

Date []

Dear [],

### **Sub: Appointment as Independent Director**

We are pleased to advise you that the Board has approved your appointment as an Independent Director of Tata Housing Development Company Limited (the "**Company**"), subject to approval of the shareholders at the ensuing Annual General Meeting of the Company. We are eager to have you as an integral part of the growth of our Company.

We thank you for your confirmation to the Company that you meet the "independence" criteria as envisaged in Section 149(6) of the Companies Act, 2013 ("**2013 Act**"), Regulation 16, 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing Regulation") and the Governance Guidelines, that are applicable to all Tata Companies and adopted by the Company.

This letter is being issued to comply with the requirements of Schedule IV of the 2013 Act pertaining to the Code of Independent Directors. This letter sets out the broad terms of your appointment as an Independent Director, on the Board of the Company.

The terms of your appointment, as set out in this letter, are subject to the provisions of the (i) applicable laws, including 2013 Act, (ii) Listing Regulation, (iii) applicable Governance Guidelines and (iv) Articles of Association of the Company ("**AOA**").

#### **1. Appointment**

Your appointment shall take effect from [] for a one term of [] years ("**Term**") i.e. for a period upto []. The term is extendable for upto a total of two terms. The Company may disengage Independent Director prior to completion of the Term subject to compliance of relevant provisions of the 2013 Act and the Listing Regulations.

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

Reappointment at the end of the first Term shall be based on the recommendation of the Nomination and Remuneration Committee, if any, and subject to the approval of the Board and the shareholders. Your reappointment would be considered based on the outcome of the performance evaluation process and you continuing to meet the independence criteria.

You may be requested to be a member of any one or more Committees of the Board which may be constituted from time to time.

Presently, there are no Committees in the Company.

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

- A. As member of the Board, you along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:
- Requirements under the Companies Act, 2013 and Listing Regulations,
  - "Responsibilities of the Board" as outlined in the Governance Guidelines as adopted by the Company
  - Accountability under the Director's Responsibility Statement.
- B. You shall abide by the 'Code For Independent Directors' as outlined in Schedule IV r/w section 149(8) of the 2013 Act, duties of directors as provided in the 2013 Act (including Section 166) and mandates outlines in the Governance Guidelines pertaining to directors. For your ready reference, the relevant provisions have been extracted and attached to this letter as **Annexure A**.
- C. Given your experience and professional standing, you are expected to provide guidance in strategic and operational matters of the Company.

## **3. Time Commitment**

Considering the nature of the role of a director, it is difficult for a company to lay down specific parameters on time commitment. You agree to devote such time as is prudent and necessary for the proper performance of your role, duties and responsibilities as an Independent Director.

## **4. Remuneration**

As an Independent Director you shall be paid sitting fees for attending the meetings of the Board and the Committees of which you are a member. The sitting fees for attending each meeting of the Board and its Committees would be as determined by the Board from time to time.

In addition to the sitting fees, commission that may be determined by the Board may also be payable to you. In determining the amount of this commission, the Board supported by the Nomination and Remuneration Committee, if any, may consider performance of the Company and your performance as evaluated by the Board.

Further, the Company may pay or reimburse to you such expenditure, as may have been incurred by you while performing your role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by you for accommodation, travel and any out of pocket expenses for attending Board/ Committee meetings, General Meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the Company for Directors).

## **5. Insurance**

The Company will take an appropriate Directors' and Officers' Liability Insurance policy and pay the premiums for the same. It is intended to maintain such insurance cover for the

Term of your appointment, subject to the terms of such policy is in force from time to time. A copy of the policy document will be supplied on request.

## **6. Tata Code of Conduct**

As an Independent Director of the Company, you agree to comply with the Tata Code of Conduct for Non-Executive Directors (NEDs). For your reference, the Code of Conduct for Non-Executive Directors as adopted by the Board is provided in **Annexure B**.

Unless specifically authorised by the Company, you shall not disclose company and business information to constituencies such as the media, the financial community, employees, shareholders, agents, franchisees, dealers, distributors and importers.

Your obligation of confidentiality shall survive cessation of your directorship with the Company.

We would also like to draw your attention to the applicability of the Tata Code of Conduct on Prevention of Insider Trading, prohibiting disclosure or use of unpublished price sensitive information.

Additionally, you shall not participate in any business activity which might impede the application of your independent judgment in the best interest of the Company.

