

TERMS AND CONDITIONS OF APPOINTMENT/RE-APPOINTMENT AS AN INDEPENDENT DIRECTOR OF L&T FINANCE HOLDINGS LIMITED

In case of appointment of Independent Director:

An Independent Director holds office for a term of 5 consecutive years.

The Independent Director shall be eligible to be re-appointed for another term of up to 5 (five) consecutive years subject to his / her 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, the performance would be evaluated by the Board of Directors and the 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 and pursuant to Regulation 30 read with Para A of Part A of Schedule III of the Listing Regulations.

In case of re-appointment of Independent Director:

An Independent Director, on re-appointment, he / she can hold office for a second term of 5 consecutive years.

Resignation and removal of Independent Directors is governed by the provisions of Section 168 and 169 of the Act and pursuant to Regulation 30 read with Para A of Part A of Schedule III of the Listing Regulations.

ROLE, RESPONSIBILITIES, FUNCTIONS, DUTIES AND LIABILITIES

A. 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;
- any other role or functions assigned under any applicable laws for the time being in force.

B. 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;

C. 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.

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

CODE OF CONDUCT FOR BOARD OF DIRECTORS

During the tenure of the appointment, the Independent Director is 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.

The copy of the Code is available on the website of the Company at www.ltf.com.

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 percent of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed.