

Date:

To Mr./Mrs. \_\_\_\_\_

Address

Dear Sir / Madam,

**Sub: Letter of appointment as an Independent Director on the Board of L&T Finance Holdings Limited in accordance with the provisions of Companies Act, 2013**

We are pleased to inform you that at the \_\_\_\_ Annual General Meeting of the Company held on \_\_\_\_\_, you have been appointed as an Independent Director of the Company in terms of Section 149 and other applicable sections and rules thereunder, if any, of the Companies Act, 2013 ("the Act"), to hold office for a term of 5 consecutive years i.e. from \_\_\_\_\_ to \_\_\_\_\_.

In terms of Schedule IV of the Act, your appointment as an Independent Director is being formalised through this letter of appointment. Your appointment is not a contract of employment with the Company.

The below mentioned enclosures form a part of this letter and we request you to go through them:

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We request you to provide us a copy of the Annexure 7 duly signed agreeing to the terms and conditions included in this letter.

Thanking you,

Yours faithfully,

**For L&T Finance Holdings Limited**

**Dinanath Dubhashi**  
**Managing Director & Chief Executive Officer**

Encl: as above

**L&T Finance Holdings Limited**  
**Registered Office**

Brindavan, Plot No. 177, C.S.T Road  
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**ANNEXURE 1****DEFINITION OF “INDEPENDENT DIRECTOR” AS PER SECTION 149(6) OF THE ACT AND REGULATION 16 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (“LISTING REGULATIONS”)**

The expression ‘Independent Director’ means director other than a managing director or a whole-time director or a nominee director of the company:

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. who apart from receiving director’s remuneration or having transaction not exceeding ten per cent. of his / her total income or such amount as may be prescribed, has or had no 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;
- d. none of his / her relatives:
  - (i) holds any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
  - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iv) has any other pecuniary relationship or transaction with the company, its holding, subsidiary or associate company amounting to two per cent or more of its gross turnover or total income singly or in combination with the transactions referred to in points d. (i), (ii) or (iii);
- e. who, neither himself / herself nor any of his / her 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 / she is proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this point shall not apply for his employment during preceding three financial years;

- (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 / she 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 / her relatives two per cent or more of the total voting power of the company;
  - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
  - (v) is a material supplier, service provider or customer or a lessor or lessee of the company;
- f. who is not less than 21 years of age;
- g. who possesses such other qualifications as may be prescribed i.e. skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

**ANNEXURE 2****YOUR TERM OF APPOINTMENT AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

As an Independent Director, you shall hold office for a term of 5 consecutive years i.e. from \_\_\_\_\_ to \_\_\_\_\_.

You shall be eligible to be re-appointed for another term of up to 5 (five) consecutive years subject to your willingness, approval of the Board of Directors based on evaluation of performance and other factors and shareholders' approval by way of special resolution.

The Act and the Listing Regulations prescribe an evaluation mechanism for Independent Directors, wherein performance evaluation of Independent Directors is done by the entire Board of Directors, excluding the director being evaluated and the extension or continuation of term of appointment of Independent Director is determined on the basis of evaluation report. Accordingly, your performance would be evaluated by the Board of Directors and your continuation / extension of tenure would be based on the evaluation report.

Resignation and removal of Independent Directors is governed by the provisions of Section 168 and 169 of the Act.

**ANNEXURE 3**
**YOUR ROLE, RESPONSIBILITIES, FUNCTIONS, DUTIES AND LIABILITIES**
**A. Board constituted committees in which you are a Member / Chairperson:**

You are currently the Member/Chairperson of the following Board constituted Committees:

Name of the Committee	Member / Chairperson
_____	_____
_____	_____

You may be requested:

- a) To be a Member / Chairperson of any one or more Committees / sub-committees of the Board, which may be constituted from time to time.
- b) To be a Member on the Board of one or more of the Company's subsidiaries.

**B. Role, Responsibilities and Functions:**

The Independent Director(s) shall:

- 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;
- bring an objective view in the evaluation of the performance of Board and management;
- scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- safeguard the interests of all stakeholders, particularly the minority shareholders;
- balance the conflicting interest of the stakeholders;
- 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;
- moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest;
- be responsible for any other role or functions as specified under any applicable laws for the time being in force.

