

4<sup>th</sup> March, 2015

To,

Mr. Berjis Desai,

J. Sagar Associates, Advocates & Solicitors,

Vakils House, 18, Sprott road, Ballard estate,

Mumbai - 400 001.

Dear Sir,

**Sub: Appointment as Independent Director**

I am pleased to inform you that upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors ('the Board') of Praj HiPurity Systems Limited ('the Company') has approved your appointment as an independent director of the Company ('Independent Director') as per the requirement of Section 149 (4) of the Companies Act, 2013. The appointment has also been approved by the shareholders of the Company in the Extra Ordinary General Meeting held on Wednesday, the 4<sup>th</sup> March, 2015 for a term of 5 years with effect from 4<sup>th</sup> March, 2015. This letter sets out the terms of your appointment.

**1. Appointment**

In accordance with the provisions of the Companies Act, 2013 and other applicable laws, you will serve as an Independent Director of the Board who is not liable to retire by rotation in terms of the provisions of Section 152(6) & (7) of the Companies Act, 2013.

**2. Board committees**

2.1. As advised by the Board, during the tenure of office, you may be required to serve on one or more of the Committees of the Board established by the Company. Upon your appointment to any one or more Committees, you will be provided with the appropriate Committee charter which sets out the functions of that Committee.

service for committee members. The Chairman of the Board, in consultation with the company secretary and the committee chairperson, determines the frequency and duration of the committee meetings. Normally, the committees meet four times a year. Recommendations of the committees are submitted to the Board for approval. The quorum for meetings is as per the applicable laws, rules and legislations from time to time.

### **3. Training of the Board**

Every new independent director of the Board attends an orientation program. In the said orientation program, presentations are made by executive directors / senior managerial personnel. The presentations cover an overview of our strategy and operations to familiarize the new inductees about the strategy, operations and functions of our Company. The induction program will provide an opportunity to interact with the senior leadership of the Company and help the inductees understand the Company's strategy, operations, service and product offerings, markets, organization structure, finance, hr, technology, quality, facilities and risk management.

### **4. Professional Conduct**

As an Independent Director, you shall:

- (a) uphold ethical standards of integrity and probity.
- (b) act objectively and constructively while exercising your 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 may 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 could lead to a loss of your independence.
- (h) ensure that if circumstances arise under which you may lose your independence, you will immediately inform the Board accordingly.
- (i) assist the Company in implementing the best corporate governance practices.

## **5. Compensation**

The compensation of the non-executive/independent directors is approved at a meeting of the Board. This amount shall not exceed 3 % of the net profits of the Company for the year calculated as per the provisions of the Companies Act, 2013.

## **6. D & O Insurance**

Praj Industries Limited, a holding Company maintains a Directors and Officers insurance policy (D & O policy) amounting to Rs 1,000 million (which also covers its subsidiaries including i.e. Praj HiPurity Systems Ltd.) to pay for the personal liability of directors and officers for claims made against them while serving on the Board and / or as an officer of the Company i.e. Praj HiPurity Systems Ltd.

## **7. Memberships of other Boards**

It is expected that you will not serve on the Boards of competing Companies without previous written consent of the Chairman. Apart from the applicable law and good corporate governance practices, there are no other additional limitations.

## **8. Information on meetings**

### **8.1. Scheduling and selection of agenda items for Board meetings**

The Chairman of the Board and the Company Secretary, draft the agenda for each meeting, along with explanatory notes, and distribute it in advance to the Board members. Every Board member is free to suggest the inclusion of items on the agenda. Normally, the Board meets once a quarter to review the quarterly results and other items on the agenda. The Board also meets during the annual shareholders' meeting. Additional meetings are held based on need.

### **8.2. Availability of information to the Board**

The Board has full and unfettered access to any information of the Company, and to any employee of the Company. At Board meetings, the Board invites managers of the Company when additional details into the items being discussed are required.

### **8.3. Independent directors' discussion**

The Company will have meetings of only "independent directors" as required under Companies Act 2013 to ensure full and frank discussion on the performance of the Company, risks faced by the Company. During these meetings the chairman, any executive director and any senior management personnel may be invited to make presentations on relevant issues.

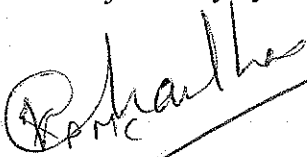
**9. Retirement age**

The age of retirement for non-executive directors and independent directors is 70 years. It is a pleasure to have you on Board. I am confident that your association, expertise and advice will immensely benefit the Company and the Board.

Best regards,

Sincerely,

For Praj HiPurity Systems Ltd.

A handwritten signature in black ink, appearing to read 'P. Chaudhari', with a circular stamp containing the initials 'P.M.C.' overlaid on the left side of the signature.

