

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 effective April 1, 2014 for a period of 5 years in terms of Section 149(6) of the Companies Act, 2013 (“the Act”) and the revised Clause 49 proposed by SEBI in the Listing Agreement

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

(1) Appointment

- 1.1 Your appointment is for a consecutive period of five years upto March 31, 2019, subject to your meeting the criteria for being an Independent Director and not being disqualified to be a Director pursuant to the applicable regulations
- 1.2 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 fulfilment 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 to be 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 a non-executive 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
- 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 Clause 49 on Corporate Governance of the Listing Agreement effective October 1, 2014
 - 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
 - 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 Clause 49 of the Listing Agreement, the Code of Independent Directors and Code of Conduct for Prohibition of Insider Trading is 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 in accordance with the criteria laid down by the Board of Directors on the recommendation of the Nominations & Remuneration Committee within the overall limits approved by the Shareholders

Further, you shall be reimbursed such fair 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 interests 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) **Insurance**

The Directors would be covered / indemnified as per the Directors & Officers liability insurance policy of the Company

(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” under the provisions of Clause 49 of the Listing Agreement, 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 and we are eager to have you as a part of internal growth of the Company. 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

Agree and Accept

I have read and understood the terms of my appointment as an Independent Director of the Company and I hereby affirm my acceptance to the same

Name 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;

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.

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 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 has or had pecuniary relationship or transaction with the company, 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, whichever is lower, during the two immediately preceding financial years or during the current financial year;

(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;

(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.

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.

Section 166 – *Duties of Directors*

(1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.

(2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.

(3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

(4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.

(5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.

(6) A director of a company shall not assign his office and any assignment so made shall be void.

(7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

Section 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.

**Relevant extracts of the provisions under Clause 49
of the Listing Agreement effective October 1, 2013**

49. Corporate Governance

I. The company agrees to comply with the provisions of Clause 49 which shall be implemented in a manner so as to achieve the objectives of the principles as mentioned below. In case of any ambiguity, the said provisions shall be interpreted and applied in alignment with the principles.

D. Responsibilities of the Board

1. Disclosure of Information

a. Members of the Board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.

b. The Board and top management should 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 for good decision-making.

2. Key functions of the Board

The board should fulfil certain key functions, including:

a. 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.

b. Monitoring the effectiveness of the company's governance practices and making changes as needed.

c. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.

d. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.

e. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.

f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

- g. Ensuring the integrity of the company'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.
- h. Overseeing the process of disclosure and communications.
- i. Monitoring and reviewing Board Evaluation framework.

3. Other responsibilities

- a. The Board should provide the strategic guidance to the company, ensure effective monitoring of the management and should be accountable to the company and the shareholders.
- b. The Board should set a corporate culture and the values by which executives throughout a group will behave.
- c. Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.
- d. The Board should encourage continuing directors training to ensure that the Board members are kept up to date.
- e. Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly.
- f. The Board should apply high ethical standards. It should take into account the interests of stakeholders.
- g. The Board should be able to exercise objective independent judgement on corporate affairs.
- h. Boards should consider assigning a sufficient number of non-executive Board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- i. The Board should 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 company to excessive risk.
- j. The Board should 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 company's focus.

k. When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.

l. Board members should be able to commit themselves effectively to their responsibilities.

m. In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.

n. The Board and senior management should facilitate the Independent Directors to perform their role effectively as a Board member and also a member of a committee.

