

Letter of Appointment

To,  
[Name of Director]

**Sub: Appointment as an Independent director**

Dear Sir,

We are pleased to inform that subsequent to the recommendation by the Board of Directors (“the Board”), the Shareholders of the Company at the Annual General Meeting held on \_\_\_\_\_ have appointed you as an Independent Director in terms of Section 149(6) of the Companies Act, 2013 (“the Act”) and the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

This letter sets out the following main terms of your appointment as an Independent Director:

**(1) Appointment**

- (i) Your appointment is for a period of one year effective November 11, 2020, subject to your meeting the criteria for being an Independent Director and not being disqualified to be a Director pursuant to the applicable regulations.
- (ii) Your appointment shall be governed as per the provisions of the Act, Code of Conduct for Directors and Senior Management, Code of Conduct for Prohibition of Insider Trading, Code of Conduct for Independent Directors, Articles of Association of the Company and fulfillment of the prescribed criteria for being appointed as an Independent Director.

**(2) Appointment on the Committees of the Board**

Considering your skills, experience and expertise, the Board may nominate you on one or more committees of the Board. You are currently nominated as a Chairman / Member on the following Committees of the Board whose terms of reference are enclosed:

- [ ] Committee – Chairman / Member

You may also be requested to serve as an Independent Director on the Board of any of the Company’s subsidiaries. Any such appointment will be covered in a separate communication.

### **(3) Professional Conduct:**

As an Independent Director, you shall:

- (i) uphold ethical standards of integrity and probity,
- (ii) act objectively and constructively while exercising your duties,
- (iii) exercise your responsibilities in a bona fide manner and in the best interest of the Company,
- (iv) devote sufficient time and attention to your professional obligation for informed and balanced decision making,
- (v) refrain from any such actions that could lead to a loss of your independence,
- (vi) ensure that if circumstances arise under which you may lose your independence, you will immediately inform the Board accordingly,
- (vii) maintain confidentiality of information of the Company and
- (viii) assist the Company in implementing the best corporate governance practices.

### **(4) Roles, Duties and Responsibilities**

- (i) As a member of the Board you along with the other Directors will be collectively responsible for meeting the objectives of the Board which shall include:
  - a) Requirements under the Act and the Rules framed thereunder,
  - b) Responsibilities of the Board as outlined in the Listing Regulations,
  - c) Accountability under the Directors' Responsibility Statement,
  - d) Review the Company's business strategy, financial plan and monitor the performance of the Company,
  - e) Review Management performance,
  - f) Advice and counsel the Management in the area of your expertise,
  - g) Monitor and manage potential conflict of interest of the management and
  - h) Ensure the integrity of financial information, appropriate risk management framework and regulatory compliances.
- (ii) For ease of reference, the relevant provisions under the Act (including Section 166 of the Act), the Listing Regulations, Code of Conduct for Independent Directors and Code of Conduct for Prohibition of Insider Trading are annexed to this letter.

### **(iii) Remuneration**

As an Independent Director you will be entitled to receive sitting fees for attending the Meetings of the Board and Committees of which you are a member as may be decided by the Board of Directors from time to time.

In addition to sitting fees, you will also be entitled to receive commission as and when

profits are made by the Company in accordance with the criteria laid down by the Board of Directors on the recommendation of the Nomination & Remuneration Committee within the overall limits prescribed under the Companies Act, 2013 and subject to the approval by the Shareholders.

Further, you shall be reimbursed such fare and reasonable expenditure as may have been incurred by you while performing your role as an Independent Director, including reimbursement of expenditure incurred for attending the Board / Committee Meetings, Annual General Meetings, Extra-Ordinary General Meetings, Meeting with Shareholders / Creditors / Management, site visits and training programs.

**(iv) Induction and Training Programs**

The Company shall if required, conduct formal induction program for its Independent Directors explaining their roles and responsibilities, Company's vision, corporate governance practices, familiarization with the business operations of the Company.

**(v) Disclosures:**

You shall disclose to the Company your interest as a shareholder, director, officer, partner/proprietor of firm or trustee of other companies or entities at the beginning of each financial year and any deletion / addition thereto within 15 days from such change.

You shall also provide a Declaration under Section 149(7) of the Act upon any change in the circumstances which may affect your status as an Independent Director.

**(vi) Provision for Directors and Officers (D & O) Insurance Policy, if any**

As on date, the Company does not have D&O Insurance Policy for the Directors and Employees of the Company. The same has been under discussions with various service providers by the IL&FS Management for group wide cover.

However, all Directors appointed by the Board of IL&FS on various group companies are covered under the immunity granted by the National Company Law Tribunal (NCLT) vide Order dated October 22, 2019 enclosed as **Annexure I** read with the clarification enclosed to the NCLT Order.

