

**LETTER OF APPOINTMENT FOR INDEPENDENT DIRECTORS**

Dated: December 9, 2016

**Mr. AKT Chari**

Dear Mr. Chari,

We thank you for your confirmation to IDFC Infra Debt Fund Limited ("**Company**") that you meet the criteria of independence as envisaged in Section 149(6) of the Companies Act, 2013. Pursuant to the said confirmation, we have the pleasure in confirming your appointment on the Board as an Independent Director ("**ID**") of the Company.

This letter sets out the terms and conditions covering your appointment.

**Appointment**

The shareholders at the 3<sup>rd</sup> Annual General Meeting ("**AGM**") of the Company held on September 26, 2016 confirmed your appointment as ID for a period of three (3) consecutive years with effect from October 28, 2015. Being an ID, your appointment is subject to the provisions of the Companies Act, 2013 read with Rules made thereunder, as amended from time to time. Accordingly, the Company has adopted the provisions with respect to appointment, maximum permissible Directorships that one can hold and tenure of Independent Directors which are consistent with the Companies Act, 2013.

You will not be liable to retire by rotation. In the event that you are not re-elected at any AGM, your appointment shall terminate immediately without any entitlement to compensation in respect of any loss (including but not limited to loss of future fees).

Your appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

**Committees**

Currently, you have been nominated to serve as a Member/Chairman of the following Committees:

Sr. No.	Name of the Committee	Position
1	Audit Committee	Member
2	Nomination and Remuneration Committee	Chairman
3	Risk Committee	Member
4	Credit Committee	Member

The Board may change the terms of reference of the Committee or may reconstitute the composition of any/all committees, from time to time.

The Board of Directors may, if it deems fit, invite you for being appointed on one or more existing Board Committees or any such Committee(s) that is set up in the future.

Your appointment on such Committee(s) will be subject to the applicable laws, rules and regulations.

There may be a separate meeting of IDs with the Auditors of the Company without the attendance of non IDs and members of the Management.

You shall serve on the Committee with the same diligence and commitment as a representative of the Board to ensure its working and proper functioning not only in accordance with law, but in keeping with the expectations of the external stakeholders. Your membership to the Board Committee shall co-exist with your term as Independent Director and shall automatically come to an end at the cessation of your term or revocation of this offer, whichever is earlier.

### **Time Commitment**

As a Non-Executive Director you are requested to endeavor to bring objectivity and independence of view to the Board's discussions and decision making and also to help the Board in taking effective and informed decisions in relation to the Company's strategy, planning, performance appraisal, risk management, governance, etc. and also in ensuring highest standards of financial integrity and corporate governance.

The Board meets atleast four times in a year. The Committee Meetings shall be held at such intervals as may be required. You are requested to attend Meetings of the Board and Committees on which you are a Member or you may be appointed as Member. You are also requested to attend General Meetings, meet occasionally with major shareholders, management, staff and professional advisers and to devote such time to your duties, as appropriate for you to discharge your duties effectively and independently. Ordinarily, all meetings are held in Mumbai.

By accepting this appointment, you confirm that you would be able to allocate sufficient time as is prudent and necessary for the proper performance of the role, duties and responsibilities as an ID.

### **Role and Duties**

Independent Directors have the same general legal responsibilities to the company as any other Director. The Board as a whole is collectively responsible for the success of the Company. The Board:

- Sets the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met.
- Provides entrepreneurial leadership to the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- Sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance.

Your role and duties will be those as defined under the Companies Act, 2013 and the Listing Agreement, as may be amended from time to time. Same is provided in the Code for Independent Directors annexed to this letter of appointment and marked as **Annexure 1**.

### **Familiarisation and Continuing Education**

The Company shall, wherever required, support IDs to continually update their skills and knowledge and improve their familiarity with the Company and its business, growth plans, the peculiarities of the industry in which the Company operates, its goals and expectations and long term plans and objectives. The Company will arrange/fund for training on all matters which are common to the

whole Board and/or in the circumstances where there are changes/amendments in the laws/rules/regulations applicable to the Company.

#### **Independent Professional Advice**

There may be occasions when you may need professional advice in furtherance of your duties as a Director and it will be appropriate for you to consult independent advisers at the Company's expense. The Company will reimburse all professional fees reasonably and properly incurred by you for such advice.