Pramod Chaudhari  
Chairman

4<sup>th</sup> March, 2015

To,  
Mr. Sivaramakrishnan S. Iyer,  
Patel Rajeev Siva & Associates, Chartered Accountants,  
Khatau Bldg. , Ground Floor, 40, Bank Street,  
Fort, Mumbai - 400 023.

Dear Sir,

**Sub: Appointment as Independent Director**

I am pleased to inform you that upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors ('the Board') of Praj HiPurity Systems Limited ('the Company') has approved your appointment as an independent director of the Company ('Independent Director') as per the requirement of Section 149 (4) of the Companies Act, 2013. The appointment has also been approved by the shareholders of the Company in the Extra Ordinary General Meeting held on Wednesday, the 4<sup>th</sup> March, 2015 for a term of 5 years with effect from 4<sup>th</sup> March, 2015. This letter sets out the terms of your appointment.

**1. Appointment**

In accordance with the provisions of the Companies Act, 2013 and other applicable laws, you will serve as an Independent Director of the Board who is not liable to retire by rotation in terms of the provisions of Section 152(6) & (7) of the Companies Act, 2013.

**2. Board committees**

2.1. As advised by the Board, during the tenure of office, you may be required to serve on one or more of the Committees of the Board established by the Company. Upon your appointment to any one or more Committees, you will be provided with the appropriate Committee charter which sets out the functions of that Committee.

2.2 The Board is responsible for constituting, assigning, co-opting and fixing terms of service for committee members. The Chairman of the Board, in consultation with the company secretary and the committee chairperson, determines the frequency and duration of the committee meetings. Normally, the committees meet four times a year. Recommendations of the committees are submitted to the Board for approval. The quorum for meetings is as per the applicable laws, rules and legislations from time to time.

### **3. Training of the Board**

Every new independent director of the Board attends an orientation program. In the said orientation program, presentations are made by executive directors / senior managerial personnel. The presentations cover an overview of our strategy and operations to familiarize the new inductees about the strategy, operations and functions of our Company. The induction program will provide an opportunity to interact with the senior leadership of the Company and help the inductees understand the Company's strategy, operations, service and product offerings, markets, organization structure, finance, hr, technology, quality, facilities and risk management.

### **4. Professional Conduct**

As an Independent Director, you shall:

- (a) uphold ethical standards of integrity and probity.
- (b) act objectively and constructively while exercising your 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 may 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 could lead to a loss of your independence.
- (h) ensure that if circumstances arise under which you may lose your independence, you will immediately inform the Board accordingly.

(i) assist the Company in implementing the best corporate governance practices.

### **5. Compensation**

The compensation of the non-executive/independent directors is approved at a meeting of the Board. This amount shall not exceed 3 % of the net profits of the Company for the year calculated as per the provisions of the Companies Act, 2013.

### **6. D & O Insurance**

Praj Industries Limited, a holding Company maintains a Directors and Officers insurance policy (D & O policy) amounting to Rs 1,000 million (which also covers its subsidiaries including i.e. Praj HiPurity Systems Ltd.) to pay for the personal liability of directors and officers for claims made against them while serving on the Board and / or as an officer of the Company i.e. Praj HiPurity Systems Ltd.

### **7. Memberships of other Boards**

It is expected that you will not serve on the Boards of competing Companies without previous written consent of the Chairman. Apart from the applicable law and good corporate governance practices, there are no other additional limitations.

### **8. Information on meetings**

#### **8.1. Scheduling and selection of agenda items for Board meetings**

The Chairman of the Board and the Company Secretary, draft the agenda for each meeting, along with explanatory notes, and distribute it in advance to the Board members. Every Board member is free to suggest the inclusion of items on the agenda. Normally, the Board meets once a quarter to review the quarterly results and other items on the agenda. The Board also meets during the annual shareholders' meeting. Additional meetings are held based on need.

#### **8.2. Availability of information to the Board**

The Board has full and unfettered access to any information of the Company, and to any employee of the Company. At Board meetings, the Board invites managers of the Company when additional details into the items being discussed are required.

#### **8.3. Independent directors' discussion**

The Company will have meetings of only "independent directors" as required under Companies Act 2013 to ensure full and frank discussion on the performance of the Company, risks faced by the Company. During these meetings the chairman, any executive director and any senior management personnel may be invited to make presentations on relevant issues.

## 9. Retirement age

The age of retirement for non-executive directors and independent directors is 70 years.

It is a pleasure to have you on Board. I am confident that your association, expertise and advice will immensely benefit the Company and the Board.

Best regards,

Sincerely,

For Praj HiPurity Systems Ltd.

A handwritten signature in black ink, appearing to read 'P. Chaudhari', is written over a diagonal line that extends from the signature area towards the bottom right of the page.

Pramod Chaudhari  
Chairman