All Directors are required to sign a confirmation of acceptance of the Tata Code of Conduct for NEDs as adopted by the Board on annual basis.

## **7. Training and Development**

The Company may, if required, conduct formal training program for its Independent Directors which may include any or all of the following:

- Board roles and responsibilities, whilst seeking to build working relationship among the Board members,
- Company's vision, strategic direction, core values, ethics and corporate governance practices,
- Familiarization with financial matters, management team and business operations,
- Meetings with stakeholders, visits to business locations and meetings with senior and middle management.

The Company may, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the company and its business. The Company will fund/arrange for training on all matters which are common to the whole Board.

## **8. Performance Appraisal/ Evaluation Process**

As a member of the Board, your performance as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each director shall be done by all the other directors. The criteria for evaluation shall be disclosed in the Company's Annual

Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

### **9. Disclosures, other directorships and business interests**

During the Term, you agree to promptly notify the Company of any change in your directorships, and provide such other disclosures and information as may be required under the applicable laws. You also agree that upon becoming aware of any potential conflict of interest with your position as Independent Director of the Company, you shall promptly disclose the same to the Board of Directors or Company Secretary (if any) of the Company. By signing this letter, you hereby confirm that as on date of this letter, you have no such conflict of interest issues with your existing directorships, if any.

During your Term, you agree to promptly provide a declaration under Section 149(7) of the 2013 Act and Regulation 25(8) of the Listing Regulations, upon any change in circumstances which may affect your status as an Independent Director.

### **10.Changes of personal details**

During the Term, you shall promptly intimate the Company and the Registrar of Companies in the prescribed manner of any change in address or other contact and personal details provided to the Company.

### **11.Disengagement**

You may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by you in the notice, whichever is later.

Your directorship on the Board of the Company shall cease in accordance with law. The Company may disengage Independent Directors prior to completion of Term (subject to compliance of relevant provisions of the 2013 Act) upon

- Violation of any provision of the Tata Code of Conduct as applicable to Non-Executive Directors,
- Upon the director failing to meet the criteria for independence as envisaged in Section 149(6) of the 2013 Act and Regulation 16 of Listing Regulations.

### **12.Miscellaneous**

This letter shall be disclosed on the website of the Company.

### **13.Acceptance of Appointment**

Please confirm your acceptance of the above terms by signing and returning the enclosed duplicate copy of this letter.

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

Yours Sincerely,

For **Tata Housing Development Company Limited**

Name: []

Designation: []

---

**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 to the same.

---

Name: []

Place: []

Date: []

**I. RELEVANT EXTRACTS OF THE PROVISIONS UNDER COMPANIES ACT, 2013**

**SECTION 2(60) – DEFINITION OF 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) .....

(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) .....

**SECTION 134 (5) – DIRECTORS' RESPONSIBILITY STATEMENT**

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 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) – DEFINITION OF INDEPENDENT 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,—

- i- who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- ii- who is or was not a promoter/related to promoters or directors of the company or its holding, subsidiary or associate company;
- iii- who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding 10% of his total income or such amount as may be prescribed, 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;

- iv- none of whose relatives—
  - a) is holding any security /interest of face value not exceeding fifty lakh rupees or 2% of the paid-up capital in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year;
  - b) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of 50 Lakhs Rupees during the two immediately preceding financial years or during the current financial year;
  - c) 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, in excess of 50 Lakhs Rupees during the two immediately preceding financial years or during the current financial year; or
  - d) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to 2% or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (a), (b) or (c);
- v- who, neither himself nor any of his relatives—
  - a) 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;  
(Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.)
  - b) 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 —
    - (I) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - (II) 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;
  - c) holds together with his relatives 2% or more of the total voting power of the company; or
  - d) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
- vi- who possesses appropriate 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.

#### **SECTION 149 (7) – DECLARATION OF INDEPENDENCE**

Every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence as provided in subsection (6).

## **SECTION 149 (8) – CODE OF CONDUCT FOR INDEPENDENT DIRECTORS**

The company and independent directors shall abide by the Code of Conduct provisions specified in Schedule IV of the Companies Act, 2013.

