

**Affle 3i Limited**

**TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS**

**1. APPOINTMENT**

- a) The appointment as a Non-Executive Independent Director is for a period of five years/two years and is subject to the relevant provisions of the Companies Act, 2013, as amended from time to time.
- b) The term “Independent Director” should be construed as defined under Section 149 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirement) Regulation 2015, as amended from time to time.
- c) The Company has adopted the provisions with respect to appointment and tenure of Independent Directors as per the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015. However, the Company may disengage a Non-Executive Independent Director earlier subject to compliance of the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirement) Regulation 2015.
- d) The Independent Director is not liable to retire by rotation.

**2. COMMITTEES**

The Board of Directors (“the Board”) may invite the Independent Director for being appointed on one or more of the Board Committees or any Committee(s) that may be set up in the future. The appointment on such Committee(s) will be subject to the applicable legal requirements.

**3. TIME COMMITMENT**

- a) The Non-Executive Independent Director is 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. The Board and the Audit Committee meet at least four times a year. Meetings of the Risk Management Committee and the Nomination & Remuneration Committee are ordinarily convened twice a year and other committees as per need and applicable provisions. He / She will be expected to attend all the meetings, including the Board Committees, in which he/she is member, Annual General Meetings and any other General Meetings that may be held during your tenure and to devote sufficient time, as required to discharge his/her duties effectively. Ordinarily, all meetings are held in Gurgaon.
- b) By accepting this appointment, the Independent Director confirms that he/she is in a

position to allocate sufficient time to meet the expectations of the role to the satisfaction of the Board.

#### **4. FIDUCIARY DUTIES**

The role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirement) Regulation 2015. There are certain duties prescribed for all the Directors, both Executive and Non-Executive, which are fiduciary in nature and inter alia are as under:

- a) He/She shall act in accordance with the Company's Articles of Association.
- b) He/She 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.
- c) He/She shall discharge his/her duties with due and reasonable care, skill and diligence.
- d) He/She shall not involve himself/herself in a situation in which he/she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company or bring discredit to it. Any situation that creates a conflict of interest between personal interests and the Company and its stakeholders' interests, must be avoided at all costs.
- e) He/She shall not assign the office as Director and any assignments so made shall be void.
- f) There are certain roles, functions duties prescribed for all Independent Directors, which are listed in the 'Code for Independent Directors' as outlined in Schedule IV to the Companies Act, 2013. He/She shall abide by the said 'Code of Conduct for Independent Directors' as amended from time to time to the extent relevant and applicable to the role. The present code is annexed hereto as **Annexure A**.

#### **5. STATUS OF APPOINTMENT AND REMUNERATION**

- a) He/She will not be an employee of the Company and the letter of appointment shall not constitute a contract of employment. He/She will be paid such remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board and approved by the Members from time to time.
- b) The sitting fees for Board and/ or committee meeting shall be INR 1,00,000/- per meeting attended.

#### **6. REIMBURSEMENT OF EXPENSES**

In addition to the remuneration described in paragraph 5, the Company will, for the period of appointment, reimburse reasonable expenses incurred in the discharge of his/her roles/duties including travelling and accommodation expenses.

## **7. CONFLICT OF INTEREST**

- a) It is accepted and acknowledged that he/she may have business interests, memberships other than those of the Company. As a condition to the appointment commencing, he/she is required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of appointment.
- b) In the event that circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that he/she is independent, this should be disclosed to the Board.

## **8. CONFIDENTIALITY**

All information acquired during tenure of directorship is confidential and should not be disclosed, either during tenure or following cessation (by whatever means) to third parties without prior clearance from the Chairperson, unless required by law or by the rules of any stock exchange or regulatory body. In the latter case, he/she would be required to suitably inform the Board of such an event or disclosure. He/she should direct any media queries or approaches to the appropriate spokesperson within the Company. On reasonable request, he/she shall surrender any documents and other materials made available by the Company.

## **9. DEALINGS IN SHARES**

He/she is required to comply with the Company's Insider Trading Code of Conduct. This code inter alia prohibits the Directors from dealing in the Company's shares during the period when the trading window is closed. Further, directors, being designated officers of the Company for the purpose of insider trading guidelines, are to pre-clear all trades (buy/sell) from the Chairperson/ Compliance Officer of the Company. He/she is requested to read and adhere to the Company's code on Insider Trading..

He/she is also required to comply with the applicable SEBI insider trading laws and regulations.

## **10. EVALUATION**

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

## **11. INSURANCE**

The Company has Directors' and Officers' liability insurance and it is intended that the Company will maintain such cover for the full term of the appointment.

## **12. DISCLOSURE OF INTEREST**

It is expected that any interest he/she may have in any transaction or arrangement that the Company has entered into or propose to be entered into should be disclosed no later than when the transaction or arrangement comes up at a Board meeting for discussion and

approval, so that the minutes may record the interest appropriately and our records are updated. A general notice that he/she are interested in any contracts with a particular person, firm or company is acceptable.

### **13. DISENGAGEMENT**

- a) He/she may resign at any time and should he/she wish to do so, he/she is required to serve a reasonable written notice to the Board along with reasons for resignation and declarations as may be required under applicable regulations in India
- b) The appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company.

## Schedule IV of Companies Act, 2013

[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.

#### 1. Guidelines of professional conduct

An independent director 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 the company;
- 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 the company 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 the company 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 the company in implementing the best corporate governance practices.

#### 2. Role and functions

The independent directors 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) scrutinize 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 the company as a whole, in situations of conflict between management and shareholder's interest.

### **3. Duties**

The independent directors shall-

- a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 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 the company;
- 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 the company;
- f) 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;
- g) keep themselves well informed about the company and the external environment in which it operates;
- h) not to 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 interest of the company;

- j) 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;
- 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 the company, 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.

#### **4. Manner of appointment**

- a) 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.
- b) The appointment of independent director(s) of the company shall be approved by the Shareholders through Special Resolution.
- c) The explanatory statement attached to the notice of the meeting/postal Ballot 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 formalized 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 & O) insurance, if any;
  - V. the Code of Business Ethics that the company 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 Board's 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 the company 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.

## **5. Re-appointment**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

## **6. 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 the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- c) 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.

## **7. Separate meetings**

- a) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
- b) All the independent directors of the company 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 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.

## **8. 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 performance evaluation report, it shall be determined whether to extend or continue the term of appointment of the independent director.