CODE OF CONDUCT

I Preamble :

This Code of Conduct (“the Code”) shall be called “The Code of Conduct for Board Members and Senior Management Personnel of IL&FS Transportation Networks Limited (ITNL) and its Subsidiaries” (hereinafter referred to as “the Company”)

The Code is in alignment with the Company’s Vision and Values to achieve the Mission & Objectives and aims at enhancing the ethical and transparent process in managing the affairs of the Company

II Applicability :

The Code shall come into force with effect from January 29, 2010 i.e. the date of adoption by the Code by the Board of Directors of the Company and shall be applicable to all the (a) Board Members of the Company, (b) employees of the Company and (c) all the contractual employees of the Company (hereinafter referred to as “Covered Parties”):

III Commitments :

Covered Parties shall, in all matters related to the Company, act within the authority conferred upon them, keeping the best interests of the Company in view and observe the following:

- (1) Shall act in accordance with the highest standards of personal and professional integrity, honesty, good faith, diligence and responsiveness, quality, academic responsibility and ethical conduct
- (2) Shall act in utmost good faith and fulfil the fiduciary obligations without allowing their independence of judgment to be compromised
- (3) Every Director who is in any way, whether directly or indirectly, concerned or has financial interest in any business dealings concerning the Company shall disclose the nature of his concern or interest at a meeting of the Board of Directors and shall not participate in the discussion or vote in the Board’s proceedings. Other Senior Management Personnel shall make such disclosure to the Chairman / Managing Director prior to such business dealing.
- (4) Shall avoid any dealing with a Contractor or Supplier that compromises the ability to transact business on a professional, impartial and competitive basis or that may influence the discretionary decision to be made by the Board Members / Management

- (5) Shall not hold any position or job or engage in outside business or other interest that is prejudicial to the interests of the Company
- (6) Shall not exploit for their own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board of Directors of the Company and the Board declines to pursue such opportunity and allow him to avail of such opportunity
- (7) Shall not make any statement which has the effect of adverse criticism of any policy or action of the Company or which is capable of embarrassing the relations between the Company and the public including all the stakeholders. Provided that nothing in this clause shall apply to any statement made or views expressed by a Board Member, which are purely factual in nature and are not considered as confidential, in his official capacity or in due performance of the duties assigned to him
- (8) Shall not commit any offence involving moral turpitude
- (9) Shall exercise powers conferred upon him for achieving business goals of the Company in a fair and honest manner with reasonable discretion and after weighing of the consequences of such use
- (10) Shall respect the confidentiality of any proprietary information accessed during the course of discharge of duties and ensure that such information is not used for personal gain
- (11) Shall act on the business principles of equity and justice, confidential interest of client and ultimate goal of the Company
- (12) Shall commit to observe all laws of the land, rules and regulations and shall avoid any conduct which may be considered illegal under the same
- (13) Shall not trade, directly or indirectly for shares, securities and commodities of the Company considering the 'price sensitive information' which they may have direct access / influence and exposure by virtue of their fiduciary position or office of profit
- (14) Shall not act upon any confidential information relating to clients especially in share, securities and commodities other than in their official capacity in the ordinary course of business
- (15) Shall not commit verbal or physical conduct of a sexual nature to anyone by virtue of their office position

IV Gifts, Donations & Entertainment :

Covered Parties shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours

for the conduct of its business. However, the Board Members and Senior Management may accept and offer nominal gifts, which are customarily given and are of a commemorative nature, for special events

V Conflict of Interest :

Covered Parties must always act in the best interests of the Company and should avoid any situation where their personal interests conflict or could conflict with their obligations toward the Company. They must not, directly or through any members of their families, relatives or persons living with them or with whom they are associated, or in any other manner:

- (1) Have any financial interest that could have a negative impact on the performance of their duties, or derive any financial benefit from any contract between the company and a third party, where they are in a position to influence the decisions that are taken regarding that contract; or
- (2) Attempt to influence any decision of the Company concerning any matter with a view to derive any direct or indirect personal benefit.
- (3) For the purpose of this clause :
 - “Conflict of Interest” shall mean the interests or benefits of one person or entity conflicting with the interests or benefits of the Company”
 - “Relative” shall mean and include ‘relatives’ as defined in Section 2(41) and Section 6 read with Schedule IA of the Companies Act, 1956
 - If a related party transaction is unavoidable, it must be fully disclosed to the Board of Directors. Also any dealings with a related party must be conducted in a manner such that no preferential treatment is given to such party

VI Transparency in Conduct of Business :

Covered Persons 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.

