

[●], 2014

To,

[●]

Sub. : **Your appointment as an Independent Director**

Dear Sir,

We are pleased to inform you that at the Annual General Meeting held on [●], the shareholders have approved the resolution for your appointment as an Independent Director of the Company.

We welcome you on the Board of Oberoi Realty Limited as an Independent Director.

This letter is issued as required under Para IV(4) of Schedule IV (Code for Independent Directors) read with Section 149(8) of the Companies Act, 2013.

The terms of your appointment, as set out in this letter, are subject to the extant provisions of (i) the applicable laws, including Companies Act, 2013 and Clause 49 of the Listing Agreement (as amended from time to time), and (ii) Articles of Associations of the Company.

1. **Term of appointment :**

The term of your appointment shall be for a period of [●] ([●]) years from [●] to [●] (“**Term**”), unless terminated earlier (suo moto or as per operation of law) as per provisions of this letter and the applicable laws.

As an Independent Director you will not be liable to retire by rotation.

Your re-appointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee of the Board and subject to the approval of the Board and the Shareholders. Your reappointment would be considered by the Board based on the outcome of the performance evaluation process and you continuing to meet the criteria of Independence.

You shall continue to serve on the following Board Committees of the Company (till such time the Board decides otherwise), as per the functions and duties mentioned in the charter of the respective committees:

Sr. No.	Committee	Designation
[•]	[•]	[•]

The Board may from time to time, based on your functional expertise and availability, induct you on other Board Committees, as it may consider appropriate.

2. **Role, duties and responsibilities:**

Without limiting the generality of the roles, duties and responsibilities stated in the Companies Act, 2013, the Listing Agreement, SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Code of Conduct for Prevention of Insider Trading framed thereunder and other applicable laws, as an Independent Director, you are expected to discharge the role, duties and responsibilities as set out in the Code for Independent Directors (Schedule IV of the Companies Act, 2013) annexed hereto as ‘**Annexure-A**’, relevant provisions of the Companies Act, 2013, as set out in the ‘**Annexure-B**’, and provisions of Clause 49 of the Listing Agreement (effective October 1, 2014) annexed hereto as ‘**Annexure-C**’.

The Board may, from time to time, assign you such other roles, functions and duties as it may consider appropriate in the best interest of the Company and its stakeholders, at large.

Also, please note that, as a director of the Company

1. you shall not assign office and any assignment so made shall be void;
2. you shall ensure that your number of directorships/ board committee memberships/ chairmanships shall be within the limits prescribed under the provisions of Companies Act, 2013 and the Listing Agreement, as amended from time to time;
3. you shall ensure that you fulfill the parameters of ‘Independence’ as defined under the Companies Act, 2013 and the Listing Agreement, as amended from time to time. You are also required to furnish a declaration every year confirming your eligibility to hold the office of Independent Director of the Company and inform whenever there is a change in the circumstances which may affect your status as an Independent Director;
4. you are restricted from participating in the discussions on contracts or arrangements with parties where you are interested or concerned in any manner;
5. you are required to inform the Company in a timely manner about any changes, if any, in disclosure of interest and declarations furnished by you to the Company.

3. **Insurance:**

The Company has in place a Directors' and Officers' Liability Insurance Policy. The management intend to continue to maintain such insurance cover for the term of your appointment, subject to the terms of such policy in force from time to time. A copy of the policy document is separately forwarded to you.

4. **Code of Business Ethics:**

The Code for Independent Directors contained in Schedule IV of the Companies Act, 2013 shall *ipso facto* apply to you. In addition to the same, the Code of Conduct as formulated by the Company in compliance with the requirement of Clause 49 of the Listing Agreement is also applicable to you as a Director. You are required to comply with the same. The same is uploaded at the website of the Company www.oberoirealty.com and also attached for your reference.

5. **Remuneration and expenses:**

As an Independent Director of the Company you shall be paid sitting fees for attending the meetings of the Board and its Committees of which you are a member at the rates determined by the Board from time to time. The sitting fees per meeting currently are as under:

Meeting	Sitting Fees
[•]	Rs. [•]

In addition to the sitting fees, profit related commission as may be recommended by Nomination and Remuneration Committee constituted under Section 178(1) of the Companies Act, 2013 and as approved by the Board of Directors of the Company may be payable to you.

The fees and commissions will be subject to deduction of tax at source and levy of service tax, at the rates and in the manner prescribed under the relevant laws. The tax deduction certificate for the tax deducted will be provided to you in accordance with the provisions of the Income Tax, Act, 1961.

Further, the Company will reimburse to you such fair and reasonable expenditure, as may have been incurred by you while performing your role as an Independent Director of the Company, including conveyance/ travelling/ accommodation expenditure incurred by you for attending board/ committee/ general body meetings, induction and training (organized by Company for Directors).

