

Director's Letter of Appointment

Date: 28.02.2014

Dear Sir,

Appointment as Independent Director of Potential Investments and Finance Limited (the Company)

On behalf of the Company, I write further to your appointment as an Independent Director by the members of the Company, at the Extra-ordinary General Meeting held on 28.02.2014. The terms of the Appointment, which shall in any event be subject to the Articles of Association of the Company, are set out below.

Appointment

1. In compliance with provision Section 149(13) of the Companies Act, 2013, your directorship is not subject to annual election by shareholders at the Company's Annual General Meeting. The Appointment shall be for a consecutive period of five years with effect from the date of Extra Ordinary general meeting.
2. Notwithstanding the other provisions of this Letter, the Appointment may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence defined in section 149(6) or on the occurrence of any event as defined in section 167 of the Companies Act, 2013.
3. Upon termination or upon your resignation for any reason, duly intimated to the Company, you will not be entitled to any damages for loss of office and compensation will be payable to you in respect of any unexpired portion of the term of the Appointment.

Time commitment

4. You will devote such time to the affairs of the Company as is required by your duties as independent director. We envisage that, on average, this would take the equivalent of between two and three hours per meeting, recognising, however that particular events may require you to devote to the Company on occasion more time than this.
5. By accepting the Appointment, you confirm that you will be in a position to

allocate sufficient time to meet the expectations of your role.

Role

6. You will perform the duties of Independent Director in accordance with the Company's Articles of Association and the Code for Independent Directors as defined in Schedule IV of the Companies Act, 2013 and any document relating to the respective duties of the Independent Director as approved by the Board from time to time.

Fees

7. You will be paid a sitting fee for your services as an Independent Director not more than Rs. 5000/- for every Board meeting and Committee meeting attended by you in person or through video conferencing for all meetings upto the date of the next Annual General Meeting.

8. You will have no entitlement to any bonus during the Appointment and no entitlement to participate in any employee stock option scheme operated by the Company or any Group Company.

Expenses

9. In addition to the fees described in paragraph 7 above, the Company will reimburse you for all reasonable out of pocket expenses necessarily incurred in carrying out your duties from time to time. You should submit any details of expenses together with appropriate receipts so incurred to the Company Secretary.

External Advice

10. In order to enable you to carry out the duties of your office you will, after consultation with the Company Secretary if that is practicable (and, if appropriate, jointly with any other Independent Director whose interests are the same as yours), be entitled to seek external independent advice at the expense of the company.

Insurance (option may be taken by the Company)

11. The Company will use its best endeavours to maintain appropriate director's and officers' (**D&O**) liability insurance (including ensuring that premiums are properly paid) for your benefit:

- (i) during the Appointment; and
- (ii) after the Appointment,

in each case in respect of any matter occurring or alleged to have occurred while you are or were an Independent director of the Company.

12. Details of the current D&O policy are being sent to you separately and you will be informed of any changes to that policy.

Other directorships and business interests

13. The Company acknowledges that you have business interests other than those of the Company and that you have declared any conflicts that are apparent at present. Under the Companies Act, 2013, there are a number of statutory duties, which are the personal responsibility of each Independent director and not the Company. Such duties are of particular relevance and are as follows:

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- seek appropriate clarification or amplification of information;
- 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 you are chairpersons or members;
- strive to attend the general meetings of the company;
- where there are 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 your concerns are recorded in the minutes of the Board meeting;
- keep yourself well informed about the company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure 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 behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- acting within your 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 plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

In the event that you become aware of any potential conflicts of interest, they should be disclosed to the Company Secretary as soon as they become apparent.

14. During the Appointment you will not accept without obtaining the Board's prior permission any public appointment, the Chairmanship of any company, or any other (or further) directorships of companies or any major external appointment (whether paid or unpaid).

15. If you are directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement entered in to or to be entered in to;

(a) With any Body corporate in which you are individually or in association with any director hold more than two percent shareholding of that body corporate or are a Promoter, Manager, Chief Executive Officer of that body corporate,

(b) With a firm or other entity in which you are a partner, owner or member, as the case may be,

shall disclose the nature of the said concern or interest at the meeting of the board in which such contract or arrangement is to be discussed and shall not participate in such meeting.

Provided that if you are not concerned or interested at the time of entering into such contract or arrangement, but become concerned or interested in future, the disclosure shall be made at the first board meeting held after you become interested.

Code of Conduct

16. During the Appointment you are required to comply with any relevant regulations as contained in Schedule IV under Companies Act, 2013, (**Annexure A**) including the Model Code for Securities Transactions by Directors of the company, and such other requirements as the Board of Directors may from time to time specify.

Confidentiality

17. You must apply the highest standards of confidentiality, and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination), any confidential information concerning the Company and any Group Companies with which you come into contact by virtue of your position as an Independent Director.

18. Your attention is also drawn to the requirements under both legislation and regulation as to the disclosure of price-sensitive information. Consequently you should not make any statements that might risk a breach of these requirements.

19. On termination of the Appointment you will deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Group Company which are in your possession, custody or power by virtue of your position as an Independent Director of the Company. The Company is able to arrange the disposal of papers which you no longer require.

Review process

20. Your performance as Independent Director will be reviewed by the entire Board. Based on the report of performance evaluation the decision of extending the term of appointment shall be made.

Publication of the letter of appointment

21. In line with provision of Clause IV sub clause 6 of Schedule IV, under Companies Act, 2013, the Company will make public the terms and conditions of your appointment and will also arrange for it to be on displayed on the Company's website.

Membership of Committees

22. This letter refers to your appointment as an Independent Director of the Company. In the event that you are also asked to serve on one or more of the other Board committees this will be covered in a separate communication setting out the relevant committee's terms of reference and any specific responsibilities.

Induction

23. Immediately after the date of the Appointment, the Company will provide a comprehensive induction to help you build up an understanding of the Company, its business and the markets in which it operates. The Company will arrange for site visits and meetings with senior and middle management and the Company's auditors.

General

24. This Letter and any non-contractual obligations arising out of or in connection with this Letter are governed by, and shall be construed in accordance with, the laws of India.

25. Please confirm your agreement to the above by signing and returning the enclosed duplicate of this Letter.

Yours sincerely,

Director
Potential Investments and Finance Limited

AGREE AND ACCEPT

I have read and agree to the above terms regarding my appointment as an Independent Director of Potential Investments and Finance Limited.

Name:

Place:

ANNEXURE A CODE FOR INDEPENDENT DIRECTORS

[Schedule IV read with section 149(8)]

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment 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) scrutinise 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 of 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. 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.

VI. 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.

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