#### **Insurance**

IDFC has Directors' and Officers' Liability Insurance which covers the IDs. IDFC will maintain such cover for the full term of your appointment as may be felt necessary. The Company will ensure that the premiums for the same are paid in time. A copy of the policy document will be supplied on request.

#### **IDFC Code of Conduct**

As an ID of the Company, you agree to abide by IDFC's Code of Conduct. Further, you agree to abide by the Code for Independent Directors as annexed to this letter of appointment and marked as **Annexure 1**.

#### **Conflict of Interest**

It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition to your appointment, you are required to declare your directorships, appointments and interests to the Board in writing in the prescribed form and keep the information updated as and when required. You are also required to provide such other information/declaration/documents pertaining to your interest in other entities as may be required pursuant to the applicable statutes.

In the event that in your judgment, circumstances seem to have changed and might give rise to a conflict of interest for you or, wherever applicable, circumstances that might lead the Board to revise its judgment that you are independent, the same should be disclosed to the Board immediately. During your appointment, you should not get involved (whether directly or indirectly) in any Company which might reasonably be considered to compete or have a significant relationship with the said Company without the prior written approval of the Board.

#### **Remuneration**

The sitting fees would be payable for attending the board meeting and/or committee meeting as may be decided by the Board. In addition to the sitting fees, profit related commission may also be paid, if approved by the Board and Shareholders, as may be required as per the Companies Act, 2013. In determining the amount of commission, the Board may consider various factors as per the remuneration policy.

Further, the Company may pay or reimburse to you such fair and reasonable expenditure as may have been incurred by you while performing your role as an Independent Director of the Company.

In case any Director joins the Board during the financial year, then the amount of commission for the various roles outlined above shall be paid proportionately.

#### **Reimbursement of Expenses**

In addition to the above, you will be paid for the travelling expenses including airfare, hotel stay and car on rental and other incidental expenses incurred by you in the performance of your role and duties and for attending the Board/Committee Meetings in person or through video conferencing, or any other audio-visual mode, as may be prescribed in the Companies Act, 2013.

In case, an ID has any other pecuniary relationship, as defined in the Companies Act 2013 apart from the above remuneration, the same shall be immediately disclosed to the Board.

#### **Evaluation**

The Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis. Your appointment and re-appointment on the Board and Committees shall subject to the outcome of the yearly evaluation process.

Evaluation of each Director shall be done by all the other Directors. The criteria for evaluation shall be determined by the Nomination & Remuneration Committee and disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee. If, in the interim, there are any matters which cause you concern about your role you should discuss them with the Chairperson as soon as is appropriate.

#### **Disclosure of Interest**

The Company must include in its Annual Accounts a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record your interest appropriately and our records are updated. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

#### **Termination**

Your directorship on the Board shall terminate or cease in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Agreement.

You may resign from your position by giving a notice in writing to the Company stating the reasons 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.

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 Companies Act 2013, you agree to promptly submit your resignation to the Company with effect from the date of such change.

**Co-operation**

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on your part during your term, you agree to render all reasonable assistance and cooperation to the Company and provide such assistance and documents as are necessary and reasonably requested by the Company or any regulatory/statutory authority.

**Confidentiality**

All information acquired during your appointment is confidential to the Company and should not be released, either during your appointment or following termination (by whatever means), to third parties without prior clearance from the Chairperson.

Your attention is also drawn to the requirements under both legislation and regulation as to the disclosure of price sensitive information. Consequently, you should avoid making any statements that might risk a breach of these requirements without prior clearance from the Chairperson or Company Secretary.

**Governing Law**

This agreement is governed by and will be interpreted in accordance with Indian law and your engagement shall be subject to the jurisdiction of the Mumbai courts.



**Acceptance of Appointment**

We are confident that the Board and the Company will benefit immensely from your rich experience and we are eager to have you as an integral part in the growth of our Company. If these terms of appointment are acceptable to you, please confirm your acceptance by signing and returning the enclosed copy of this letter.

In line with the provision of Clause IV sub clause 6 of Schedule IV of the Companies Act, 2013, the terms and conditions of your appointment as Independent Director shall be available to public and also be placed on the website of the Company.

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

Yours sincerely  
For IDFC Infra Debt Fund Limited

A handwritten signature in blue ink, appearing to read 'Vikram Limaye'.

**Vikram Limaye**  
**Director**

I hereby acknowledge receipt of and accept the terms set out in this letter.

Signed .....

Dated .....

## 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.

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### 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.



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- (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;

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- (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.