

DIGILOGIC SYSTEMS LIMITED

Terms and Conditions of appointment of Independent Director

Applicability:

The following public companies must appoint at least 2 Independent Directors:

Listed public companies, and

Unlisted public companies that meet any of the following:

Paid-up share capital $\geq$ ₹10 crore

Turnover $\geq$ ₹100 crore

Outstanding loans, debentures, or deposits $\geq$ ₹50 crore

Independent Directors must meet criteria laid out in **Section 149(6)** of the Companies Act (i.e., no pecuniary relationship, no close ties to promoters, etc.).

Their role is crucial for **board independence, governance, and protecting minority shareholders**.

- 1.1. The term of office as an Independent Director (ID) on the Board for a period of 5 (Five) consecutive years, subject to the approval of the shareholders of the Company through Special Resolution in accordance with the provisions of the Act;
- 1.2. Independent Director shall not be subject to retirement by rotation during the term in accordance with the provisions of the Act;
- 1.3. Notwithstanding the other provisions of this letter, Independent Director may be terminated at any time by the Board in accordance with the provisions of the Act and Articles of Association of the Company or that Independent Director may resign by written notice along with detailed reasons. While forwarding Independent Director intention to resign, it will be preferable if Independent Director give the Chairman reasonable time so that the Company can plan suitable succession to the Board;
- 1.4. Independent Director performance evaluation shall be reviewed by entire Board annually during Independent Director tenure with the Company in accordance with the processes established by the Board from time to time and based on performance evaluation, it shall be determined whether to extend or continue the term of Independent Director appointment of the Company.

2. The expectations of the Board from the appointed Independent Director:

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

- 2.1. As an Independent Directors are expected to bring objectivity and independence to the Board's discussions and help provide the Board with effective leadership in relation to the Company's strategy, performance, and risk management, as well as ensuring high standards of financial probity and corporate governance;
- 2.2. Independent Directors are expected to attend various familiarization programs, organized by the company to understand the business model and the nature of its operations;
- 2.3. It is expected that Independent Director will perform Independent Director duties efficiently and diligently and in accordance with the Guidelines of professional conduct and the roles and functions set out under the Code of Independent Directors, as provided in Section 149(8) read with Schedule IV of the Act and the SEBI Listing Regulations, including attending regular and emergency Board meetings, any meeting(s) of Independent Directors, Extraordinary General Meeting and the Annual General Meeting. Independent Director may also be required to attend regular meetings of any Board committee(s) of which Independent Director may become a member;
- 2.4. Independent Director should strive to hold and present in at least one meeting in a year without the presence of Non-Independent Directors and members of management with the sole objective of:
 - a) reviewing the performance of Non-Independent Directors and the Board as a whole;
 - b) reviewing the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
 - c) assessing 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.
- 2.5. By accepting this appointment, Independent Director have confirmed that is able to allocate sufficient time to meet the expectations of Independent Director role.

3. Appointment in Board-level Committees:

- 3.1. As advised by the Board, during the tenure of Independent Director office, may be required to serve on one or more of the Committees of the Board established by the Company. Currently, the Company has established the following Committees:
 - Audit Committee
 - Nomination and Remuneration Committee
 - Stakeholders' Relationship Committee
 - Risk Management Committee

4. The fiduciary duties that come with such appointment along with accompanying liabilities:

- 4.1. As an Independent Director of the Company, Independent Director have to familiarize self with the relevant Independent Directors' duties, roles and responsibilities as set out in the Code for Independent Directors under Schedule IV of Act.
- 4.2. As an Independent Director liability will be in respect of such acts of omission or commission by the Company, which had occurred with Independent Director knowledge, attributable through Board processes, and with Independent Director consent or connivance or where Independent Director had not acted diligently.
- 4.3. By accepting this appointment, Independent Directors are deemed to have confirmed that any other position Independent Director hold including Independent Director directorships in other organizations will not give rise to any 'conflicts of interest' in relation to Independent Director appointment as an Independent Director of the Company. Should Independent Director become aware of any conflict or potential conflict during the period of Independent Director appointment, Independent Directors are expected to notify the same to the Board from time to time.

