# SAHAJ DIGITAL LIMITED

**(Formerly known as Jolly Plastic Industries Limited)**

## Terms and Conditions of Appointment of Independent Directors

The terms and conditions of appointment of the Independent Directors of Sahaj Digital Limited (the “Company”), which shall in any event be subject to the provisions of the Companies Act, 2013 (the “Act”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) and the Articles of Association of the Company, are set out below. Any amendment to the Act or the Listing Regulations shall apply to these terms automatically, and in the event of any inconsistency the provisions of the applicable law shall prevail.

**Terms of Appointment**

1. The appointment shall be for the period mentioned against the respective name of the Independent Director (the “Term”). In terms of Section 149(10) and (11) of the Act, an Independent Director shall hold office for a term of up to five consecutive years and shall be eligible for re-appointment for one further term of up to five consecutive years, and shall not be eligible for appointment as an Independent Director of the Company for a period of three years from the date of ceasing to hold office thereafter.

2. In terms of Regulation 25(2A) of the Listing Regulations, the appointment, re-appointment or removal of an Independent Director shall be subject to the approval of the shareholders by way of a special resolution. Where a special resolution for the appointment or re-appointment of an Independent Director is not passed but the votes cast in favour exceed the votes cast against, and the votes cast by public shareholders in favour exceed those cast against, the appointment or re-appointment shall be deemed to have been made in accordance with the said regulation.

3. The Company may remove an Independent Director prior to the completion of the Term subject to compliance with the relevant provisions of the Act, the Listing Regulations and the Articles of Association of the Company.

4. In compliance with Section 149(13) of the Act, Independent Directors are not liable to retire by rotation.

5. Re-appointment at the end of the Term shall be based on the recommendation of the Nomination and Remuneration Committee and on the outcome of the performance evaluation process, and shall be subject to the approval of the Board of Directors and of the shareholders in the manner set out in Clause 2 above, and to the Independent Director continuing to meet the criteria of independence.

6. The Independent Directors may be requested to be a member or Chairperson of any one or more Committees of the Board that may be constituted from time to time.

7. The appointment may be terminated in accordance with the provisions of the Articles of Association of the Company, or on failure to meet the criteria of independence as prescribed in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, or on the occurrence of any event specified in Section 167 of the Act. Upon termination or upon resignation for any reason, duly intimated to the Company, the Independent Directors will not be entitled to any compensation for loss of office.

8. An Independent Director who resigns or is removed from the Board shall be replaced by a new Independent Director within the period prescribed under Schedule IV of the Act and Regulation 25(6) of the Listing Regulations, unless the Company fulfils the requirement as to the number of Independent Directors without filling the vacancy.

9. Every Independent Director shall apply for inclusion of his or her name in the data bank maintained by the Indian Institute of Corporate Affairs and shall pass the online proficiency self-assessment test within the time and in the manner prescribed under Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, unless exempt thereunder.

**Resignation**

An Independent Director may resign from office at any time and, should he or she wish to do so, is requested to serve reasonable written notice on the Board. The resignation shall take effect in accordance with Section 168(2) of the Act. The Company shall intimate the Registrar of Companies in Form DIR-12 within the prescribed time, and the Independent Director may, at his or her option, forward a copy of the resignation together with the detailed reasons therefor to the Registrar of Companies in Form DIR-11 within thirty days of the resignation.

In terms of Regulation 30 read with Schedule III of the Listing Regulations, the Independent Director shall provide the detailed reasons for the resignation together with a confirmation that there is no other material reason other than those provided, and the same shall be disclosed by the Company to the stock exchange(s).

In terms of Regulation 25(11) of the Listing Regulations, an Independent Director who resigns shall not be appointed as an executive or whole-time director of the Company, its holding, subsidiary or associate company, or of a company belonging to its promoter group, unless a period of one year has elapsed from the date of such resignation.

**Time commitment**

The Independent Directors agree to devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities, and shall strive to attend all meetings of the Board and of the Committees of which they are members, the general meetings of the Company, and the separate meeting of Independent Directors to be held at least once in a financial year without the attendance of non-independent directors and members of management.