**(vii) Termination**

You may resign from the directorship of the Company by giving a notice in writing to the Company stating the reasons thereof. 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.

If at any stage during the Term, there is a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the Act, or if applicable, you fail to meet the criteria for “independence” as per SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, you agree to promptly submit your resignation to the Company with effect from the date of such change.

**(viii) Acceptance**

We are confident that the Board and the Company will benefit immensely from your rich experience. Please confirm your acceptance by signing and returning the enclosed copy of this letter.

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

Yours sincerely  
For IL&FS Transportation Networks Limited

**Chairman**

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**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.

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Name of Director

Date :  
Place :

**Relevant extracts of the provisions under the Companies Act, 2013**

**Section 2(60) – Definition**

**“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) whole-time director;
  - (ii) key managerial personnel;
  - (iii) where there is no key managerial personnel, such director or directors as specified by the Board in this behalf and who has or have given his or their consent in writing to the Board to such specification, or all the directors, if no director is so specified;
  - (iv) any person who, under the immediate authority of the Board or any key managerial personnel, is charged with any responsibility including maintenance, filing or distribution of accounts or records, authorises, actively participates in, knowingly permits, or knowingly fails to take active steps to prevent, any default;
  - (v) any person in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act, other than a person who gives advice to the Board in a professional capacity;
  - (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) in respect of the issue or transfer of any shares of a company, the share transfer agents, registrars and merchant bankers to the issue or transfer;
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**Section 134(5) – Financial Statements, Board's Report, etc.**

**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, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;

*Explanation.*—For the purposes of this clause, the term "internal financial controls" means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;

- (f) 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.
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**Section 149(6) – Company to have Board of 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,—

- (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, its holding, subsidiary or associate company;
- (c) who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. 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;
- (d) none of whose relatives—
  - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:  
Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
  - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iii) 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, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or
  - (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii)
- (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;

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.

(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; or

(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; or

(f) who possesses such other qualifications as may be prescribed.

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**Section 149(8) – Company to have Board of Directors**

The company and independent directors shall abide by the provisions specified in Schedule IV.

**Section 149(12) – Company to have Board of 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.

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**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.
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**Section 188(5) – Related party transactions**

Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall,—

(i) in case of listed company, be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both; and

(ii) in case of any other company, be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees.

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**Relevant extracts of the provisions under SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015**

**Regulation 4(2)(f) – Responsibilities of the board of directors**

The board of directors of the listed entity shall have the following responsibilities:

(i) Disclosure of information:

- (1) Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity.
- (2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

(ii) Key functions of the board of directors-

- (1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- (2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.
- (3) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
- (4) Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the listed entity and its shareholders.
- (5) Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
- (6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- (7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

(8) Overseeing the process of disclosure and communications.

(9) Monitoring and reviewing board of director's evaluation framework.

(iii) Other responsibilities:

(1) The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.

(2) The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.

(3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.

(4) The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.

(5) Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.

(6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.

(7) The board of directors shall exercise objective independent judgement on corporate affairs.

(8) The board of directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.

(9) The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the listed entity to excessive risk.

(10) The board of directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the listed entity's focus.

(11) When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.

(12) Members of the board of directors shall be able to commit themselves effectively to their responsibilities.

- (13) In order to fulfill their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.
- (14) The board of directors and senior management shall facilitate the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors.

**Regulation 16(1)(b)** – Independent Director

“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, 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 in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (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 organization 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.

#### **Regulation 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.
- (3) The independent directors of the listed entity shall hold at least one meeting in a 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, interalia
  - (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 knowledge, attributable through processes of board of directors, and with his consent or connivance or where he 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 fulfills 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 familiarize 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.



IL&FS Transportation Networks Ltd.

**IL&FS TRANSPORTATION NETWORKS LIMITED**

**CODE OF CONDUCT FOR INDEPENDENT DIRECTORS**

## **CODE OF CONDUCT FOR INDEPENDENT DIRECTORS**

### **A. PREFACE**

1. IL&FS Transportation Networks Limited (“**ITNL**”) is dedicated to adhere to the highest standards of corporate governance, ethics, moral and legal conduct of its corporate affairs. Its Board of Directors from inception, has included Independent Directors
2. The Companies Act, 2013 (“**Act**”) passed by the Parliament received assent of the President of India on 29th August, 2013. The Act consolidates and amends the law relating to companies and was notified in the Official Gazette on 30th August, 2013.
3. In light of such regulatory and legislative developments, and otherwise in the interest of better corporate governance, this Code of Conduct (“**Code**”) has been prepared which shall be adhered to with respect to the appointment, roles and duties of the Independent Directors of ITNL.

