

Date : .....

Mr/Ms.

Dear Sir,

On behalf of the Board of Paisalo Digital Limited ('the Company' or 'PDL'), I am pleased to inform you that with effect from ....., the Board of Directors of the Company has approved your appointment as Non-executive Independent Director of the Company ('Independent Director'). This letter sets out the terms of your appointment.

#### **1. APPOINTMENT AND TERM OF OFFICE**

In accordance with the provisions of Companies Act, 2013, amended Listing Regulations and other applicable laws, you will serve as an Independent Director of the Board. Initially, *you will hold office upto the date of ensuing Annual General Meeting of the Company, and you may be appointed as Independent Director for a period of Five (5) years from ..... by the Shareholders at the Annual General Meeting of the Company, if appointed as additional director*, for five years. As per relevant provisions of Companies Act, 2013, and Listing Regulation and RBI guidelines issued in this behalf, you shall not be liable to retire by rotation.

Your appointment is subject to the provisions of Companies Act, 2013 regarding appointment, fees, expenses, retirement, disqualification and removal of directors. You may cease to hold office as a Director:

At any time that you resign by written notice. It is desirable that you give the Chairman reasonable forewarning of your intention to resign or to not seek re-appointment where that is possible so that Company can plan for succession of skills and experience on the Board; and you may be required to vacate office for any reason pursuant to any of the provisions of the Companies Act, 2013; or

You may be removed as a director or otherwise required to vacate office under any applicable law and under the Article of Association of the Company.

Your performance as an Independent Director will be reviewed during your tenure with the Company in accordance with processes agreed by the Board from time to time. You agree to participate in such reviews.

## **2. COMMITMENTS**

You as an Independent Director, will be expected to devote such time as is necessary for the proper performance of your duties and you will be involved in a number of Board and Committee meetings each year. You should strive to attend all the scheduled quarterly Board Meetings, General Meetings; Committees Meetings and other meetings or attendance as necessary.

As an Independent Director you 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:

- 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.

By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role.

## **3. FUNCTIONS, RESPONSIBILITIES AND DUTIES**

You will be expected to perform your duties, whether statutory, fiduciary or common law, faithfully, efficiently and diligently to a standard commensurate with both the functions of your role and your knowledge, skills and experience. You will have all the usual duties of an Independent Director under the Companies Act, 2013 and Listing Agreement, including attendance at Board Meetings, the Annual General Meetings, Meetings of Independent Directors, Meetings with investors and shareholders and other Board events, together with such additional duties as may be agreed with the Board, and which may related to the business of the Company. You will be required to serve on such committees as the Board may request, including but not limited to Audit, and/or Nomination and remuneration and/or Stakeholders Relationship and/or sub-committees of Board of Directors.

As a Director of the Company, you will have legal duties and obligations as prescribed under the Companies Act, 2013 and it is expected that you will familiarize yourself with the relevant duties, role and responsibilities of Independent Director.

## **4. LIABILITY**

As an Independent Director you will be liable only in respect of such acts of omission or commission by a Company which had occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you had not acted diligently.

## **5. TECHNOLOGY**

Being a Director, you may make use of video, telephone, electronic mail, any other technology which permits each Director to communicate with every other Director, or any combination of these technologies for the purpose of calling and holding Directors' meetings.

You may attend the board or committee meeting through video conferencing or other audio visual means subject to the applicable provisions of the Companies Act, 2013.

## **6. CONFLICT OF INTEREST**

By accepting this appointment you will be deemed to have confirmed that any other position you hold including your directorships in other organizations, shall not give rise to any conflicts of interest in relation to your appointment as an Independent Director of the Company. Should you become aware of any conflict or potential conflict during your appointment, you are expected to notify the Company Secretary.

As an Independent Director you shall not engage in any activity/ies that is not expected from you as an Independent Director.

## **7. DISCLOSURES**

You shall be required to submit certain information in the prescribed forms/format on a defined periodicity. You are required to disclose to the Company your interests and any matters (excluding those matters which may be subject to legal professional privilege) which affect your independence.

During your tenure as an independent director you are required to give a declaration that you meets the criteria of independent every financial year as provided under Section 149 of the Companies Act. 2013.

## **8. FEES**

Subject to the applicable provisions of Companies Act, 2013 and Articles of Association of the Company, sitting fee for attending the meetings of Board and Committees shall be paid to non-executive/ independent directors as Board may decide from time to time.

