
INFRONICS SYSTEMS LIMITED

**Code of Conduct/Terms and Conditions of
Appointment of Independent Director**

1) Appointment:

Infronics Systems Limited (the “Company”), shall engage Independent Directors as per the provisions of Companies Act, 2013 read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The term of appointment of an Independent Director (ID) of the Company is for a period of 5 consecutive years from the date of his/her appointment. An Independent Director shall not be liable to retire by rotation.

Appointment/Re-appointment of every independent director shall be approved by members’ of the Company:

Appointment/Re-appointment of Independent Director shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board of Directors (the “Board”) and of the shareholders by way of special resolution. However, the Re-appointment of any Independent Director would be considered by the Board based on the outcome of the performance evaluation process and the directors continuing to meet the independence criteria.

The Appointment/Re-appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013.

The Independent directors may be requested to be a member / Chairman of any one or more Committees of the Board which may be constituted from time to time.

2) Role and Functions:

The independent directors shall:

- 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;
- bring an objective view in the evaluation of the performance of Board and management;
- scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- safeguard the interests of all stakeholders, particularly the minority shareholders;
- balance the conflicting interests of the stakeholders;
- 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;
- moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder’s interest.

3) Responsibilities:

Independent directors have the same general legal responsibilities to the Company as that of any other director. The Board, as a whole, is collectively responsible for ensuring the success of the Company by directing and supervising the Company's affairs. The broad responsibilities of Independent directors may be summarized as under:

- Independent directors to constructively contribute to the development of the Company strategy;
- Independent directors to oversee the performance of the Management in meeting agreed goals and objectives;
- Independent directors to evaluate and ensure that financial information is accurate, and that financial controls and systems of risk management are robust and defensible;
- Independent directors responsible for determining the appropriate levels of remuneration of executive directors and the process of succession planning. They also have a prime role in appointing and where necessary, removing senior management;
- Independent directors to balance the conflicting interests of the stakeholders, including minority shareholders. In the event of any conflict, they shall moderate and arbitrate in the interest of the Company as a whole.

4) Duties:

An Independent Director shall:

- undertake the appropriate induction into the Board and regularly update and refresh his/her skills, knowledge and familiarity with the Company;
- seek appropriate clarification and where necessary, seek and follow appropriate professional advice from external experts at the expense of the Company;
- strive to attend every meeting of the Board and of the Committee of Directors of he/she is a member;
- actively and constructively participate in the Board/committee meetings in which he/she are chairpersons or members;
- strive to attend general meetings of the Company;
- ensure that any concerns that he/she may have about the running of the Company are addressed by the Board and seek inclusion of these concerns in the Board minutes to the extent these concerns are not resolved;
- keep himself/herself well informed about the Company and the external environment in which it operates;
- not unfairly obstruct the functioning of an otherwise proper Board or Committee meetings;
- pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions are considered and assure themselves that the same are in the interest of the Company;
- 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;

- report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics;
- within his/her authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- not disclose any confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosures are expressly approved by the Board or required by law;
- not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- not assign his/her office and any assignment so made shall be void.

5) Professional Conduct:

An Independent Director shall:

- uphold ethical standards of integrity and probity;
- act objectively and constructively while exercising duties;
- exercise responsibilities in a bonafide manner in the interest of the Company;
- devote sufficient time and attention to professional obligations for informed and balanced decision making;
- not allow any extraneous considerations that may vitiate his/her 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;
- not abuse his/her 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;
- refrain from any action that could lead to a loss of his/her independence;
- ensure that if circumstances arise under which he/she may lose independence, he/she will immediately inform the Board accordingly;
- assist the Company in implementing the best corporate governance practices.

6) Confidentiality

Independent Directors will maintain highest standards of confidentiality and not disclose to any person or company (whether during the course of the Appointment or at any time after termination) any confidential information concerning the Company with which they come into contact by virtue of their position as a Non-Executive Independent Director of the Company.

