

Letter of Appointment

To,
[Name of the 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 ____ years effective ____, 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.

(5) 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.

(6) **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.

(7) **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.

(8) **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. However, the IL&FS at its Board level has decided to earmark separate corpus/fund on a lump basis to provide similar (as would have been available under the D&O policy) coverage to the Directors and Employees of the Company to take care of instances of such liabilities being faced or that may arise in future.

All the 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.

(9) **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.

(10) 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

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 :

IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH

MA 1570/2018 in C.P. No. 3638/2018

IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH

MA 1570/2018 in C.P. No. 3638/2018

(Under Section 241 and 242 of the Companies Act, 2013)

Union of India, MCA

In the matter of

**Union of India, Ministry of
Corporate Affairs** Petitioner

v/s.

**Infrastructure Leasing And Financial
Services Limited & Ors.**
... RespondentsDelivered on 22nd October 2019**Coram:** Hon'ble Member (Judicial) Shri V. P. Singh
Hon'ble Member (Technical) Shri Rajesh Sharma**For the Applicant/Petitioner:** Mr M. M. Juneja**For the Respondent:** Mr Ashish Kamath, Mr Aditya Sikka, Ms Drishti Das**Per:** Shri V. P. Singh, Member (Judicial)
Shri Rajesh Sharma, Member (Technical)**ORDER**

1. Union of India, Ministry of Corporate Affairs through RD (West) has filed MA 1570/2018, seeking immunities and protections granted to the newly appointed Directors vide orders dated 5th October 2018 and 9th October, 2018 in MA 1110 of 2018 to be extended to the appointment of the said newly appointed Directors who have been and will be appointed on the Board of Group/subsidiary, joint-ventures and associate companies, in accordance with the order dated 9.10.2018 passed by this Tribunal. The applicant has also prayed for the following:

- (a) The immunities and protections granted to the said newly appointed Directors vide order dated 5.10.2018 and 9.10.2018 in MA



1173/0218 to extend Mutatis mutandis to the Director Trustees who have been and will be appointed by R1 as Trustees in furtherance of the resolution of R1 group.

(b) The protective orders/immunities granted to the newly appointed Directors vide order dated 5.10.2018 and 9.10.2018 be extended to any Directors appointed by this Tribunal to the Board of Directors of R1, hereinafter who is appointed on the Board of any Group Entity.

2. By the present application, the petitioner seeks extension of the protective Orders/immunities granted vide the orders dated October 5 and 9 2018 to directors appointed by this Tribunal vide order dated October 1 and 3 2018 (less one director who retired) passed in the present petition (newly appointed directors) *inter alia* to their appointment as directors:

- (i) In the group entities of respondent No. 1 pursuant to the order dated October 9, 2018, passed by this Tribunal; and
- (ii) henceforth in any group entity of respondent No.1 pursuant to the order dated October 9, 2018, passed by this Tribunal.

3. Further, the petitioner also seeks an extension of protective orders/immunities granted to the newly appointed directors to any director appointed by the tribunal to the board of directors of respondent No. 1, hereinafter who is appointed on the board of any group entity.

4. The applicant contends that Respondent No. 1 is registered as a core investment company under the Reserve Bank of India Act, 1931 and operates as a holding company across various businesses through 384 group companies, primarily spanning across *inter alia* roads, power, engineering, financial services, maritime and urban development sectors.

5. The applicant further contends that on October 1, 2018 the petitioner filed the captioned petition in this Tribunal under section 241 (2) read with section 242 (2) (k) of the companies Act, 2013 (Act) *inter alia* praying that the then existing Board of Directors of respondent No. 1 be



superseded by a fresh board of directors. The basis of the captioned petition is inter alia as follows:

- a. The precarious and critical financial condition of respondent No. 1 and its group, subsidiary, joint venture and associate companies (**Group Companies**) and their inability to service their debt obligations had rattled the money markets in India leading to fear and loss in investor confidence;
- b. On a careful consideration by the central government/petitioner, it was of the opinion that the affairs of respondent No. 1 were being conducted in a manner contrary to public interest inter alia due to mis governance; and
- c. The intervention of respondent No. 1 was necessary to prevent the downfall of respondent No. 1 and its group companies and the financial markets of the country.

6. The applicant contends that after considering the petitioner and respondent No. 1 contentions, this Tribunal passed an order dated October 1, 2018 (i) suspending the then existing board of directors and (ii) appointing six directors in place and stead thereof. By the said order dated October 1, 2018, the newly appointed directors were inter alia directed to take over respondent No. 1 immediately; hold a meeting of the Board on or before October 8, 2018; conduct its business as per the memorandum and articles of association of respondent No. 1 and the provisions of the act, and thereafter, report the roadmap to this Tribunal not later than the next date of hearing viz. October 31, 2018. By an order dated October 3, 2018, a 7th Director was also appointed.