**Role, duties and responsibilities**

As members of the Board, the Independent Directors, along with the other Directors, will be collectively responsible for meeting the objectives of the Board, which include:

A. the requirements under the Act read with Schedule IV thereto;

B. the responsibilities of the Board as set out in Regulation 4(2)(f) of the Listing Regulations;

C. accountability under the Directors’ Responsibility Statement under Section 134(5) of the Act; and

D. the role and duties normally required of a non-executive independent director under the Act and the Listing Regulations.

In terms of Section 166 of the Act, certain duties are prescribed for all Directors, whether executive or non-executive, which are fiduciary in nature:

I. they shall act in accordance with the Articles of Association of the Company;

II. they 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, its employees, its shareholders, the community and for the protection of the environment;

III. they shall discharge their duties with due and reasonable care, skill and diligence and shall exercise independent judgment;

IV. they shall not involve themselves in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company;

V. they shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates; and

VI. they shall not assign their office as Director, any assignment so made being void.

In addition, the Board expects the Independent Directors to perform the following functions:

i. constructively challenge and help develop proposals on strategy for the growth of the Company;

ii. evaluate the performance of management in meeting agreed goals and objectives;

iii. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are effective and defensible;

iv. determine appropriate levels of remuneration of executive directors and play a prime role in appointing and, where necessary, removing executive directors and in succession planning;

v. take responsibility for the processes for accurately reporting on the performance and financial position of the Company;

vi. keep under review governance and compliance with applicable legislation and regulations and the conformity of the Company's practices to accepted norms; and

vii. discharge the duties set out in Schedule IV of the Act, including satisfying themselves as to the adequacy and functioning of the vigil mechanism and paying sufficient attention to related party transactions.

In terms of Section 149(12) of the Act, an Independent Director shall be held liable only in respect of such acts of omission or commission by the Company which had occurred with his or her knowledge, attributable through Board processes, and with his or her consent or connivance, or where he or she had not acted diligently.

**Status of Appointment and Remuneration**

The Independent Directors will not be employees of the Company and the letter of appointment shall not constitute a contract of employment. They shall be paid remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board, within the limits prescribed under Section 197(5) of the Act and the rules made thereunder. In addition to sitting fees, a profit-related commission may be payable within the limits prescribed under Section 197 of the Act, as determined by the Board with the support of the Nomination and Remuneration Committee, having regard to the performance of the Company and to their performance as evaluated by the Board.

In terms of Regulation 17(6)(ca) of the Listing Regulations, the approval of the shareholders by special resolution shall be obtained every year in which the annual remuneration payable to a single non-executive director exceeds fifty per cent. of the total annual remuneration payable to all non-executive directors.

In terms of Section 149(9) of the Act, the Independent Directors shall not be entitled to any stock option, and they shall have no entitlement to any bonus or to participate in any employee stock option scheme operated by the Company or any group company.

**Reimbursement of Expenses**

The Company may pay or reimburse to the Independent Directors such expenditure as may have been incurred by them in performing their role, including expenditure on accommodation, travel and out-of-pocket expenses for attending meetings of the Board and its Committees, general meetings, meetings convened by a Court or Tribunal, meetings with shareholders, creditors or management, site visits, induction and training organised by the Company, and, subject to the expense being reasonable, in obtaining professional advice from independent advisers in furtherance of their duties.

**Independent Professional Advice**

There may be occasions when an Independent Director considers that professional advice is required in furtherance of his or her duties, and it will be appropriate to consult independent advisers at the expense of the Company, as contemplated by Schedule IV of the Act. The Company will reimburse the full cost of expenditure so incurred in accordance with the Company's policy.

**Training, Development and Familiarisation**

The Company shall familiarise the Independent Directors with the Company in terms of Regulation 25(7) of the Listing Regulations and in accordance with the Company's Familiarisation Programme for Independent Directors, and shall support the Independent Directors in continually updating their skills and knowledge. The details of the familiarisation programmes imparted shall be disclosed on the website of the Company and a web link thereto shall be given in the Corporate Governance Report forming part of the Annual Report.

**Insurance**

The Company shall maintain directors' and officers' liability insurance for the Independent Directors for the full term of their appointment, of such quantum and for such risks as the Board of Directors may determine, having regard to Regulation 25(10) of the Listing Regulations to the extent applicable to the Company.

