have any pecuniary relationship or transaction with the Company or 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 Rs. 50 lacs or such higher amount as may be prescribed under the Companies Act, whichever is lower.

5. The Sitting fee shall be Rs. 50,000 (subject to TDS) per meeting attended, and as may be amended from time to time by approval of the Board / the Shareholders. The expenses reimbursed shall be on the basis of actual expenses incurred, if any. Commission may be paid subject to the provisions of the Companies Act.
6. You will also be covered under the Directors and Officers Liability Insurance Policy obtained/to be obtained by the Company from time to time.
7. The expectations of the Board, time commitment, roles, functions, duties, liabilities, etc., are stated in the Annexure – I to this letter.
8. You shall comply with the requirements of the Companies Act, SEBI Act, Rules and Regulations and in particular, with SEBI (Prohibition of Insider Trading) Regulations, 1992 (As amended) and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (As amended).
9. Notwithstanding the other provisions of this letter, the Appointment may be terminated at any time by a written notice of resignation or by the Company in accordance with the provisions of the law. It is desirable that the Company be given reasonable forewarning of any intention to resign so that the Company can plan for succession of skills and experience on the Board. Upon such termination or resignation for any reason, no damages shall be payable for any loss of office and no fee will be payable in respect of any unexpired portion of the term of the Appointment.
10. This letter shall be open for inspection at the Registered Office of the Company by any member during normal business hours. Further, the terms and conditions of this appointment shall also be posted on the Company's website. If applicable, a copy of this letter shall also be forwarded to the Stock Exchanges.
11. This letter is governed by the laws of India and any dispute arising out of this Appointment shall be subject to the exclusive jurisdiction of the Courts of India.
12. Please confirm your agreement to the above by signing and returning the enclosed duplicate of this letter.

Yours sincerely,

For and on behalf of **Punj Lloyd Limited**

Atul Punj
Chairman

I have read and agree to the above terms and conditions regarding my appointment as an Independent Director of Punj Lloyd Limited.

[Name of ID]

Expectations of the Board

Position of Independent Director is a very important position in the Company. In order to derive optimally from the rich experience of an Independent Director, the Board expects the following from an Independent Director:

- a) to keep in mind the best interests of the Company, its stakeholders, its employees, the community and for the protection of the environment;
- b) to demonstrate high ethical standards and integrity in personal and professional dealings;
- c) to think, speak and act independently with confidence and courage and be critical and responsive to change;
- d) to prepare for each Board and its committees and maintaining an excellent Board and committee meeting attendance record;
- e) to the extent possible, to demonstrate a reasonable level of financial literacy and to know how to read financial statements, and understand the use of financial ratios and other indices for evaluating company performance;
- f) as necessary and appropriate, to communicate with the Chairman between meetings;
- g) to stay up-to-date on a current understanding of the regulatory, legislative, business, social and political environments within which the Company operates;
- h) to inform the Board of any change in present position, employment or job responsibility that would impact the independence of Independent Director;
- i) being privy to confidential information and know how about the Company, to avoid any conflict of interest and to safeguard the interests of the Company at all times;
- j) to make the appropriate disclosures to the Company so that the necessary procedures can be followed at the time of entering into transactions and the Company has knowledge of the real position regarding any concern and interest in other entities;
- k) to be a positive force, using abilities and influence constructively; and
- l) to comply with all duties, functions, roles and obligations under applicable laws including the Companies Act and the Listing Agreements.

Time Commitment

It is difficult to be precise about the time commitment that may be required from an Independent Director but the Company anticipates a commitment of sufficient time and attention as necessary in order to perform the duties of an Independent Director. This includes attendance at regular and emergency Board meetings, Committee Meetings, separate meeting of Independent Directors of the Company and any Annual/Extraordinary General Meeting. In addition, appropriate preparation time is required to be devoted ahead of each meeting.

Role, Functions and Duties

An Independent Director is required to fulfil the duties of the directors including all the fiduciary duties as are prescribed under Section 166 of the Companies Act.

Further as an Independent Director, one must also fulfil the following functions:

- (a) 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;
- (b) bring an objective view in the evaluation of the performance of the Board and management;
- (c) scrutinise the performance of the management in meeting agreed goals and objectives and monitor the reporting of performance;
- (d) satisfy oneself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (e) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (f) balance the conflicting interest of the stakeholders;
- (g) 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;
- (h) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

An Independent Director has the following duties:

- (a) undertake appropriate induction and regularly update and refresh his skills, knowledge and familiarity with the Company;
- (b) 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;
- (c) participate constructively and actively in the committees of the Board in which one is a chairperson or member;
- (d) where one 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;
- (e) keep oneself well informed about the Company and the external environment in which it operates;
- (f) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (g) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure oneself that the same are in the interest of the Company;
- (h) 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;
- (i) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- (j) while acting within authority, assist in protecting the legitimate interests of the Company, its shareholders and employees;
- (k) not disclosing any 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.

Liability

An Independent Director is liable for accompanying liabilities which are associated with that position. Non-compliance with any applicable law including the Companies Act could attract punishment / liabilities under the Companies Act including with respect to the provisions of Section 166 of the Companies Act.

As per the provisions of the Companies Act, Independent Directors shall be held liable, only in respect of such acts of omission or commission by the Company which had occurred with their knowledge, attributable through Board processes, and with their consent or connivance or where they had not acted diligently.

Training

The Company shall provide suitable training to Independent Directors to familiarize them with the Company, their role, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc.

Other Directorships / Committee Membership

An Independent Director can hold such number of other directorship or committee membership as are permitted under the Companies Act and the Listing Agreements.

Code of Conduct

An Independent Director is required to abide by such Code of Conduct as may be laid down by the Company from time to time.

Confidentiality

An Independent Director must apply the highest standards of confidentiality and must not disclose to any person or company (whether during the course of the Appointment or at any time thereafter), any confidential information concerning the Company and any Group Companies.

Performance Review Process

Performance evaluation of Independent Director shall be done by the entire Board of Directors, excluding the director being evaluated and 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.