

September 23, 2014

Mr SB Mathur
A 10/10 Vasant Vihar
Off – Poorvi Marg
New Delhi – 110 057

Re : Appointment as the Independent Director

Dear Mr Mathur :

I am pleased to inform you that Members of the Company in their Meeting held on September 22, 2014 have approved your appointment as the Independent Director of Infrastructure Leasing & Financial Services Limited ("the Company"). The terms of the appointment are as follows :

I Appointment :

- (1) Your appointment is for an initial period of five years commencing on September 22, 2014 until the conclusion of the Company's Annual General Meeting (AGM) for FY 2019, unless terminated earlier by either party giving the other party a written notice
- (2) Your appointment is pursuant to the provisions of the Companies Act, 2013 (the Act), the Code of Independent Directors in Schedule IV thereto, the Articles of Association of the Company and subject to the Independence criteria prescribed by the Act
- (3) As an Independent Director you will not be liable to retire by rotation
- (4) Your performance shall be evaluated by the Board of Directors of the Company annually and continuation of your appointment shall be subject to such performance evaluation
- (5) A copy of the Code of Independent Directors as prescribed in Schedule IV of the Act is enclosed in Annexure I

II About the Company and the Board of Directors (Board) :

IL&FS was incorporated in 1987 with a special mandate of infrastructure development through use of non-budgetary resources and is pioneer in financing, development and implementation of infrastructure projects. Detailed information about the operations of the Company is available on its website viz www.ilfsindia.com. Any additional information would be provided to you as may be requested

The Board of Directors of the Company consists of Executive, Non-Executive, Independent and Nominee Directors. List of the current members of the Board and the Key Managerial Personnel is provided in the **Annexure II** to this Letter for your reference

III Appointment on the Committees of the Board and Directorship/s on Group Company/ies :

Various Committees of the Board such as Committee of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Committee etc are operational in the Company to enable the Board to effectively discharge its responsibilities

You may be required to serve on one or more Committees of the Board. You will be provided with the relevant Terms of Reference on your appointment to such a Committee. You may also be asked to serve as a Non-Executive Director or Independent Director on the Board of any of the Company's subsidiaries or joint ventures

Appointments on the Committees and other Directorships would be subject to the applicable regulatory provisions

IV Time Commitment :

- (1) You are expected to attend:
 - (a) Meetings of the Board of Directors held each Quarter or more frequently
 - (b) General Meetings of the Company
 - (c) Meetings of various Committees of the Board of which you are a member
 - (d) Separate meetings of the Non-Executive Directors / Independent Directors
 - (e) Other Meetings, if any
- (2) At certain times it may be necessary to convene additional Board, Committee or Shareholder Meetings
- (3) By accepting this appointment you undertake that, taking into account all other commitments you may have, you are able to, and will, devote sufficient time to your duties as a Non-Executive Director

V Duties and Responsibilities :

- (1) You agree to discharge your duties as the Independent Director in accordance with the provisions of the Act and Code of Independent Directors, which provides a summary of the duties and responsibilities of the Independent Directors
- (2) You will be expected to perform your duties, whether statutory, fiduciary; faithfully, efficiently and diligently to a standard commensurate with your role, experience and expertise
- (3) You will exercise your powers in your role as a Non-Executive Independent Director having regard to applicable obligations under prevailing law and regulations, including the Act

VI Remuneration and Expenses :

- (1) You will receive Sitting Fees for attending the Meetings of the Board of Directors of the Company and / or Committee thereof as may be decided by the Board from time to time
- (2) You would also be reimbursed out of pocket and other logistic expenses incurred for attending the meetings or for special duties as may be assigned by the Board
- (3) In addition to the foregoing, as may be decided by the Board of Directors, you would receive Commission in terms of relevant provisions of the Act and rules prescribed thereunder

VII Confidentiality :

- (1) You acknowledge that all information acquired during your association with the Company is confidential to the Company and should not be released, communicated, nor disclosed either during your appointment or following termination (by whatever means), to third parties without prior clearance of the Board of Directors
- (2) This restriction shall cease to apply to any confidential information which may (other than by reason of your breach) become available to the public generally
- (3) You acknowledge the need to hold and retain Company information (in whatever format you may receive it) under appropriately secure conditions
- (4) You will not, except with the prior written consent of the Company, be in any way connected with or interested in any business in competition with that of the Company or its Subsidiaries. This does not prevent you from holding equity in other Companies

VIII **Price Sensitive Information and Dealing in the Company's or its Associate Companies' shares :**

- (1) Your attention is drawn to the requirements under the Act and the internal regulations of the Company with reference to the disclosure of price sensitive information
- (2) Few of the IL&FS Group companies have listed their Securities on the Stock Exchange and the prohibition on disclosure of price sensitive information, insider trading and forward dealing in the securities of such listed Group Entities is applicable to you
- (3) You should avoid making any statements that might risk a breach of these requirements. A copy of the current share dealing code adopted by the Company will be provided to you separately. You may contact the Jt MD & CEO or the Company Secretary for further guidance on applicable provisions in this respect

IX **Disclosures :**

You are required to disclose to the Company your interests and any matters which affect your independence. At first instance, this disclosure occurs by completion of various forms enclosed in the **Annexure III**. You are required to update these disclosures and notify the Company from time to time on occurrence of any change

X **Vacation and Termination of the Office :**

The office you hold as a Director becomes vacant in certain circumstances which are attached herewith as **Annexure IV**

XI **Insurance :**

The Company has Directors' and Officers' Liability insurance in place and it is intended to maintain such cover for the full term of your appointment. Other details of the cover are available with the Chief Risk Officer of the Company

XII Orientation :

Head Human Resources and/or Company Secretary of the Company would help you with the Orientation Program conducted for the Directors, if any

XIII Contract :

It is agreed that this is a contract for services and is not a contract of employment, in terms of applicable Indian laws.

Kindly sign and return the duplicate copy of this letter as the token of your acceptance

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Parthasarathy'.

Ravi Parthasarathy
Chairman

Code for the Independent Directors

Schedule IV (Section 149(8))

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 bonafide 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 behavior, 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. 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
- (4) 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
- (5) 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

Annexure II

List of the Directors currently on the Board of IL&FS

#	Name of the Director	Designation	Status
(1)	Mr Ravi Parthasarathy	Chairman, IL&FS	Executive Director
(2)	Mr Hari Sankaran	Vice Chairman & Managing Director, IL&FS	Executive Director
(3)	Mr Arun K Saha	Jt Managing Director & CEO, IL&FS	Executive Director
(4)	Mr VK Sharma	Managing Director, Life Insurance Corporation of India	Nominee Director
(5)	Mr S Bandyopadhyay	Managing Director & CEO, LIC Pension Fund Ltd	Nominee Director
(6)	Mr Yoshihiko Miyauchi	Chairman & CEO, ORIX Corporation, Japan	Nominee Director
(7)	Mr Hiroshi Nishio	Executive Officer, Deputy Head, Global Business & Alternative Investment Headquarters, ORIX, Japan	Nominee Director
(8)	Mr Sanjeev Doshi	Head of Strategic Investments, Abu Dhabi Investment Authority	Nominee Director
(9)	Mr Harish H Engineer	Former Executive Director, HDFC Bank Ltd	Nominee Director
(10)	Mr B Mishra	General Manager (Credit), Central Bank of India	Nominee Director

#	Name of the Director	Designation	Status
(11)	Mr BV Chaubal	Deputy Managing Director & Group Executive (Global Markets), State Bank of India	Nominee Director
(12)	Mr SB Mathur	(Retd) Administrator of the Unit Trust of India	Independent Director
(13)	Mr RC Bhargava	Chairman, Maruti Suzuki India Ltd	Independent Director
(14)	Mr Michael Pinto	(Retd) Secretary, Government of India	Independent Director
(15)	Mr Jaithirth Rao	Chairman, Value and Budget Housing Corporation Private Ltd	Independent Director
(16)	Mr Makoto Shioda (Alternate to Mr Yoshihiko Miyauchi)	Senior Vice President, IL&FS	Alternate Director
(17)	Mr Harukazu Yamaguchi (Alternate to Mr Hiroshi Nishio)	Executive Vice President, ORIX Corporation, Japan	Alternate Director