6. **Acknowledgment:**

We are confident that the Board and the Company will benefit immensely from your rich experience and we are pleased to have you as an integral part in the growth journey of the Company.

We thank you for your support and commitment to the Company.

In case of requirement of any information or assistance for discharging your duties as an Independent Director, you may contact the undersigned or the Company Secretary of the Company.

Thanking you.

Yours faithfully,

For & on behalf of the Board of
Oberoi Realty Limited

Vikas Oberoi
Chairman

Agree and Accept

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby affirm my acceptance on the same.

[•]

Code for Independent Directors

SCHEDULE IV
[See section 149(8)]

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his 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;
- (6) not abuse his 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;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- (1) 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;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) 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;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall:

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) 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;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) 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;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

- (9) 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;
- (10) 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;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) 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.

IV. Manner of appointment:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:
 - (a) the term of appointment;
 - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - (d) provision for Directors and Officers (D and O) insurance, if any;
 - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
 - (f) the list of actions that a director should not do while functioning as such in the company; and

- (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

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

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) 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.

Section 2 (60): Definition

“**officer who is in default**”, for the purpose of any provision in this Act which enacts that an officer of the company who is in default shall be liable to any penalty or punishment by way of imprisonment, fine or otherwise, means any of the following officers of a company, namely:-

- (i) whole-time director;
- (ii) key managerial personnel;
- (iii) where there is no key managerial personnel, such director or directors as specified by the Board in this behalf and who has or have given his or their consent in writing to the Board to such specification, or all the directors, if no director is so specified;
- (iv) any person who, under the immediate authority of the Board or any key managerial personnel, is charged with any responsibility including maintenance, filing or distribution of accounts or records, authorizes, actively participates in, knowingly permits, or knowingly fails to take active steps to prevent, any default;
- (v) any person in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act, other than a person who gives advice to the Board in a professional capacity;
- (vi) every director, in respect of a contravention of any of the provisions of this 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;
- (vii) in respect of the issue or transfer of any shares of a company, the share transfer agents, registrars and merchant bankers to the issue or transfer.

Section 134 (5): Financial statement, Board’s Report, etc.

The Directors’ Responsibility Statement referred to in clause (c) of sub-section (3) shall state that:-

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

Explanation.—For the purposes of this clause, the term “internal financial controls” means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;

- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Section 149 (6): Company to have Board of Directors

An Independent Director in relation to a company, means a director other than a Managing Director or a whole-time director or a nominee director:-

- (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 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 whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed,

whichever is lower, during the two immediately preceding financial years or during the current financial year;

- (e) who, neither himself nor any of his 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 is proposed to be appointed;
 - (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 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 relatives two per cent. or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organization 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; or
- (f) who possesses such other qualifications as may be prescribed.

Section 149 (8): Company to have Board of Directors

The company and independent directors shall abide by the provisions specified in Schedule IV.

Section 149 (12): Company to have Board of Directors

Notwithstanding anything contained in this Act:

- (i) an independent director;
- (ii) a non-executive director not being promoter or key managerial personnel,

shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.

Section 166: Duties of Directors

- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.
- (7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

Section 188 (5): Related Party Transactions

Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall-

- (i) in case of listed company, be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both; and
- (ii) in case of any other company, be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees.

Clause 49 I(D)of the Listing Agreement:

Responsibilities of the Board

1. Disclosure of Information
 - a. Members of the Board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.
 - b. The Board and top management should conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision-making.

2. Key functions of the Board

The board should fulfill certain key functions, including:

- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- b. Monitoring the effectiveness of the company's governance practices and making changes as needed.
- c. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- d. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
- e. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

- g. 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.
 - h. Overseeing the process of disclosure and communications.
 - i. Monitoring and reviewing Board Evaluation framework.
3. Other responsibilities
- a. The Board should provide the strategic guidance to the company, ensure effective monitoring of the management and should be accountable to the company and the shareholders.
 - b. The Board should set a corporate culture and the values by which executives throughout a group will behave.
 - c. Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.
 - d. The Board should encourage continuing directors training to ensure that the Board members are kept up to date.
 - e. Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly.
 - f. The Board should apply high ethical standards. It should take into account the interests of stakeholders.
 - g. The Board should be able to exercise objective independent judgment on corporate affairs.
 - h. Boards should consider assigning a sufficient number of non-executive Board members capable of exercising independent judgment to tasks where there is a potential for conflict of interest.
 - i. The Board should ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to

significant risks not being recognized or exposes the company to excessive risk.

- j. The Board should have ability to ‘step back’ to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the company's focus.
- k. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.
- l. Board members should be able to commit themselves effectively to their responsibilities.
- m. In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.
- n. The Board and senior management should facilitate the Independent Directors to perform their role effectively as a Board member and also a member of a committee.