VII Confidentiality of Information :

Covered Parties shall ensure and take all reasonable measures to protect the confidentiality of non-public information about the Company, its business, customers and other materially significant information obtained or created in connection with any activities with the Company and to prevent unauthorised

disclosure of such information unless required by applicable laws or regulations or legal or regulatory process

VIII Prevention of Insider Trading :

Covered parties shall not derive any benefit or counsel or assist others to derive any benefit, from access to and possession of information about the Company or 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

Covered Parties 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, 1992

IX Compliance of Law :

Covered Parties in their business conduct, shall comply with all applicable laws, rules and regulations, in letter and spirit, in all the territories in which they operate

X Disclosure of Information :

Covered Parties shall endeavour to provide full, fair, accurate, timely and understandable disclosures in reports and documents that the Company files with or submits to the regulators and in other public communications made by the Company. As good governance practice they shall safeguard the confidentiality of all information received by them by virtue of their position

XI Work Environment Free Of Harassment And Discrimination :

The Company is committed to ensuring that the Covered Parties are treated with fairness and dignity. Accordingly, Covered Parties 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

XII Client And Supplier Relationships :

The Company's prosperity is founded on client satisfaction. The Company expects Covered Parties to preserve the quality of its client relations by maintaining business relationships that are based on integrity, fairness and

mutual respect. Similarly, Covered Parties are expected to choose suppliers of the Company on the basis of quality, reliability, price, utility and performance or service. Suppliers are to be treated justly, fairly and honestly

XIII Protection of Assets :

Covered Parties shall protect the Company's assets including physical assets, information and intellectual proprietary rights and shall not use the same for personal gain and by maintaining highest standards of security, they should protect intellectual property rights of all assets whether in electronic form or otherwise

XIV Occupational Health And Safety :

Covered Parties must abide by the Company's standards in safety matters, do their part to maintain a healthy and safe work environment and take necessary steps to ensure their own safety and the safety of others

XV Other Directorships :

The Directors should disclose their engagements, either as Director or in any other capacity to the Company in accordance with the provisions of the Companies Act, 1956

XVI Annual Compliance Reporting :

In terms of Clause 49 of the Listing Agreement, the Board of Directors and Senior Management Personnel shall affirm compliance of this Code within 30 days of the close of every financial year. The Annual Report of the Company shall contain a declaration to this effect signed by the Managing Director. The Annual Compliance Report shall be forwarded to the Company Secretary. If any Director or a Senior Management Personnel leaves the Company any time during a financial year, he shall send a communication to the Company Secretary affirming compliance of the Code till the date of his association with the Company

XVII Amendments, Modification and Waiver to the Code :

(a) Amendment

The provisions of this Code can be amended / modified by the Board of Directors of the Company from time to time and all such amendments / modifications shall take effect from the date stated therein

(b) Definition of Waiver

"Waiver" is defined as a material departure from a provision of the Code

(c) Manner for Requesting Waivers

The Board of Directors generally will not grant waivers to the Code. Covered Parties seeking waiver must make full written disclosure of the particular situation to the Board and the waiver, if granted, must be approved in writing by the Chairman of the Board and promptly disclosed

XVIII Placement of the Code on the Website of the Company:

Pursuant to Clause 49 of the Listing Agreement, this Code and any amendment thereto shall be hosted on the website of the Company

XIX Enforcement of Code of Conduct :

Each Board Member shall be accountable for complying with this Code

XX Consequences of Non-Compliance of This Code :

In case of breach of this Code by anyone, the same shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary

XXI Acknowledgement of receipt of the Code :

Covered Parties shall acknowledge receipt of this Code or any modification(s) thereto, in the acknowledgement form and forward the same to the Company Secretary indicating that they have received, read, understood and agreed to comply with this Code

XXII Financial reporting and records:

The Company's responsibilities to its stockholders and investing public require that all transactions be fully and accurately recorded in the Company's books and records in compliance with all applicable laws. All required information shall be accessible to the company's auditors and other authorised persons and government agencies. False or misleading entries, unrecorded funds or assets, or payments without appropriate supporting documentation and approval are strictly prohibited and violate Company policy and the law. There shall be no willful omissions of any Company transactions from the books and records, no advance income recognition and no hidden bank accounts and funds. Any willful material misrepresentation of and/or misinformation of the financial accounts and reports shall be regarded as a

violation of the Code apart from inviting appropriate civil or criminal action under the relevant laws. Additionally, all documentation supporting a transaction should fully and accurately describe the nature of the transaction and be processed in a timely manner

XXII Reporting Violations:

(a) Questions and Concerns

Covered Persons should bring any questions regarding the Code to the attention of the Compliance Officer when determining the best course of action in a given situation

(b) Responsibility to Report Violations of the Code and Law

The Covered Persons should promptly report any actual or apparent violations of this Code. Any such reports may be made anonymously. Confidentiality will be maintained, to the extent permitted by law

(c) Protection of Covered Persons

Covered Persons are expected to promptly contact the Compliance Officer if he or she is of the belief that he or she has observed illegal or unethical behaviour by any employee, officer, or director, or by anyone purporting to be acting on Company's behalf

The Company will maintain the anonymity of the individual making such a report; to prevent retaliation or discrimination of any kind against anyone who reasonably believes there has been possible illegal or unethical conduct and reports these concerns in good faith

However, disciplinary action would be taken against a Covered Person who makes a report claiming illegal or unethical conduct, knowing such a report to be false

(d) Investigations

Covered Persons are not permitted to carry out their own investigation, but are required to cooperate fully with any investigation made by the Company or its representatives

IL&FS TRANSPORTATION NETWORKS LIMITED

Code of Conduct for Prevention of Insider Trading

This Code is framed under the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended.

This Code is adopted by the Board of Directors at its meeting held on January 29, 2010 in line with the aforesaid Regulations and amendments in the same from time to time.

1. Definitions

- 1.1 “Designated employee” shall include the Managing Director and Executive Directors of the Company, all officers at the level of manager and higher including the, Chief Executives, Sr. Vice Presidents, Vice Presidents, Associate Vice Presidents, Assistant Vice Presidents, Sr. Managers and all employees in the Finance, Treasury, Bidding & Marketing, Legal and Secretarial Divisions of the Company.
- 1.2 “Officer” means any Director, Manager or Company Secretary or any person in accordance with whose advise or instructions the Board of Directors or any one or more of the Directors is or are accustomed to act and shall include an Auditor of the Company
- 1.3 “Dependent Family Members” means spouse, parents, minor children of the designated employees or the Officer and includes any other member of the family wholly or mainly dependent upon them for support and maintenance
- 1.4 “Price Sensitive Information” means any information which relates directly or indirectly to the Company and which if published is likely to materially affect the price of securities of the Company;

Explanation:

The following shall be deemed to be price sensitive information:

- (a) Periodical financial results of the Company;
- (b) Intended declaration of dividends (both interim and final);
- (c) Issue of securities or buy-back of securities;
- (d) Any major expansion plans or execution of new projects;
- (e) Amalgamation, mergers or takeovers;
- (f) Disposal of the whole or substantial part of the Undertaking;
- (g) Winning of any new Project or the Company being declared as the successful bidder in any project;
- (h) Any significant changes in the policies, plans or operations of the Company.

1.5 “Dealing/Trading in Securities” means an act of subscribing, buying or agreeing to subscribe, buy, sell or deal in securities of the Company

2. **Compliance Officer**

- 2.1 Compliance Officer means any senior officer appointed by the Company who is mainly responsible for setting forth policy, procedures, monitoring adherence to the rules for preservation of price sensitive information, implementation of this Code within the Company under the overall supervision of the Board of Directors of the Company, pre clearing of trades by designated employees and their dependents and dissemination of information to the stock exchanges and media. The Company has appointed Mr. Krishna Ghag, Company Secretary as the Compliance Officer.
- 2.2 The Compliance Officer shall maintain record of such Designated Employees and any changes made in the list of Designated Employees.
- 2.3 The Compliance Officer shall in consultation with the Managing Director specify the period for closure of Trading Window
- 2.4 The Compliance Officer shall assist all employees in addressing any clarifications regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended and the Company’s Code of Conduct.