List of Key Managerial Personnel (KMP) of IL&FS

#	Name of the KMP	Designation
(1)	Mr Ravi Parthasarathy	Chairman
(2)	Mr Hari Sankaran	Vice Chairman & Managing Director
(3)	Mr Arun K Saha	Joint Managing Director & CEO
(4)	Mr Manu Kochhar	Group Chief Financial Officer
(5)	Mr Avinash Bagul	Company Secretary

Annexure III

Disclosure Formats for the Independent Director

- (1) Declaration of Independence (attached as Annexure III A)
- (2) Annual Disclosure in Form MBP-1 (attached as Annexure III B)

Annexure III A

Format of the Declaration of Independence

[Pursuant to section 149(7) of the Companies Act, 2013]

**(TO BE FILLED IN BY THE INDEPENDENT DIRECTOR AND HANDED OVER TO
THE COMPANY SECRETARY)**

The Board of Directors
Infrastructure Leasing & Financial Services Limited
The IL&FS Financial Centre
Bandra-Kurla Complex
Bandra (East), Mumbai – 400 051

Dear Sir,

Sub: Declaration to act as an Independent Director of the Company

I _____, S/o Mr. _____, residing at _____ hereby declare that I am not disqualified to act as an Independent Director of the Company pursuant to Section 149 of the Companies Act, 2013, and further I declare that:

- (1) I am not related to Promoters or Directors of the Company or its Holding, Subsidiary or Associate Company
- (2) I do not have or had pecuniary relationship with the Company, its Holding Company, its Subsidiary Company or Associate Company, or their Promoters or Directors, during the two immediately preceding financial years or during the current financial year
- (3) None of my relatives has or had pecuniary relationship or transaction with the Company, its Holding, Subsidiary Company or Associate Company, or Promoters, or Directors, amounting to 2% or more of its gross turnover or total income or ₹ 50 lakhs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

- (4) I neither myself nor with my relatives :
- (a) hold or have held the position of a Key Managerial Personnel or have 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/she is proposed to be appointed;
 - (b) is 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/she is proposed to be appointed, of :
 - (i) a firm of auditors or company secretaries in practice or cost auditors of the company or its Holding, Subsidiary or Associate Company; or
 - (ii) 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;
 - (c) hold together with his relatives two per cent or more of the total voting power of the Company; 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 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
- (5) I have complied with Code of Independent Directors of Infrastructure Leasing & Financial Services Limited which was approved by the Board of Directors of the Company at their meeting held on August 26, 2014

Signature : _____
Name : _____
DIN : _____

Place:
Date:

FORM MBP-1
Notice of Interest by director
 [Pursuant to section 184 (1) and rule 9(1)]

The Board of Directors
 Infrastructure Leasing & Financial Services Limited
 The IL&FS Financial Centre
 Bandra-Kurla Complex
 Bandra (East), Mumbai – 400 051

Dear Sirs;

I, _____, Son of Mr _____, resident of _____, being a Director in the Company hereby give notice of my interest or concern in the following company or companies, bodies corporate, firms or other association of individuals :

Sr. No.	Body Corporates (Public / Private / Foreign Companies/LLP) in which I am Director/Promoter/Manager/CEO/Designated Partner				
	Names of the Companies / bodies corporate/ firms/ association of individuals	Nature of interest or concern / Change in interest or concern	Shareholding		Date on which interest or concern arose / changed
No. Shares			2 % or more Shareholding as Director alongwith with other Directors		
(1)					
(2)					
<u>Director in Foreign Companies</u>					
(1)					
(2)					
<u>Limited Liability Partnership</u>					
(1)					
(2)					

