

(I) The Term of Appointment

Your appointment as an Independent Director is for a period of five (5) consecutive years, commencing from the date of General Meeting held on _____ to _____, subject to the provisions of Companies Act, 2013 and the Article of Association (AoA) of the Company as amended from time to time

You can serve for not more than two terms of consecutive five years each on the Board as per the Companies Act, 2013. This directorship is not subject to retirement by rotation during the term, as per the relevant provisions of the Act 2013

(II) Board Expectation / Commitments

The commitments that are expected from you as Independent Director in relation to your functions are as follows:

- (1) As an Independent Director, you will be expected to provide your valuable contributions at the Board Meetings in shaping key decisions, strategies, performances and risk evaluations, affecting the Company
- (2) You will devote such time as is necessary for the proper performance of your duties and attend all the scheduled Board Meetings, General Meetings, Committee Meetings and other Meeting each year
- (3) As an Independent Director you shall convene and attend atleast one Meeting of Independent Directors in a year, without the presence of Non-Independent Directors
- (4) You may be invited for being appointed on one or more existing Board Committees or any such Committee that will be set up in the future. Upon your appointment to any such Committees, you will be provided with appropriate Committee charter which sets out the function of the Committee
- (5) At present, the Board have three (3) Committees namely; Audit Committee, Share Allotment cum Transfer Committee and Committee of Directors. The Board may reconstitute and constitute Audit Committee and Nomination and Remuneration Committee respectively as per the provisions laid down in Companies Act, 2013

(III) Duties and Liabilities

You shall be holding this position in fiduciary capacity and you shall abide by the “Code for Independent Directors” as outlined in Schedule IV to section 149 (8) of the Companies Act, 2013 and duties of Directors as provided in the Act. The relevant provisions have been extracted and attached to this letter as **Annexure I**

(IV) Directors and Officers (D & O) Liability Insurance

Company has in place Director and Officers (D&O) liability insurance policy, which shall also be applicable to all Independent Director from the date of their appointment. In addition, the Company has also internal policy for Indemnification of Directors and Officers

(V) Code of Conduct

As an Independent Director, you are required to abide by such Code of Conduct as laid down by the Company

(VI) Duties of Directors

- (1) An Independent Directors 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
- (2) An Independent Directors shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates
- (3) They shall not assign their offices and any assignment so made shall be void

(VII) Confidentiality

As an Independent Director, you must apply the highest standards of confidentiality and must not disclose to any person or company (whether during the course of the Appointment or at any time thereafter), any confidential information concerning the Company and any Group Companies

(VIII) Remuneration

As an Independent Director you shall be paid sitting fees for attending the Meetings of the Board and the Committees of which you are member. The amount of sitting fee shall be Rs 20,000/- (Subject to TDS) per meeting attended, and as may be amended from time to time by approval of the Board / the Shareholders. The expenses shall be reimbursed on the basis of actual expenses incurred for attending Board Meetings or any other Meetings

Upon termination or upon resignation for any reason, no fee will be payable in respect of unexpired portion of the term of appointment

(IX) Miscellaneous

(1) Performance Evaluation

Performance evaluation of Independent Director shall be done by the entire Board of Directors, excluding the Director being evaluated and 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

(2) Termination

Your directorship on the Board of the Company shall terminate or cease in accordance with the provisions of the Companies Act, 2013 and the provisions of Code of Conduct of the Company

You may resign from the directorship of the Company by giving a notice in writing to the Company stating the reason for resignation. 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

I have read and agree to the above terms and conditions regarding my appointment as an Independent Director of IL&FS Cluster Development Initiative Limited

[Name of ID]

Annexure I

Schedule IV

[See section 149(8)]

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- (1) 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;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) 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;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties :

The independent directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) 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 the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;

- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company 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;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company 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;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) 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:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board 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.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) 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.

- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
 - (a) the term of appointment;
 - (b) 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;
 - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - (d) provision for Directors and Officers (D and O) insurance, if any;
 - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
 - (f) the list of actions that a director should not do while functioning as such in the company; and
 - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) 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 director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

- (1) 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.

- (2) An independent director who resigns or is removed from the Board of the company 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.
- (3) Where the company 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:

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
 - (a) review the performance of non-independent directors and the Board as a whole;
 - (b) review the performance of the Chairperson of the company, 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 company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) 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.