3. **Preservation of “Price Sensitive Information”**

- 3.1 All Directors/employees shall maintain confidentiality of all Price Sensitive Information. They shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities.

3.2 All Price Sensitive Information should be handled on a “need to know” basis, i.e. Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty.

3.3 Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password, etc.

4 Prohibition to Buy/Sell securities of the Company based on Unpublished Price Sensitive Information

4.1 All Directors/Employees, while in possession of any Unpublished Price Sensitive Information pertaining to the Company, shall not:

- Buy/ Sell securities of the Company, either on their own behalf or on behalf of any other person
- Communicate or counsel or procure any Unpublished Price Sensitive Information to/from any person

5. Prevention of misuse of “Price Sensitive Information”

5.1 All Directors, Officers and designated employees of the Company shall be subject to trading restrictions as enumerated below:

5.2 Trading window

5.2.1 The time for commencement of closing of Trading Window shall be decided by the Compliance Officer in consultation with the Managing Director and shall be intimated to all designated employees /officers

5.2.2 Unless otherwise specified by the Compliance Officer, the Trading Window shall be, inter alia, closed for the following purposes:

- (a) Declaration of Financial results (quarterly, half-yearly and annually)
- (b) Declaration of dividends (interim and final)
- (c) Issue of securities by way of public / rights/ bonus etc
- (d) Any major expansion plans or execution of new projects
- (e) Amalgamation, mergers, takeovers and buy-back
- (f) Disposal of whole or substantially the whole of the Company’s Undertaking
- (g) Winning of any new Project or the Company being declared as the successful bidder in any project;
- (h) Any changes in policies, plans or operations of the Company

- 5.2.3 In respect of declaration of financial results, the Trading Window shall remain closed for a period of 15 days prior to the date on which quarterly or annual standalone/consolidated financial results, as the case may be, are declared
- 5.2.4 The Trading Window shall be open 24 hours after the information referred to in para 5.2.3 is made public.
- 5.2.5 All Directors / Officers / Designated employees of the Company shall conduct all their dealings in the securities of the Company only when Trading Window is open and shall not deal in any transaction involving the purchase or sale of the Company's securities during the periods when the Trading Window is closed, as referred to in para 5.3. or during any other period as may be specified by the Company from time to time.
- 5.2.6 In case of ESOPs, exercise of option may be allowed in the period when the trading window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when the trading window is closed.

6 Pre-clearance of Trades

- 6.1 All Directors / Officers / Designated employees of the Company and their dependents, who intend to deal in the securities of the Company above the threshold limit of the value of Rs 5 lakhs or 25,000 in number or 1% of the total shareholding or voting rights of the Company, whichever is lower, should pre-clear the transactions as per the pre-dealing procedure described hereunder.
- 6.2 An application may be made in the Form IV in this regard, to the Compliance Officer indicating the estimated number of securities that the Directors/Officers/Designated Employee and their dependents intend to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the Company in this behalf.
- 6.3 An Undertaking in Form V shall be executed in favour of the Company by all Directors/Officers/Designated employees of the Company and their dependents, incorporating, inter alia, the following clauses, as may be applicable:

- (a) That the Director / Officer/ Designated employee and their dependents do not have any access or has not received “Price Sensitive Information” upto the time of signing the Undertaking.
- (b) That in case the Director / Officer/ Designated employee and their dependents has access to or receives “Price Sensitive Information” after the signing of the Undertaking but before the execution of the transaction he/she shall inform the Compliance Officer of the change in his position and that he/she would completely refrain from dealing in the securities of the Company till the time such information becomes public.
- (c) That he/she has not contravened the Code of Conduct for Prevention of Insider Trading as notified by the Company from time to time.
- (d) That he/ she has made a full and true disclosure in the matter.