II	Firm/Other Entities (AOP/ HUF/Trust/ Society/ Club/Sole Proprietor) in which I am Partner / Owner / Member				
<u>AOP</u>					
(1)					
<u>HUF</u>					
(1)					
<u>Trust</u>					
(1)			-	-	-
<u>Society</u>					
(1)					
<u>Club</u>					
(1)					
<u>Sole Proprietor</u>					
(1)					

Signature : _____

Name :

DIN :

Date :

Committee Memberships

Sr No.	<u>Name of the Companies / Firms</u>		<u>Name of the Committee</u>
(1)		:	
(2)		:	
(3)		:	

Signature : _____

Name :

DIN :

Date :

Related Party Disclosures

I List of Relatives :

Pursuant to section 2(77), Section 2(76) & Section 188 of the Companies Act 2013(the Act) and Rule 4 of the Companies (Specification of definitions details) Rules, 2014

<u>Sr No.</u>	<u>Relationship</u>	<u>Full Name</u>
1	HUF in which I am member/Karta	
2	Other members of HUF in which I am member/ Karta	
3	Husband/Wife	
4	Father (Including Step Father)	
5	Mother (Including Step Mother)	
6	Son (Including Step Son)	
7	Son's Wife	
8	Daughter	
9	Daughter's husband	
10	Brother (Including Step Brother)	
11	Sister (Including Step Sister)	

II Entity in which my relative is partner or proprietor :

Name of Relative	Nature of Relationship	Name of the Entity	Date on which interest is concern arose / change	PAN

III Private Companies where I am a member :

Name of the Private Company	Shareholding

IV Public Company in which I am Director and hold along with my relatives 2% or more of the paid up share capital of the Company :

Name of Relative	Nature of Relationship	Name of the Public Company	Shareholding		Date on which interest is concern arose / change
			No of shares	%	

V Appointment of a Relative in the Company or in its Subsidiary or in its Associate Company (Place of Profit u/s 188 (1)(f) of the Act) :

Signature : _____
 Name : _____
 DIN : _____

Date:

Disqualification of Directors

I Disclosure u/s 164(1) of the Act

- (i) I am not of an unsound Mind;
- (ii) I am not discharged as an insolvent;
- (iii) I have not applied to be adjudicated as an insolvent and my application is not pending;
- (iv) I am not convicted by a court for any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months;
- (v) An order disqualifying me for appointment as a director has not been passed by a court or Tribunal and no such order is in force;
- (vi) I have paid calls in respect of shares held by me in the Company in which I am Director, whether alone or jointly with others;
- (vii) I am not convicted of the offence dealing with related party transactions u/s 188 at any time during the last preceding five years;
- (viii) I have Director Identification Number as required u/s 152(3) of the Act

II Disclosure u/s 164(2) of the Act

None of the Companies in which I am Director :

- (i) has defaulted in filing Financial Statements or Annual Return for any continuous period of three financial years
- (ii) has failed to repay its deposits or interest thereon on or redeem its debenture or interest on due date or pay dividend declared, for one year or more
- (iii) thus, I confirm that I do not attract disqualification u/s 164(2) of the Act

Signature : _____
Name : _____
DIN : _____

Date:

Register of Directors and KMPs

Pursuant to Section 170(1) of the Act and Rule 17 of the Companies (Appointment and Qualification of Directors) Rules, 2014

Director Identification Number	
Permanent Account Number	
Present Name and Surname in full	
Any former name and Surname in full	
Fathers' Name and Surname in Full	
Mothers' Name and Surname in Full	
Spouse's Name and Surname in full	
Date of Birth	
Residential Address (Present as well as Permanent)	
Nationality (including the nationality of origin, if different)	
Occupation	
Membership no of the ICSI in ease of Company Secretaries, if applicable	

Signature : _____
 Name : _____
 DIN : _____

Date:

Annexure IV

Provisions with respect to Vacation and Termination of the Office of the
Independent Director

- (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 180 days from the date of such resignation or removal, as the case may be
- (3) Where the company 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