### **B. DISCLAIMER**

4. The contents of this Code are subject to the provisions of the Act and SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”). In the event of any inconsistency between the contents of this Code on the one hand and the Act and the Listing Regulations on the other, the latter shall prevail. Further, ITNL reserves its right to amend and alter this Code, without any prior notice, in the event such amendment or alteration is pursuant to the requirements of law.

### **C. QUALIFICATIONS OF INDEPENDENT DIRECTORS**

5. The following criteria shall be adopted by ITNL for treating its Director(s) as Independent Director(s) or for appointing Independent Director(s).
  - a. Any person above the age of 21, who in the opinion of the Board of Directors of ITNL, is a person of integrity and possesses relevant expertise and experience;
  - b.(i) Such person should not have been a promoter of ITNL or its holding, subsidiary or associate company;
  - (ii) Such person should not be a relative of the promoters or Directors of ITNL, its holding, subsidiary or associate company;
  - c. Such person should not, apart from receiving director's remuneration, have or have had any pecuniary relationship with ITNL, its holding, subsidiary or associate company/ companies, or their promoters, or directors, during the current financial year; or the two immediately preceding financial years
  - d. None of the relatives of such person should have or have had any pecuniary relationship or transaction with ITNL, its holding, subsidiary or associate company/

companies, or their promoters, or directors, of an amount equal to or exceeding two per cent. e of the gross turnover or total income of such entity or fifty lakh rupees or such higher amount as may be prescribed by applicable law, whichever is lower, during the current financial year or the two immediately preceding financial years

- e. Neither such person nor any of his relatives should:—
  - (i) hold or have held the position of a key managerial personnel or be or have been an employee of ITNL or its holding, subsidiary or associate company/ companies in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) be or have 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 ITNL or its holding, subsidiary or associate company/ companies; or
    - (B) any legal or a consulting firm that has or had any transaction with ITNL, its holding, subsidiary or associate company/ companies amounting to ten per cent or more of the gross turnover of such firm;
  - (iii) hold individually or, together with his relatives, two per cent or more of the total voting power of ITNL; or
  - (iv) be a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from ITNL, any of its promoters, directors or its holding, subsidiary or associate company/companies or that holds two per cent or more of the total voting power of ITNL;
  - (v) be a material supplier, service provider or customer or a lessor or lessee of ITNL;
- f. such person should not be less than 21 years of age.

#### Explanation

For the purposes of this Paragraph 5:

- i. "Associate" shall mean a company which is an "associate" as defined in Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India
- ii. "key managerial personnel" shall mean "key managerial personnel" as defined in section 2(51) of the Act.
- iii. "Relative" shall mean "relative" as defined in section 2(77) of the Act and rules prescribed there under namely, anyone who is related to another, if—

- (i) they are members of a Hindu Undivided Family; or (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed under the Act"

#### **C. LIMIT ON DIRECTORSHIPS, TENURE AND OTHER LIMITATIONS**

6. No Independent Director of ITNL shall serve as an independent director in more than seven listed companies or as may be prescribed under the Act or the Listing Regulations including ITNL
7. If an Independent Director of ITNL is serving as a Whole-Time Director of any other listed company, such person shall not serve as an independent director in more than two other listed companies, besides ITNL. An Independent Director of ITNL shall hold office for a term up to five consecutive years on the Board of ITNL and shall be eligible for reappointment for another term of up to five consecutive years on the passing of a special resolution by ITNL. Provided that, a person who has already served as an Independent Director of ITNL for five years or more as on October 1, 2014, shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.
8. An Independent Director, who completes the above mentioned term shall be eligible for appointment as an Independent Director in ITNL only after the expiration of three years from the date of ceasing to be an Independent Director.
9. Subject to the provisions of sections 197 and 198 of the Act, an Independent Director of ITNL shall not be entitled to any stock option and may receive remuneration by way of fee provided under sub-section (5) of section 197 of the Act, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

#### **D. MEETINGS**

10. Without prejudice to the provisions of the Act, Independent Directors of ITNL shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management. All Independent Directors of ITNL shall strive to be present at such meeting.
11. The Independent Directors of ITNL in the said meeting shall, *inter-alia*:
  - 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. TRAINING OF INDEPENDENT DIRECTORS**

12. ITNL shall arrange to suitable training to its Independent Directors to familiarize them with ITNL, their roles, rights, responsibilities in ITNL, nature of the industry in which ITNL operates, business model of ITNL, etc.
13. Details of such training imparted shall be disclosed by ITNL in its Annual Report.

## **F. LIABILITY OF INDEPENDENT DIRECTORS**

14. An Independent Director of ITNL shall be held liable under law, only in respect of such acts of omission or commission by ITNL which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the Listing Regulations.