The Company shall reimburse you all travelling, hotel, and other incidental expenses properly and reasonably incurred by you in performance of duties as per provisions of the Companies Act, 2013 in conjunction with the Company rules and policies.

As an Independent Director you shall not be entitled to any stock option and shall not be covered by any pension scheme.

## **9. REVIEW**

The performance of individual Directors, the whole Board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with the Managing Director or the other Independent Directors as soon as you can.

## **10. CODE FOR INDEPENDENT DIRECTORS, CODE OF CONDUCT FOR DIRECTORS AND CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING FOR EMPLOYEES, INCLUDING DIRECTORS**

You are required to abide by the Code for independent Directors. Code of Conduct for Directors and Code of Conduct for Prevention of Insider Trading for Employees, including Directors, as issued by the Company time to time.

## **11. INDUCTION & TRAINING**

Where possible, Directors will be encouraged to attend special training courses by various professional bodies to ensure that the Directors are refreshed and equipped to perform their role in the highest standards and performance possible. You should feel free to request any further information which you require, at any time.

## **12. INDEMNITY AND INSURANCE/ PROVISION FOR DIRECTORS AND OFFICERS INSURANCE**

The Company may obtain a Directors' & Officers' liability Insurance Policy for you. Details of the same will be provided by the Company Secretary as and when such policy is taken by the Company.

## **13. CONFIDENTIALITY AND ACCESS TO COMPANY RECORDS**

Under Company law, Directors have a right of access to Company's documents and records including financial records. Any confidential information which may come to your knowledge in the performance of your duties as a Director of the Company must not be divulged, except so far as required by law to disclose and may be necessary in connection with the proper performance of your duties to the Company.

## **14. APPLICABLE LAW**

This letter of appointment shall be governed by the laws of India.

It is a pleasure to have you on the Board of Directors of the Company. The Board is confident that your association, expertise and advice will immensely benefit the Company.

Kindly confirm your agreement to the terms set out above by signing the endorsement on the enclosed copy of this.

Yours sincerely

**For Paisalo Digital Limited**

**(Director)**

**Enclosures:-**

**Annexure: I-** Powers, duties and responsibilities of Independent Director.

**Annexure: II-** Code for Independent Directors.

**Annexure: II-** Company's Code of conduct for prevention of insider trading.

Please return duly signed copy to the Company. In returning this letter duly signed, you agree that the Company may make this letter publicly available.

I have read and agree to the above terms regarding my appointment as an independent nonexecutive Director.

**Signature :**

**Name :**

**DIN :**

**Date :**

**Place :**

## **ANNEXURE-I**

### **POWERS, DUTIES AND RESPONSIBILITIES OF INDEPENDENT DIRECTOR**

#### **A. PROFESSIONAL CONDUCT**

As an Independent director of the Company, you shall:

1. uphold ethical standards of integrity and probity;
2. assist the Company in implementing the best corporate governance practices;
3. devote sufficient time and attention to your professional obligations for informed and balanced decision making;
4. act objectively and constructively while exercising your duties;
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. exercise your responsibilities in a bona fide manner in the interest of the Company;
7. not abuse your 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;
8. refrain from any action that would lead to loss of your independence;
9. where circumstances arise which make you as an Independent Director lose your independence, you must immediately inform the Board accordingly.

#### **B. ROLE AND FUNCTIONS**

As an Independent director of the Company, you shall:

1. bring an objective view in the evaluation of the performance of Board and Management;
2. 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;
3. satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
4. balance the conflicting interest of the stakeholders
5. safeguard the interests of all stakeholders, particularly the minority shareholders;
6. scrutinize the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance;
7. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholders interest;
8. 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.

## C. **DUTIES**

As an Independent Director of the Company, you shall:

1. undertake appropriate induction and regularly update and refresh your 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 you are a member;
4. strive to attend the general meetings of the Company;
5. ensure that your concerns about the running of the Company or a proposed action 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;
6. participate constructively and actively in the committees of the Board in which you are a chairperson or a member;
7. keep yourself well informed about the Company and the external environment in which it operates;
8. 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;
9. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
10. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
11. 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;
12. 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 as required by law;
13. acting within your authority assist in protecting the legitimate interests of the Company, shareholders and its employees.