At times Independent Directors may be privy to unpublished price sensitive information concerning the Company. The Company advises Independent Directors not to disclose such information to any third party without prior permission of the Company. Further, the Company expects Independent Directors to adhere to the provisions of SEBI Insider Trading Regulations along with the Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information while they are in possession of any unpublished

price sensitive information. Any enquiries that the Independent Directors may receive from any of the stakeholders, analysts and media may be directed to the Company for necessary action.

On expiry of the term of Appointment of Independent Directors, Company expects Independent Directors to return to the Company all books, document, papers and other property of or relating to the business of the Company which is in their possession, custody or power by virtue of their position as a Non-Executive Independent Director of the Company.

7) Performance evaluation of Independent Directors:

The Nomination and Remuneration Committee shall lay down the evaluation criteria for performance evaluation of independent directors. The performance evaluation of independent directors shall be done by the entire Board of Directors excluding the director being evaluated.

8) Separate meetings of the Independent Directors:

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 the management. All the independent directors of the Company shall strive to be present at such meetings. The independent directors in the meeting shall, inter-alia:

- Review the performance of non-independent directors and the Board as a whole;
- Review the performance of the Chairperson of the Company, if any, taking into account the views of executive directors and non-executive directors;
- 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.
- Review unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

9) Training of Independent Directors:

The Company may, if required, conduct formal training programmes for its Independent Directors. The training programmes may include any or all of the following:

- Board roles and responsibilities, whilst seeking to build working relationship among the Board members,
- Company's vision, strategic direction, core values, ethics and corporate governance practices,
- Familiarization with financial matters, management team and business operations,
- Meetings with stakeholders, visits to business locations and meetings with senior and middle management.

The Company may, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the Company and its business. The Company will fund/arrange for training on all matters which are common to the full Board.

10) Fees:

In accordance with the provisions of the Companies Act, 2013, Non-Executive/Independent Directors may be paid sitting fees for attending meetings of the Board and/or Committees thereof. The payment of such sitting fees shall be subject to the approval and discretion of the Board of Directors and/or as may be mutually agreed between the Director and the Company from time to time.

The Non-Executive/Independent Directors may also be reimbursed for such reasonable expenses as may be incurred in connection with attending Board and Committee meetings, including travel expenses to and from their usual place of residence, as well as out-of-pocket expenses such as conveyance, food, and incidental expenses. Such reimbursement shall be subject to the approval of the Board or such authority as may be designated.

11) Memberships of other Boards:

It is expected that an Independent Director will not serve on the Boards of competing companies.

12) Dealing in shares and Code of Conduct:

Independent Directors shall not deal in the Company's securities during the period of trading window closure and shall, at all times, ensure that any dealing in securities is in compliance with applicable insider trading laws and the Company's Code of Conduct.

Further, in order to maintain their independence in terms of Section 149(6) of the Companies Act, 2013, an Independent Director, either individually or together with his/her relatives, shall not hold securities exceeding the prescribed thresholds and shall ensure continued compliance with all eligibility criteria prescribed under the Act.

Independent Directors shall comply with the applicable provisions of the Companies Act, 2013 and the SEBI (Prohibition of Insider Trading) Regulations, as amended from time to time and such other requirements as the Board of Directors may specify or otherwise applicable under applicable laws to the Independent directors from time-to-time.

13) Disclosures, other directorships and business interests:

During the Term, they agree to promptly notify the Company of any change in their directorships, and provide such other disclosures and information as may be required under the applicable laws. They also agree that upon becoming aware of any potential conflict of interest with their position as Independent Directors of the Company, they shall promptly disclose the same to the Board and the Company Secretary. During their Term, they agree to promptly provide a declaration under Section 149(7) of the 2013 Act, at the first meeting of the Board in every financial year and upon any change in circumstances which may affect their status as an Independent Director.

14) Changes of personal details:

During the Term, they shall promptly intimate the Company Secretary and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

15) Disengagement:

They may resign from the directorship of the Company 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 them in the notice, whichever is later.

Their directorship on the Board of the Company shall cease in accordance with law. The Company may disengage Independent Directors prior to completion of Term subject to compliance of relevant provisions of the 2013 Act upon the director failing to meet the criteria for independence as envisaged in Section 149(6) of the Companies 2013 Act/Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