## **SECTION 149 (12) – LAIBILITY OF INDEPENDENT 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 184 – DISCLOSURE OF INTEREST BY DIRECTORS**

- (1) Every director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, in such manner as may be prescribed.
- (2) Every director of a company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—



- a. with a body corporate in which such director or such director in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
- b. with a firm or other entity in which, such director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting:

Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

## **SECTION 189 (2) – CONTRACTS & ARRANGEMENTS IN WHICH DIRECTORS ARE INTERESTED**

Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office, as the case may be, disclose to the company the particulars specified in sub-section (1) of section 184 relating to his concern or interest in the other associations which are required to be included in the register under that sub-section or such other information relating to himself as may be prescribed.

## **II. RELEVANT EXTRACTS OF THE REGULATIONS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATION, 2015:**

### **1- Definitions- Reg. 16(1)(b):**

"Independent Director" means a non-executive director, other than a nominee director of the listed entity:

- (i) who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
- (ii) who is or was not a promoter of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity;
- (iii) who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;
- (iv) who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (v) none of whose relatives has or had pecuniary relationship or transaction with the listed entity, 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 from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (vi) who, neither himself/herself, nor whose relative(s) —
  - (A) holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company or

any company belonging to the promoter group of the listed entity, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed:

Provided that in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment.

- (B) 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 —
  - (1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or
  - (2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (C) holds together with his relatives two per cent or more of the total voting power of the listed entity; or
- (D) 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 or corpus from the listed entity, 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 listed entity;
- (E) is a material supplier, service provider or customer or a lessor or lessee of the listed entity;
- (vii) who is not less than 21 years of age.
- (viii) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director:

## **2- Reg. 25- Obligations with respect to Independent Directors:**

- (1) No person shall be appointed or continue as an alternate director for an independent director of a listed entity with effect from October 1, 2018.
- (2) The maximum tenure of independent directors shall be in accordance with the Companies Act, 2013 and rules made thereunder, in this regard, from time to time.
- (2A). The appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution.
- (3) The independent directors of the listed entity shall hold at least one meeting in a financial year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.
- (4) The independent directors in the meeting referred in sub-regulation (3) shall, *inter alia*
  - (a) review the performance of non-independent directors and the board of directors as a whole;
  - (b) review the performance of the chairperson of the listed entity, 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 management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.
- (5) An independent director shall be held liable, only in respect of such acts of omission or commission by the listed entity which had occurred with his /her knowledge, attributable through processes of board of directors, and with his /her consent or connivance or where he /she had not acted diligently with respect to the provisions contained in these regulations
- (6) An independent director who resigns or is removed from the board of directors of the listed entity shall be replaced by a new independent director by listed entity at the earliest but not later than the immediate next meeting of the board of directors or three months from the date of such vacancy , whichever is later:  
Provided that where the listed entity fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply.
- (7) The listed entity shall familiarise the independent directors through various programmes about the listed entity, including the following:
  - (a) nature of the industry in which the listed entity operates;
  - (b) business model of the listed entity;
  - (c) roles, rights, responsibilities of independent directors; and
  - (d) any other relevant information.
- (8) Every independent director shall, at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, submit a declaration that he meets the criteria of independence as provided in clause (b) of sub-regulation (1) of regulation 16 and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.
- (9) The board of directors of the listed entity shall take on record the declaration and confirmation submitted by the independent director under sub-regulation (8) after undertaking due assessment of the veracity of the same.
- (10) With effect from October 1, 2018, the top 500 listed entities by market capitalization calculated as on March 31 of the preceding financial year, shall undertake Directors and Officers insurance ('D and O insurance') for all their independent directors of such quantum and for such risks as may be determined by its board of directors.
- (11) No independent director, who resigns from a listed entity, shall be appointed as an executive / whole time director on the board of the listed entity, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an independent director.
- (12) A 'high value debt listed entity' shall undertake Directors and Officers insurance (D and O insurance) for all its independent directors for such sum assured and for such risks as may be determined by its board of directors.

**CODE OF CONDUCT FOR NON-EXECUTIVE DIRECTORS**

*Non-Executive Directors of a company will always act in the interest of the company and ensure that any other business or personal association which they may have, does not involve any conflict of interest with the operations of the company and his/her role therein.*

*Non-Executive Directors will comply with all applicable laws and regulations of all the relevant regulatory and other authorities as may be applicable to such Directors in their individual capacities.*

*Non-Executive Directors will safeguard the confidentiality of all information received by them by virtue of their position.*

*The Independent Directors shall also abide by the duties prescribed under Section 166 and Schedule IV of the Companies Act, 2013 as well as the Rules framed thereunder.*