7. Other restrictions

7.1 All Directors / Officers / Designated employees and their dependents shall execute their order in respect of securities of the Company within one week after the pre-clearance approval is given. If the order is not executed within one week after such approval, the Director/Officer/Designated employees/their dependents must pre-clear the transaction again.

7.2 All Directors / Officers / Designated employees who buy or sell any number of shares of the Company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All directors/ officers / designated employees shall also not take positions in derivatives transactions in the shares of the Company at any time.

In the case of subscription in the primary market (initial public offers), the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.

7.3 In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer in consultation with the Managing Director after recording in writing his / her reasons in this regard.

8. Disclosure requirements

8.1 All Directors / Designated employees of the Company shall be required to forward following details of their securities transactions with respect to the Company, including the statement of dependents, to the Compliance Officer:

- (a) Number of shares or voting rights held and positions taken in derivatives by such persons and his dependents, within 2 working days of becoming Director/ Officer of the Company in Form I
 - (b) Any change in shareholding, if such change exceeds Rs. 5,00,000 in value, 25,000 in number or 1% of the total shareholding of the Company, whichever is lower, within 2 working days of the change in Form II
 - (c) Annual statement of all holdings in securities as at March 31 every year in Form III.

- 8.2 The Compliance Officer shall maintain records of all statements/declarations in the appropriate form given by Directors / Designated employees for a minimum period of 3 years.

- 8.3 The Compliance Officer shall place before the Managing Director or a Committee, if any, appointed by the Company, on a monthly basis all details of dealing in securities by Directors/ Designated employees of the Company and the accompanying documents that such persons have executed under the pre-dealing procedure as envisaged in this Code.

- 9. Penalty for contravention of Code of Conduct**
 - 9.1 Any Director/Employee who trades in securities or communicates any information for trading in securities, in contravention of this Code of Conduct is liable to be penalised and appropriate action may be taken by the Company.
 - 9.2 Any Directors/Employee of the Company who violates the Code of Conduct shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension and ineligible for future participation in employee stock option plans.
 - 9.3 The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992.

- 10. Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992**
 - 10.1 In case it is observed by the Company / Compliance Officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI shall be informed by the Company.

Code of Corporate Disclosure Practices for Prevention of Insider Trading

1. Corporate Disclosure Policy

- 1.1 To ensure timely and adequate disclosure of Price Sensitive Information, the following norms shall be followed:

2. Prompt disclosure of Price Sensitive Information

- 2.1 Price Sensitive Information shall be given to stock exchanges and disseminated on a continuous and immediate basis.
- 2.2 The Company may also consider ways of supplementing information released to stock exchanges by improving investor access to their public announcements.

3. Overseeing and coordinating disclosure

- 3.1 The Company shall designate a Senior Official (such as Compliance Officer) to oversee corporate disclosure.
- 3.2 This Official shall be responsible for ensuring that the Company complies with continuous disclosure requirements, overseeing and co-coordinating disclosure of price sensitive information to stock exchanges, analysts, shareholders and media and educating staff on disclosure policies and procedure.
- 3.3 Information disclosure / dissemination may normally be approved in advance by the Official designated for the purpose.
- 3.4 If information is accidentally disclosed without prior approval, the person responsible may inform the designated officer immediately, even if the information is not considered price sensitive.

4. Responding to market rumours

- 4.1 The Company shall have clearly laid down procedures for responding to any queries or requests for verification of market rumours by exchanges.
- 4.2 The official designated for corporate disclosure shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumours and then making the disclosure.