## **G. TRANSPARENCY IN CONDUCT OF BUSINESS**

15. The Independent Directors of ITNL shall ensure that their actions in the conduct of business are totally transparent except where the needs of business security dictate otherwise. Such transparency shall be brought about through appropriate policies, systems and processes.

## **H. PREVENTION OF INSIDER TRADING**

16. The Independent Directors of ITNL shall not derive any benefit or counsel or assist others to derive any benefit, from access to and possession of information about ITNL or the ITNL group or its clients or suppliers that is not in the public domain and, thus, constitutes unpublished price-sensitive insider information. Such insider information might include (without limitation) the following:

- Acquisition and divestiture of businesses
- Financial information such as profits, earnings and dividends
- Announcement of the Company and or its subsidiaries/associates/group companies as successful bidders for any projects in India or abroad
- Restructuring Plans including raising of finances
- Execution of JV/Shareholders and supply/delivery Agreements

The Independent Directors of ITNL shall also comply with the Code of Conduct for Prevention of Insider Trading laid down in conformity with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

## **I. WORK ENVIRONMENT FREE OF HARASSMENT AND DISCRIMINATION:**

17. ITNL is committed to ensuring that the Independent Directors are treated with fairness and dignity. Accordingly, the Independent Directors of ITNL shall refrain from indulging in any discriminatory practice based on race, caste, color, sex, age, religion, ethnic or national origin, disability or any other unlawful basis.

**J. ADHERENCE TO SCHEDULE IV OF THE ACT**

18. The Independent Directors of ITNL shall ensure adherence to the “Code for Independent Directors” stipulated in Schedule IV of the Act. For ease of reference, the stipulations in the said “Code for Independent Directors” are attached as Annexure I

## **ANNEXURE I**

### **I. Guidelines of professional conduct:**

An Independent Director of ITNL shall:

- (a) uphold ethical standards of integrity and probity;
- (b) act objectively and constructively while exercising his duties;
- (c) exercise his responsibilities in a bona fide manner in the interest of ITNL;
- (d) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (e) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of ITNL as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (f) not abuse his position to the detriment of ITNL 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 his independence;
- (h) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (i) assist ITNL in implementing the best corporate governance practices.

### **II. Role and functions:**

The Independent Directors of ITNL shall:

- (a) 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;
- (b) bring an objective view in the evaluation of the performance of board and management;
- (c) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (d) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (e) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (f) balance the conflicting interest of the stakeholders;
- (g) 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;
- (h) moderate and arbitrate in the interest of ITNL as a whole, in situations of conflict between management and shareholder's interest.

### **III. Duties :**

The Independent Directors of ITNL shall —

- (a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with ITNL;
- (b) 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 ITNL;
- (c) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (d) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (e) strive to attend the general meetings of ITNL;
- (f) where they have concerns about the running of ITNL 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;
- (g) keep themselves well informed about ITNL and the external environment in which it operates;
- (h) not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (i) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interests of ITNL;
- (j) ascertain and ensure that ITNL 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;
- (k) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (l) acting within his authority, assist in protecting the legitimate interests of ITNL, shareholders and its employees;
- (m) 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:**

- (a) Appointment process of independent directors shall be independent of ITNL's management; while selecting Independent Directors, the Board of ITNL 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.
- (b) The appointment of Independent Director(s) of ITNL shall be approved at the meeting of the shareholders.
- (c) 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 fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (d) The appointment of Independent Directors shall be formalised through a letter of appointment, which shall set out:
  - (i) the term of appointment;
  - (ii) 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;
  - (iii) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - (iv) provision for Directors and Officers (D and O) insurance, if any;

- (v) the Code of Business Ethics that ITNL expects its directors and employees to follow;
  - (vi) the list of actions that a director should not do while functioning as such in the company; and
  - (vii) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (e) The terms and conditions of appointment of Independent Directors shall be open for inspection at the registered office of ITNL by any member during normal business hours.
  - (f) The terms and conditions of appointment of Independent Directors shall also be posted on the company's website.

#### **V. Re-appointment:**

The re-appointment of Independent Directors of ITNL shall be on the basis of a report of performance evaluation

#### **VI. Resignation or removal:**

- (a) 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.
- (b) An Independent Director who resigns or is removed from the Board of ITNL 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.
- (c) Where ITNL fulfills 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.

#### **VII. Separate meetings:**

- (a) The independent directors of ITNL shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (b) All the independent directors of ITNL shall strive to be present at such meeting;
- (c) 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 ITNL, 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.

#### **VIII. Evaluation mechanism:**

- (a) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the Director being evaluated.
- (b) 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.