5. Directors and Officers Insurance:

The Company has availed a Directors' & Officers' Liability and Company Reimbursement Insurance Policy which extends to the Company, all its directors and directors of subsidiaries. Quantum, risks determined, and other parameters provided in the Policy have been found to be commensurate with the size and nature of business of the Company by the Board of Directors.

The said Policy shall be extended to all Independent Directors from the date of appointment.

6. The Code of Business Ethics:

Independent Director will be required to abide by following Codes of Business ethics:

- (a) Code of Conduct for Board of Directors & Senior Management;
 - (b) Code of Conduct for Independent Directors;
 - (c) Whistle Blower Policy
 - (d) Code of Fair Disclosure and Code of Conduct for Prevention of Insider Trading
- such other codes as may be prescribed, subject to the approval of the Board, from time to time.

A copy of the aforementioned Codes along with other policies of the Company are available on the website of the Company at www.laxmidental.com.

7. Change in personal details:

During the period of Independent Director tenure, request Independent Director to promptly intimate the Company Secretary in the prescribed manner, of any change in address or other contact and personal details provided by such Director to the Company at the time of Independent Director appointment.

8. The list of actions that a director should not do while functioning

as such in the company: As an Independent Director of the

Company, Independent Director shall not –

- i. misuse the information in Independent Director possession for personal gains;
- ii. engage in any ways (both directly or indirectly) with the competitors;
- iii. in any way indulge in activities which may be construed as conflict of interest;
- iv. break any law of the land or indulge or provoke the co-directors or employees to do the same; and
- v. enter in to any contract or arrangements wherein Independent Directors are directly or indirectly interested.

The above list is only indicative and not exhaustive.

9. Directors' fees / remuneration:

- 9.1. Sitting fee will be paid to Independent Director as may be fixed by the Board from time to time.
- 9.2. Independent Director will be entitled to claim reimbursement of all travelling, hotel and other incidental expenses incurred by Independent Director in performance his/her duties;
- 9.3. Commission as may be approved by the Board from time to time subject to the limits and necessary approvals as required under applicable laws;
- 9.4. IDs are not entitled to any 'stock option' and will not be covered by any pension scheme.

10. Disclosures:

- 10.1. Independent Director will have to submit such information in the prescribed forms periodically to the Board as may be required from time to time;
- 10.2. Independent Director will be required to disclose to the Company interests and any matters (excluding those matters, which may be subject to legal professional privilege), which affect Independent Director independence; and
- 10.3. During Independent Director tenure, Independent Director agree to provide a "Declaration of independence" under Section 149(7) of the Act and Regulation 25(8) of the SEBI Listing Regulations, in the prescribed format, at the first meeting of the Board in every financial year or whenever upon any change in the circumstances which may affect Independent Director status as an Independent Director of the Company.

11. Confidentiality:

Independent Director must apply the highest standards of confidentiality and not disclose to any person or company (whether during the course of the Appointment or at any time after its termination) any confidential information concerning the Company.

On termination of the Appointment, Independent Director will deliver to the Company all books, documents, papers and other property of or relating to the business of the Company which are in Independent Director possession, custody or power by virtue of Independent Director position as an Independent Director of the Company.

12. Dealing in shares and Code of Conduct:

Independent Director and immediate relatives of Independent Director should not trade in the securities of the Company, except in the manner stated in the Company's Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and with the approval of the Compliance Officer.

13. Trading Window Closure:

The Company shall specify a trading period, to be called "trading window", for trading in the Company's securities. When the trading window is closed the directors shall not trade in the Company's securities in such period.

The trading window shall be closed during the following time periods when the information is unpublished:

- i. Declaration of financial results (quarterly, half-yearly and annually)
- ii. Declaration of dividends (interim and final)
- iii. Issue of securities by way of public/rights/bonus etc.
- iv. Any major expansion plans or execution of new projects
- v. Amalgamations, mergers, takeovers and buy-back
- vi. Disposal of whole or substantially whole of the undertaking
- vii. Any material changes in policies, plans or operations of the Company

The time for commencement of closing of trading window shall be decided by the Company. The trading window shall be opened 48 hours after the information referred to above is made public.

Sd/-

Madhusudhan Varma Jetty

Managing Director