

Prof. Jayaraman Ramachandran
417, Faculty Quarters
Indian Institute of Management,
Bannerghatta,
Bangalore - 560076

Dear Prof. Jayaraman Ramachandran

Sub: Appointment of Independent Director

I am pleased to inform you that upon the recommendation of the Nomination and Remuneration Committee and the Board of Directors (“the Board”), the shareholders of Polaris Consulting & Services Limited (“the Company”) through the Postal Ballot, vide report published on 20th May 2016 have approved your appointment as an Independent Director of the Company (“Independent Director”). This letter sets out the terms of your appointment.

1. Term of appointment

Pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Company’s (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable regulations under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, and other applicable laws, you will serve as an Independent Director of the Board for a period of 5 (five) consecutive years for a term upto the conclusion of General Meeting of the Company to be held in the calendar year 2021, not liable to retire by rotation.

As advised by the Board, during the tenure of office, you may be required to serve on one or more 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.

The other terms and conditions of your appointment are herewith enclosed in the Annexure.

2. BOARD COMMITTEES:

Currently, the Board has four Committees namely Audit Committee, Stakeholders’ Relationship Committee, Nomination and Remuneration

Committee and Corporate Social Responsibility Committee and three Sub Committees namely Risk Management Committee, Share Transfer Committee and M&A Committee. The Board is responsible for constituting, assigning, co-opting and fixing terms of service for Committee members. The chairperson 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, however the sub-committees meet on need basis. The objective of the meetings of the aforesaid Committees and Sub-Committees is to ensure better Corporate Governance in the Company. Recommendations of the Committees are submitted to the full Board for approval. The quorum for meetings is either 2 members of the committee or one-third of the members of the committee, whichever is higher subject to the provisions of the Companies Act, 2013 and terms and conditions of the Listing Agreement entered into with the Stock Exchanges as per the applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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,

Yours sincerely,
For Polaris Consulting & Services Limited

Krishan Aruna Canekaratne
Chairman

Encl: Code of Conduct and Ethics.

ANNEXURE TO THE APPOINTMENT LETTER Dated 20/05/2016

(1) You have been nominated to serve on the following committees:

(A) **Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee evaluates and finalises the, compensation and benefits of Executive Directors and Key Managerial Personnel. The Committee also considers the procedures and modalities for giving effect to the Employee Stock Option Scheme which inter alia includes determination of eligibility criteria, maximum number of options/ shares offered to each employee and the aggregate number of options / shares offered, identification of classes of employees entitled to participate in the scheme, framing of a detailed pricing formula, mode or process of exercise of the option etc.

(B) **M&A Committee :**

The M&A Committee was constituted by the Board of Directors in the meeting held on April 26, 2016 to assist the Board in reviewing and assessing potential acquisitions and investment and ensure due diligence is carried out, prior to the proposal of acquisition.

. **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 bonafide 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 judgement in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgement 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;

3. Functions, Responsibilities and Duties of Directors:

3.1 Functions

- (a) To review the Company's strategy, the annual financial plan and monitor the Company's performance :

The primary role of the members of the Board is to exercise their business judgement to act in the best interests of the Company and its shareholders. It is the duty of the Board to ensure that the Management performs with competence and values to achieve the objectives of the Company. Generally, the Board meets once a quarter. The quarterly meeting of the Board includes updates on the business, financial and business-enabler functions and discussions on such updates. The Audit Committee of the Board reviews the Company's financials and recommends the same to the Board for its acceptance. The Board monitors the Company's performance against its annual financial plan at its quarterly meetings as well as at the end of the financial year.

- (b) To review management performance and compensation :

Nomination and Remuneration Committee of the Board evaluates the performance of the executive officers of the Company and recommends their compensation for the ensuing year to the Board. Such compensation may include Stock Options and Variable Pay. The Committee also reviews and recommends the compensation for Key Managerial Personnel.

- (c) To advice and counsel the Management :

The Board should be composed of individuals whose knowledge, background, experience and judgement are valuable to the Company. They should also be capable of providing advice to the executive officers of the Company for effective management of the company. Members of the Board should have full access to the Management (executive officers) and other employees as well as to the Company's records and documents. The Board may also seek legal or other expert advice from a source independent of the Management on need basis.

- (d) To monitor and manage potential conflicts of interests of the Management:

The Audit Committee of the Board reviews and approves related party transactions, as required under the provisions of Companies Act, 2013 , Accounting Standards prescribed by the Institute of Chartered Accountants of

India, relevant regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 and any other laws and regulations as applicable from time to time.

- (e) To oversee and ensure the integrity of financial information and legal compliance :

The Audit Committee of the Board oversees the Company's accounting and financial reporting processes and the audit of the Company's financial statements and assists the Board in the overseeing of (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications, independence and performance, and (4) the Company's internal accounting and financial controls.

3.2 Responsibilities

Independent directors have the same general legal responsibilities to the Company as that of any other director. The Board, as a whole, is collectively responsible for ensuring the success of the Company by directing and supervising the Company's affairs.

The Board :

- (a) provides entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- (b) sets the Company's strategic aims, ensures that the necessary financial and human resource requirements are in place for the Company to meet its objectives, and reviews management performance;
- (c) sets the Company's values and standards, ensures that its obligations to its shareholders and others are understood and met by the Company.

