

Name of the Director: \_\_\_\_\_  
Address: \_\_\_\_\_

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

**SUB: Letter of Appointment as Independent Director on the Board of L&T General Insurance Company Limited in accordance with the Companies Act, 2013**

Dear Sir,

We are pleased to inform you that at the Annual General Meeting of the Company held on August 19, 2014, you have been appointed as an Independent Director of the Company in terms of Section 149 and other applicable sections, if any, of the Companies Act, 2013 (the "Act"), for a term up to March 31, 2019.

In terms of Schedule IV of the Act, your appointment as an Independent Director is being formalized through this letter of appointment.

The attached Annexures form part of this letter of appointment and we would request you to kindly go through them in detail:

Definition of 'Independent Director' as per Section 149(6) of the Companies Act, 2013	Annexure 1
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Please convey your acceptance of your appointment by signing and returning Annexure 7.

Yours truly,

**For L&T General Insurance Company Limited**

**Sd/-  
(V Krishnamoorthy)  
CFO & Principal Compliance Officer**

## ***ANNEXURE 1***

### **DEFINITION OF “INDEPENDENT DIRECTOR” AS PER SECTION 149(6) OF THE ACT**

The expression ‘independent director’ shall mean a non-executive director, other than 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 or its holding, subsidiary or associate company;
- c. apart from receiving director's remuneration, 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;
  - (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.

**TERM OF APPOINTMENT AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

As an Independent Director, you shall hold office for a term up to March 31, 2019.

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

The Act prescribes an Evaluation Mechanism for Independent Directors, wherein performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated and the extension or continuation of term of appointment of Independent Director shall be 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 Sections 168 & 169 of the Act.

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

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

Name of the Committee	Member/Chairman
-	-

You may be requested:-

- a) To be a Member/Chairman of any one or more Committees/Sub-committees of the Board which may be constituted from time to time.

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

The Independent Directors 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.

**C. Duties:**

The Independent Directors 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 Board committees of which he is a Member;
- participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 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 to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct;
- acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plan, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by the Law.

**D. Separate Meetings :**

- 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;
- All the Independent Directors of the Company shall strive to be present at such meeting;
- The meeting shall:
  - (i) review the performance of non-Independent Directors and the Board as a whole;
  - (ii) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - (iii) 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.

**E. Liabilities :**

Section 149(12) of the Act inter-alia states that, 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 knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.

**DIRECTORS AND OFFICERS (D&O) LIABILITY POLICY**

Presently, Directors and Officers Liability Insurance coverage forms part of the policy taken by Larsen & Toubro Limited, the Parent company, covering its group companies as well.

**PROFESSIONAL CONDUCT**

As an Independent Director, you shall:

- A) Uphold ethical standards of integrity and probity;
- B) Act objectively and constructively while exercising his duties;
- C) Exercise your responsibilities in a *bona fide* manner in the interest of the company;
- D) Devote sufficient time and attention to your professional obligations for informed and balanced decision making;
- E) Not allow any extraneous considerations that will vitiate your 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;
- F) Not abuse your 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;
- G) Refrain from any action that would lead to loss of your independence;
- H) Where circumstances arise which make an you lose your independence, you must immediately inform the Board accordingly;
- I) Assist the Company in implementing the best corporate governance practices.



**REMUNERATION PAYABLE TO YOU AS INDEPENDENT DIRECTOR**

As per the provisions of Section 197(5) of the Companies Act, 2013, you, as an Independent Director, shall be entitled to receive remuneration by way of fee for attending meetings of the Board or Committee thereof. Further, you shall also be entitled to receive reimbursement of expenses for participating in the Board and other meetings.

Sitting fees will be Rs. 20,000/- per meeting of the Board and Committee. You will be entitled to reimbursement of expenses incurred by you, in connection with your attendance at Board, Committee and general meetings.

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