**C. Duties:**

The Independent Director(s) shall:

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- 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;
- strive to attend all meetings of the Board of Directors and of the Committees of which they are a Member;
- participate constructively and actively in the committees of the Board in which they are Chairperson or a Member;
- strive to attend the general meetings of the Company;
- where they 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;
- keep themselves well informed about the Company and the external environment in which it operates;
- pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
- ascertain and ensure that the Company has an adequate and functional vigil mechanism and also ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct;
- act within their authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.

#### **D. Separate meetings:**

- The Independent Directors of the Company shall hold at least one meeting in a financial year, without the attendance of Non-Independent Directors and members of management;
- All the Independent Directors of the Company shall strive to be present at such meeting;
- The meeting shall:
  - review the performance of Non-Independent Directors and the Board as a whole;
  - review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
  - assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### **E. Liabilities:**

As per the provisions of Section 149(12) of the Act, notwithstanding anything contained in this Act, an Independent Director shall be held liable, only in respect of such acts of omission or commission by a Company which had occurred with his / her knowledge,

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attributable through Board processes, and with his / her consent or connivance or where he / she had not acted diligently.

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**ANNEXURE 4****DIRECTORS AND OFFICERS (“D&O”) LIABILITY POLICY**

The Company has taken a Directors and Officers Liability policy with a view to have specific cover for itself and its subsidiaries.



**ANNEXURE 5****CODE OF CONDUCT FOR BOARD OF DIRECTORS**

During the tenure of your appointment, you are required to comply with the provisions of the Act and the Listing Regulations. In addition, the Company has also laid down a Code of Conduct (“Code”) for the Non-Executive Directors of the Board. The Code impresses upon Directors to uphold the interest of the Company and fulfill the fiduciary obligations. The Code further enjoins the Directors to act in accordance with the highest standard of honesty, integrity, fairness, good faith and due diligence in performing their duties.

While the copy of the Code is enclosed for your affirmation, the same is also available on the website of the Company at [www.ltf.com](http://www.ltf.com).

We feel it appropriate to bring to your attention a few illustrative (and not exhaustive) actions which a director SHOULD NOT do whilst a Director.

The Independent Director shall:

- not allow any extraneous considerations that will vitiate his / her 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;
- not abuse his / her 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;
- not unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- 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.
- not buy in the Company, or in its holding, subsidiary or associate company:
  - a right to call for delivery or a right to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures; or
  - a right, as he / she may elect, to call for delivery or to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures;
- not enter into insider trading of securities;
- not put himself / herself in a position where he / she has or may have an actual or potential conflict of interest with the Company. Should such an occasion arise, he / she should discuss the matter with the Chairperson, if any, or the Company Secretary immediately;
- not achieve or attempt to achieve any undue gain or advantage either to himself / herself or to his / her relatives, partners, or associates;
- not assign his / her office and any assignment so made shall be void;
- ensure that relatives do not hold security or interest in the company of face value exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed.

**ANNEXURE 6****REMUNERATION PAYABLE TO AN INDEPENDENT DIRECTOR**

As per the provisions of Section 197(5) of the Act, you, as an Independent Director, shall be entitled to receive remuneration by way of fee for attending the meetings of the Board or Committees thereof. Further, you shall also be entitled to receive reimbursement of expenses incurred for participating in the Board and other meetings and commission at a specified percentage of the net profits as per the provisions of the Act.

Currently, the sitting fees payable to the Independent Director for attending the meeting(s) of the Board or a Committee thereof and/or other committees is as follows:

<b>Meeting(s)</b>	<b>Sitting fees (per meeting)</b>
Board / Independent Director(s)	Rs. 50,000
Audit / Nomination & Remuneration Committee	Rs. 40,000
Other Committees	Rs. 30,000

The Company follows a transparent process for determining the commission of Independent Directors. The commission is governed by the role assumed, number of meetings of the Board and the Committees thereof attended by Directors, inputs to the executive management on matters of strategic importance and overall contribution to the business. Besides these, the Board also takes into consideration the external competitive environment, track record, individual performance of Directors and performance of the Company as well as the industry standards in determining the commission of Independent Directors.

The actual commission payable to each Independent Director shall be as recommended by the Nomination and Remuneration Committee and approved by the Board.

**ANNEXURE 7****ACCEPTANCE OF THE APPOINTMENT**

I agree to the terms and conditions of my appointment as set out in your letter of appointment dated \_\_\_\_\_.

**Signed:** \_\_\_\_\_

**Name :** \_\_\_\_\_

**Date :** \_\_\_\_\_