In addition to the criteria mentioned in the previous sections for the induction of directors, the role of independent directors also includes tracking, reviewing and providing feedback on :

- (a) Strategy** : Independent directors to constructively contribute to the development of the Company strategy;
- (b) Performance** : Independent directors to oversee the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance;
- (c) Risk** : Independent directors to evaluate and ensure that financial information is accurate, and that financial controls and systems of risk management are robust and defensible;

- (d) **People:** Independent directors are responsible for determining the appropriate levels of remuneration of executive directors and the process of succession planning. They also have a prime role in appointing, and, where necessary, removing senior management.
- (e) **Stakeholders:** Independent Directors are required to balance the conflicting interest of the stakeholders, including minority shareholders. In the event of any conflict, they shall moderate and arbitrate in the interest of the Company as a whole.

3.3 Duties

As an Independent Director, you shall :

- (a) undertake the appropriate induction into the Board and regularly update and refresh your skills, knowledge and familiarity with the Company;
- (b) seek appropriate clarification and, where necessary, seek and follow appropriate professional advice from external experts at the expense of the Company;
- (c) strive to attend every meeting of the Board and of the Board Committees of which you are a member;
- (d) actively and constructively participate in the Board committees of the Board in which you may be member or the Chairperson;
- (e) strive to attend the general meetings of the Company;
- (f) ensure that any concerns that you may have about the running of the Company are addressed by the Board and seek inclusion of these concerns in the Board minutes to the extent these concerns are not resolved;
- (g) Keep yourself well informed about the Company and the external environment in which it operates;
- (h) Not unfairly obstruct the functioning of an otherwise proper Board or Committee;
- (i) Ensure that related party transactions are considered carefully before they are approved and are in the interest of the Company;
- (j) Ensure that the whistleblower function of the Company is functioning adequately;
- (k) Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics;
- (l) Within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- (m) Not to disclose any confidential information unless such disclosure is expressly approved by the Board or required by law.

4. Fees:

4.1 You will be entitled to remuneration in accordance with the criteria, as approved by the Board of Directors within the overall limits approved by the shareholders and the applicable legal provisions.

You will also be entitled to fee for attending the meetings of the Board or Committee thereof either personally or through Video Conference or other audio visual means or for any other purpose whatsoever as may be decided by the Board of Directors. The remuneration and fee payable shall be subject to applicable tax deduction at source.

The Company normally has four regular Board meetings in a year. Independent directors are expected to attend four quarterly Board meetings and the annual general meeting (AGM) in person.

4.2 In addition to the above, non-executive / independent directors would be entitled to the reimbursement of only the following items of expenditure that may be incurred in travelling to the place of the Board meetings and other committee meetings of the Company and back to their normal place of residence :

- (a) Business Class (for international travel) and business class (for domestic travel) airfare from the normal place of residence to the place of the Board or committee meetings and back to their normal place of residence.
- (b) Accommodation at any hotel as determined by the Company for the duration of Board and Committee meetings, and during the day prior to and after such meetings.
- (c) Fixed Fees of Rs.3,000,000/- Per annum Payable on Quarterly basis

(d) **D&O Insurance :**

The Company maintains a Directors and Officers insurance policy (D&O Policy) amounting to US\$ 10 Million 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.

5. Term:

Subject to applicable law, non-executive/independent directors are eligible to serve for a consecutive 2 terms of 5 years each.

6. Membership of other boards

It is expected that you will not serve on the boards of competing companies. Apart from the applicable law and good corporate governance practices, there are no other additional limitations.

7. Information on meetings

7.1 Scheduling and selection of agenda items for Board Meetings

Dates for the Board Meeting for the ensuing year are decided in advance in the first Board Meeting held in the beginning of a calendar year. Generally, the Board Meetings are held at the Company's Registered Office at 244 Anna Salai, Chennai-600 006. The Chairman of the Board and the Company Secretary, in consultation with the Independent Directors, CEO and CFO, 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. Additional meetings are held based on need. Non-executive directors are expected to attend at least four Board meetings in a year.

The Board, being represented by non-executive/independent directors from various parts of the globe, it may not be possible for each one of them to be physically present at all the Board meetings. The Company provides video conference facility to facilitate participation.

7.2 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.

7.3 Independent directors' discussion

The Board's policy is to have regular "independent directors only" meetings so that they can have a transparent discussion on the performance of the Company, risks faced by the Company, and the performance of executive members of the Board including the chairperson. Any one of the Independent Directors presides over such meetings may invite the chairman, any executive director and any senior management personnel to make presentations on relevant issues, on need basis.

8. Dealing in shares and code of conduct

Directors are prohibited from dealing in the Company's shares during the period when the trading window is closed. Further, directors, being designated officers of the Company for the purpose of insider trading guidelines, are to pre-clear all trades (buy/sell/gift) from the Chief Financial Officer / Compliance Officer of the Company. You are required to comply with the applicable insider trading laws and regulations. You are also required to comply with the Company's Code of Conduct and Ethics, enclosed with this letter of appointment.

9. Corporate Calendar

Provided below are some of the important dates :

9.1 Board Meeting dates for 2016-17 :

Meeting	Date
Quarter ending June 30, 2016	Tuesday, August 2, 2016
Quarter ending September 30, 2016	Tuesday, November 1, 2016
Quarter ending December 31, 2016	Thursday, February 2, 2017
Quarter ending March 31, 2017	Tuesday ,9 th May 2017

9.2 Trading Window Closure Dates:

Trading Window Closure Dates-2016-17

Meeting	Date
Quarter ending June 30, 2016	22 nd July 2016
Quarter ending September 30, 2016	21 st October 2016
Quarter ending December 31, 2016	23 rd January 2017
Quarter ending March 31, 2017	28 th April 2017