7. The applicant submits that since (a) respondent No. 1 was facing creditor action and imminent action by regulatory authorities; and (b) the law prescribes various disqualifications which the newly appointed directors were exposed to, the petitioner filed MA No. 1110/2018 in the captioned petition seeking various protective and enabling orders for the newly appointed directors of respondent No. 1. By an order dated October 5, 2018, this Tribunal granted the newly appointed directors the following immunities/ protections as described in the order dated October 5, 2018

- a. The newly appointed directors shall not suffer any disqualification under the companies act, 2013 on account of defaults committed by suspended directors of respondent No. 1



- b. No action should be initiated against the newly appointed directors for the past actions of the suspended directors or any of the officers of respondent No. 1 and the past wrongs of the suspended directors and its officials without prior approval of this Tribunal.

8. The applicant contends that on or about October 8, 2018, the petitioner filed an application for clarification of the order dated October 5, 2018, before this Tribunal, since the newly appointed directors expressed: (i) apprehensions about the scope of immunities granted; and (ii) the need for enabling orders to enable the newly appointed directors to exercise effective control of respondent No. 1 and its group companies. Amongst other reliefs, the petitioner sought clarification that (a) section 428 of the companies act, 2013 which provides for protection of action taken in good faith, applies to the newly appointed directors, and (b) the newly appointed directors are permitted to replace directors in-group/associate/subsidiary/joint venture companies of Respondent No. 1.

9. The applicant further contends that by an order dated October 9, 2018, this Tribunal was pleased to inter alia direct that: (a) the actions of the newly appointed directors done in good faith, in the interest of respondent No. 1 etc.; and (b) the newly appointed directors are empowered to replace the directors on the board of directors of respondents No. 1 subsidiaries joint ventures and associate companies.

11. The applicant submits that at the board meeting of November 30, 2018, the board has constituted a committee to nominate directors on the board of the group entities.

12. The applicant contends that Respondent No. 1 company constituted a Trust, the IL &FS employees Welfare Trust, ("Said Trust") for the welfare of its employees and subsequently extended this benefit to the employees of the group companies of respondent No. 1. The said trust came to own assets, inter alia, including shares in respondent No. 1 and its various group companies. The aggregate value of these shares owned by the said trust in respondent No. 1 and its various group companies exceeds Rs. 500 crores, as on March 31, 2018. Annexed hereto and marked as Exhibit C is a chart setting out the details of the major shareholding held by the



said trust in respondent No. 1 and the group companies. Further, the said trust has inter alia, borrowed funds (both secured and unsecured loans), including from respondent No. 1, some of its group companies and HDFC Ltd. The present dues outstanding is a total of approximately Rs. 575 crores. This comprises of:

- a) A secured loan of approximately Rs. 95 crores from HDFC Ltd. (8 lakh shares of respondent No.1 have been pledged by the said Trust in favour of HDFC Ltd.);
- b) unsecured loans, the outstanding amount aggregating to approximately Rs. 479 crores due and payable by the said trust to respondent No. 1 and its group companies.

13. The applicant submits that since all the erstwhile Trustees of the said Trust resigned, presently, Ms Malini Shankar and Mr C.S. Rajan, (Director Trustees) who are directors appointed in Respondent No. 1 by this Tribunal vide the order dated October 1, 2018 and one Mr Kaushik Modak (Chief Executive Office, IFIN) have been appointed as trustees of the said trust by respondent No. 1.

14. The applicant contends that by a letter dated November 21, 2018, the newly appointed directors have brought the facts above to the knowledge of the petitioner and have requested the petitioner to apply for extension of immunities/protections granted vide orders dated October 5, 2018 and October 9, 2018 to the appointment of the newly appointed directors as directors on the Board of the group companies of Respondent No. 1.

15. The applicant also contends that each subsidiary/group company of R1 has several risks/threats associated therewith to which the newly appointed Directors, in their role as Directors of the corresponding Group company, will stand exposed to by virtue of their appointment including but not limited to creditor action, disqualifications and central and state regulatory actions due to acts or omissions and/or wrongs done by the earlier Board of Directors or its officials. Therefore, it would be just, necessary, convenient and in the interest of justice that the immunities and protections granted vide orders dated October 5 and October 9, 2018 to the newly appointed Directors qua R1, be extended to



in respect of newly appointed Directors of R1, appointed or to be appointed by the newly appointed Directors in each Group/Subsidiary company of R1. The applicant contends that extension of/granting immunities/protections, as prayed, would enable the newly appointed Directors, who have now been appointed on the Boards of various Group/Subsidiary Companies of R1, to perform the public duty entrusted by this Tribunal and eradicate the financial problem being faced by R1 Group as a whole right from the Group level.

16. The applicant contends that upon the appointment of the newly appointed Directors on the Board of R1, given the magnitude of the problem, this Tribunal has exercised powers and granted exemption/immunities to the newly appointed Directors as Directors of R1, vide orders dated October 5 and October 9, 2018.