- 4.3 The Employees/Directors of the Company shall promptly direct any queries or requests for verification of market rumours received from stock exchanges or from the press or media or from any other source to the Compliance Officer/ official designated for corporate disclosure
- 4.4 The Compliance Officer/ official designated for corporate disclosure as the case may be shall on receipt of requests as aforesaid, consult the Managing Director and respond to the same without any delay.
- 4.5 The Compliance Officer/ official designated for corporate disclosure as the case may be shall be also responsible for deciding in consultation with the Managing Director as to the necessity of a public announcement for verifying or denying rumours and thereafter making appropriate disclosures.
- 4.6 All the requests/queries received shall be documented and as far as practicable, the Compliance Officer/ official designated for corporate disclosure as the case may be shall request for such queries/requests in writing. No disclosure in response to the queries/request shall be made by the Compliance Officer/ official designated for corporate disclosure as the case may be unless the Managing Director approves the same.

5. Timely reporting of shareholdings / ownership and changes in ownership

- 5.1 Disclosure of shareholdings / ownership by major shareholders and disclosure of changes in ownership as provided under any Regulations made under the Act and the Listing Agreement shall be made in a timely and adequate manner.

6. Disclosure / dissemination of Price Sensitive Information with special reference to Analysts, Institutional Investors

- 6.1 The Company shall follow the guidelines given hereunder while dealing with analysts and institutional investors:

(i) Only Public information to be provided

The Company shall provide only public information to the analyst / research persons / large investors like institutions. Alternatively, the information given to the analyst should be simultaneously made public at the earliest.

(ii) Recording of discussion

In order to avoid misquoting or misrepresentation, it is desirable that at least two company representatives are present at meetings with Analysts, brokers or Institutional Investors and discussion should preferably be recorded.

(iii) Handling of unanticipated questions

The Company should be careful when dealing with analysts' questions that raise issues outside the intended scope of discussion. Unanticipated questions may be taken on notice and a considered response given later. If the answer includes price sensitive information, a public announcement should be made before responding.

(iv) Simultaneous release of Information

When the Company organizes meetings with analysts, it shall make a press release or post relevant information on its website after every such meet. The Company may also consider live web casting of analyst meets.

7. Medium of disclosure / dissemination

- (i) Disclosure / dissemination of information may be done through various media so as to achieve maximum reach and quick dissemination.
- (ii) The Company shall ensure that disclosure to stock exchanges is made promptly.
- (iii) The Company may also facilitate disclosure through the use of its dedicated Internet website.
- (iv) The Company websites may provide a means of giving investors a direct access to analyst briefing material, significant background information and questions and answers.
- (v) The information filed by the Company with exchanges under continuous disclosure requirement may be made available on the company website.

8. Dissemination by stock exchanges

- (i) The disclosures made to stock exchanges may be disseminated by the exchanges to investors in a quick and efficient manner through the stock exchange network as well as through stock exchange websites.
- (ii) Information furnished by the Company under continuous disclosure requirements, should be published on the website of the Exchange instantly.
- (iii) Stock exchanges should make immediate arrangement for display of the information furnished by the companies instantly on the stock exchange website.



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. Further, Clause 49 of the equity listing agreement between ITNL and the Stock Exchanges (“**Listing Agreement**”), has been recently amended to bring it in conformity with the stipulations in the Act.
4. 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

5. The contents of this Code are subject to the provisions of the Act and the Listing Agreement. In the event of any inconsistency between the contents of this Code on the one hand and the Act and the Listing Agreement 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

6. 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 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 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 organisation 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

7. 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 Agreement including ITNL
8. 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.
9. 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.
10. 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

11. 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.
12. 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

13. 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.
14. Details of such training imparted shall be disclosed by ITNL in its Annual Report.

F. LIABILITY OF INDEPENDENT DIRECTORS

15. 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 Agreement.

G. TRANSPARENCY IN CONDUCT OF BUSINESS

16. 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

17. 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, 1992

I. WORK ENVIRONMENT FREE OF HARASSMENT AND DISCRIMINATION:

18. 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

19. 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 fulfils 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 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.

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.