**Conflict of Interest**

It is accepted and acknowledged that the Independent Directors may have business interests other than those of the Company. As a condition of appointment, they are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of appointment, and to make disclosure of their concern or interest in the manner and within the time prescribed under Section 184 of the Act.

In the event that circumstances seem likely to change and might give rise to a conflict of interest, or might lead the Board to revise its judgment that they are independent, the same shall be disclosed forthwith to the Chairperson and the Company Secretary and Compliance Officer, and in the case of loss of independence, to the Board immediately, in terms of Schedule IV of the Act.

The Independent Directors shall not participate in any business activity which might impede the application of their independent judgment in the best interests of the Company.

**Performance Appraisal and Evaluation**

The performance of the Independent Directors, of the Board as a whole and of its Committees shall be evaluated annually in terms of Section 178 of the Act, Regulation 17(10) and Regulation 19(4) read with Part D of Schedule II of the Listing Regulations, and Schedule IV of the Act. The performance evaluation of an Independent Director shall be carried out by the entire Board of Directors excluding the director being evaluated, and shall include an assessment of the fulfilment of the criteria of independence and of the director's independence from the management. On the basis of the report of the performance evaluation, it shall be determined whether to extend or continue the term of appointment. The evaluation process shall remain confidential and shall serve as a constructive mechanism to improve the effectiveness of the Board and its Committees.

**Disclosure of Directorships, Interests and Declarations**

During the Term, the Independent Directors agree to notify the Company promptly of any change in their directorships and to provide such other disclosures and information as may be required under applicable law, and to disclose promptly to the Chairperson and the Company Secretary and Compliance Officer any potential conflict of interest with their position as Independent Directors.

Every Independent Director shall give a declaration of independence under Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations at the first meeting of the Board in which he or she participates as a director, thereafter at the first meeting of the Board in every financial year, and whenever there is any change in circumstances which may affect his or her status as an Independent Director. The Board shall take such declaration on record after undertaking due assessment of its veracity.

The Independent Directors shall also comply with the disclosure and reporting obligations applicable to them under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**Changes of personal details**

During the Term, the Independent Directors shall promptly intimate the Company Secretary and Compliance Officer of any change in address or other contact and personal details provided to the Company, shall file such change in particulars with the Registrar of Companies in Form DIR-6 where required, and shall comply with the annual filing of Form DIR-3 KYC in the manner prescribed.

**Code of Conduct**

During the appointment, the Independent Directors are required to comply with Schedule IV of the Act and with the following codes and policies of the Company, and such other requirements as the Board of Directors may from time to time specify:

- the Code of Conduct for the Board of Directors and Senior Management Personnel, including the Code for Independent Directors annexed thereto;
- the Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons framed under Regulation 9 read with Schedule B of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information framed under Regulation 8 read with Schedule A of the said regulations, including the policy for determination of legitimate purposes; and
- the policy on related party transactions, the vigil mechanism and whistle-blower policy, and such other policies of the Company as may be applicable.

**Confidentiality**

All information acquired during the appointment is confidential to the Company and shall not be released, either during the appointment or following its cessation by whatever means, to third parties without the prior clearance of the Company, unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, the Independent Directors shall surrender any documents and other materials made available to them by the Company.

Attention is drawn to the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Company's codes framed thereunder concerning unpublished price sensitive information and trading in the securities of the Company, including the trading window restrictions, the requirement of pre-clearance and the entry of the sharing of unpublished price sensitive information in the structured digital database maintained by the Company. The Independent Directors should accordingly avoid making any statement or undertaking any transaction that might risk a breach of these requirements without prior clearance from the Chairperson or the Company Secretary and Compliance Officer.

The obligation of confidentiality shall survive the cessation of the directorship.

**Publication of the terms and conditions of appointment**

In terms of Clause IV(5) and (6) of Schedule IV of the Act and Regulation 46(2)(b) of the Listing Regulations, the terms and conditions of appointment of the Independent Directors shall be open for inspection at the registered office of the Company by any member during normal business hours, and shall be placed on the website of the Company.

**General**

The appointment of the Independent Directors and any non-contractual obligations arising out of it shall be governed by and construed in accordance with the laws of India, and the parties agree to submit to the exclusive jurisdiction of the courts having jurisdiction over the registered office of the Company.