17. In the circumstances, the applicant has filed this MA seeking:

- (a) immunities and protections granted to the newly appointed Directors vide orders dated 5th October 2018 and 9th October, 2018 in MA 1110 of 2018 to be extended to the appointment of the said newly appointed Directors who have been and will be appointed on the Board of Group/subsidiary, joint-ventures and associate companies, in accordance with the order dated 9.10.2018 passed by this Tribunal. The applicant has also prayed for the following:
 - (b) The immunities and protections granted to the said newly appointed Directors vide order dated 5.10.2018 and 9.10.2018 in MA 1173/0218 to extend Mutatis mutandis to the Director Trustees who have been and will be appointed by R1 as Trustees in furtherance of the resolution of R1 group.
 - (c) The protective orders/immunities granted to the newly appointed Directors vide order dated 5.10.2018 and 9.10.2018 be extended to any Directors appointed by this Tribunal to the Board of Directors of R1, hereinafter who is appointed on the Board of any Group Entity.



18. Given the circumstances stated above, we hereby clarify that the actions of the newly appointed directors, done in good faith in the interest of the company, various stakeholders including public at large, are protected from any of the actions which arise on account of due discharge of their official duties as cast upon them as per the law. These directions are in addition to the directions issued by this Tribunal vide its order dated 5.10.2018.

19. MA 1570 of 2018 is disposed of accordingly.

Sd/-

RAJESH SHARMA
Member (Technical)

Sd/-

V.P. SINGH
Member (Judicial)

Certified True Copy
Copy Issued "free of cost"
On 20.01.2020


Assistant Registrar

National Company Law Tribunal Mumbai Bench



IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH, MUMBAI

C.P. 3638/241-242/2018

MA 1052/2019

MA 1570/2018

CORAM: SHRI RAJESH SHARMA
MEMBER (T)

SHRI BHASKARA PANTULA MOHAN
MEMBER (J)

ORDER SHEET OF THE HEARING OF MUMBAI BENCH OF THE NATIONAL
COMPANY LAW TRIBUNAL ON 20.12.2019

NAME OF THE PARTIES: Union of India, MCA.

V/s
Infrastructure Leasing & Financial Services Ltd & Ors

Section 241-242 of Companies Act 2013.

**Clarification in the order dated 22.10.2019 passed in MA
1570/2018**

The precipe has been filed seeking to rectify the mistake apparent in the order dated 22.10.2019, in terms of Section 420(2) of the Companies Act, 2013.

At para 18 of Page 7 of the order, the interpretation is drawn that the immunity that has been granted by this court is applicable only to the Directors appointed by this court and not to the others. This view is not correct and we hereby clarify that the immunity granted by this court not only covers the directors appointed by this court but also covers such of those directors to whom the IL&FS Board would appoint for subsidiaries, other group companies and the trustees of IL&FS Employees Welfare Trust. Any action done in good faith as reproduced in Para 18 of the order is mutatis mutandis applicable to the directors and Trustees so appointed by the Board of Directors of IL&FS in associate group companies and Trusts.

The order passed by this Bench on 5.10.2018 and 9.10.2018 is also extended to the newly appointed directors by IL&FS to its Group companies and the Trustees of the Trusts. Hence this clarification.

List the matter on 2.1.2020.

Sd/-

RAJESH SHARMA
Member (Technical)

Sd/-

BHASKARA PANTULA MOHAN
Member (Judicial)

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.

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.
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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.

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 three immediately preceding financial years or during the current financial year;
- (v) none of whose relatives—
 - (A) is holding securities of or interest in the listed entity, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;
 - (B) is indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;
 - (C) has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year; or
 - (D) has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income:
 Provided that the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.;
- (vi) who, neither himself/herself, 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 or any company belonging to the promoter group of the listed entity, 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 other than key managerial personnel, the restriction under this clause shall not apply for his / her employment.

- (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 organisation 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:
- Explanation-In case of a ‘high value debt listed entity’:
- (a) which is a body corporate, mandated to constitute its board of directors in a specific manner in accordance with the law under which it is established, the non-executive directors on its board shall be treated as independent directors;
 - (b) which is a Trust, mandated to constitute its ‘board of trustees’ in accordance with the law under which it is established, the non-employee trustees on its board shall be treated as independent directors..

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.
- (2A). The appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution. Provided that where a special resolution for the appointment of an independent director fails to get the requisite majority of votes but the votes cast in favour of the resolution exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution, then the appointment of such an independent director shall be deemed to have been made under sub-regulation (2A):.

- Provided further that an independent director appointed under the first proviso shall be removed only if the votes cast in favour of the resolution proposing the removal exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution.
- (3) The independent directors of the listed entity shall hold at least one meeting in a financial 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, inter alia-
 - (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/her knowledge, attributable through processes of board of directors, and with his/her consent or connivance or where he/she 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 three months from the date of such vacancy:
 Provided that where the listed entity fulfils 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 familiarise 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 January 1, 2022, the top 1000 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.

- (11) No independent director, who resigns from a listed entity, shall be appointed as an executive/whole time director on the board of the listed entity, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an independent director.
- (12) A 'high value debt listed entity' shall undertake Directors and Officers insurance (D and O insurance) for all its independent directors for such sum assured and for such risks as may be determined by its board of directors.



IL&S Transportation Networks Ltd.

IL&S 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.
-