



## **LETTER OF APPOINTMENT**

### **TERMS FOR APPOINTMENT OF INDEPENDENT DIRECTORS/SAMPLE LETTER OF APPOINTMENT ISSUED TO INDEPENDENT DIRECTORS**

**Last Amended as on 11/09/2024**

Name of the Director

Dear Sir/Madam,

We are pleased to inform you that on the recommendation of Nomination and Remuneration Committee and subject to the approval of Shareholders of the Company, you have been appointed as an Additional Director in the capacity of Non-Executive Independent Director on the Board of the Company Paul Merchants Ltd (PML).

The terms of your appointment shall be as follows:-

#### **1. Term of Appointment**

- 1.1 You have been appointed as an Additional Director in the capacity of Non-Executive Independent Director by the Board of Directors of PML in its meeting held on.....with effect from.....for a period of ..... till ..... subject to the approval of Shareholders of the Company. Your appointment shall be governed by the provisions of Section 149,150,152 and other applicable provisions, if any, of the Companies Act, 2013 (Act), Schedule IV to the said Act and Regulation 16, 26 and other applicable Regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time. Your appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Act and as per the Listing Regulations, as amended from time to time.
- 1.2 The term 'Independent Director' should be construed as defined under the Act and as per the Listing Regulations, as amended from time to time.
- 1.3 The Company has adopted the provisions with respect to the appointment and tenure of Independent Directors which is consistent with the Act and the Listing Regulations. Accordingly, as an Independent Director, you can serve not more than two terms of five years each on the Board of the Company. The disengagement earlier than five years will be in accordance with the provisions

of the Act or on mutually agreed terms.

- 1.4 The provisions contained in the Act and the Listing Regulations will apply as regards your performance evaluation. The performance of Independent Directors shall be evaluated by the entire Board of Directors, excluding the Director being evaluated, in accordance with the Nomination and Remuneration Policy of the Company. On the basis of the report of performance evaluation at the relevant time, it shall be determined whether to extend or continue the term of your appointment as an Independent Director.

## **2. Committees**

The Board of Directors (the Board) may, if it deems fit, invite you for being appointed on one or more existing Board Committees or any such Committee that may be set up in the future. Your appointment on such Committee(s) will be subject to the applicable Statutory Regulations.

## **3. Expectations from Board and Time Commitment**

- 3.1 As a Non-Executive Independent Director, you are expected to bring objectivity and independence of view to the Board's discussions and to 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 meets at least four times in a year. The Audit Committee also meets at least four times in a year. Besides, there are other Committee meetings like Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Executive Committee which are ordinarily convened every Quarter. Ordinarily, all meetings are held in Chandigarh. You will be expected to attend Board, Board Committees of which you may become a member or to which you may be appointed as Chairman and the Shareholders meetings and to devote such time to your duties, as appropriate for you to discharge your duties effectively.

- 3.2 By accepting this appointment, you confirm that you are able to allocate sufficient time to meet the expectations from your role to the satisfaction of the Board.
- 3.3 Board of Directors also expect Independent Directors to perform the following functions:
  - a. Constructively challenge and help develop proposals on strategy for growth of the Company.
  - b. Evaluate the performance of management in meeting agreed goals and



objectives.

- c. Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are effective and defensible.
- d. 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.
- e. Take responsibility for the processes for accurately reporting on performance and the financial position of the Company.
- f. Keep Governance and Compliance with the applicable legislation and regulations under review and the conformity of Company's practices to accepted norms.

#### **4. Role, Fiduciary Duties and Accompanying Liabilities**

Your role and duties will be those required of a Non-Executive Independent Director under the Act and the Listing Regulations and especially Schedule IV to the Act. You agree to observe, in Letter and spirit, the duties, rights and role of Independent Directors as stipulated in the relevant Sections of the Act and the Listing Regulations. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:-

- I. You shall act in accordance with the Company's Articles of Association.
- II. You shall act in good faith in order to promote the objects of the Company for the benefit of all its Stakeholders, and in the best interest of the Company.
- III. You shall discharge your duties with due and reasonable care, skill and diligence.
- IV. You shall not involve yourself in a situation in which you may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company. Please refer to clause 7 of this Letter for full explanation on conflict of interest.
- V. You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
- VI. You shall not assign your office as Director and any assignments so made shall be void.
- VII. You will also comply with the duties prescribed under Section 166 of the Act and will strive to avoid the occurrence of any events specified under Sections 164 and 167 of the Act regarding disqualifications and vacation of office.
- VIII. You shall abide by the "Responsibilities of the Board" as outlined in the Corporate Governance requirements as prescribed by SEBI under



### Regulation 4(2)(f) of Listing Regulations.

- IX. You shall have accountability under the Director's Responsibility Statement.

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 Act. You shall abide by the said 'Code of Conduct for Independent Directors' as amended from time to time to the extent relevant and applicable to your role. The present code is annexed hereto as **Annexure A**. In case you fail to observe the above duties and responsibilities, you shall be liable for action as provided under the Act and Listing Regulations, as amended from time to time.

## 5. Status of Appointment and Remuneration

You will not be an employee of the Company and this letter shall not constitute a contract of employment. You will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided between you and the Board from time to time. The sitting fees, presently shall be paid to you..... per meeting for attending Meetings of the Board and ..... per meeting for attending Meeting of Committees of which you may become a member, subject to deduction of tax at source as per applicable provisions of the Income Tax Act.

## 6. Reimbursement of Expenses

In addition to the remuneration described in paragraph 5, the Company will, for the period of your appointment, reimburse you for travel, hotel and other incidental expenses incurred by you in the performance of your role and duties and for attending the Meetings of the Board or Board Committees, as the case may be.

## 7. Conflict of Interest

- 7.1 It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition of your appointment, you are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of your appointment and then whenever there is any change in the information provided by you.
- 7.2 In the event that your 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 you are independent, you are required to submit declaration under section 149(7) of Companies Act, 2013 read over with Regulation 16 and 25 of Listing Regulations in the beginning of every financial year and then whenever there is any change in the circumstances

which may affect your status as an independent director.

7.3 During your tenure, as a condition of your appointment, you are required to declare the number of Companies in which you hold office as a Director or a Chairman or Committee Member and are also advised to ensure that you do not Directorships or Chairmanship or memberships of Committees in excess of the limits mentioned in Companies Act, 2013 and Listing Regulations, as amended from time to time.

## **8. INSURANCE:**

The Company may, on its discretion, take appropriate Directors' and Officers' Liability Insurance Policy and in that case, the premium for the same shall be paid by the Company.

## **9. CODE OF CONDUCT:**

The Independent Directors of the Company shall comply with PML's Model Code of Conduct for Board of Directors and Senior Management.

## **10. THE LIST OF ACTIONS THAT A DIRECTOR SHOULD NOT DO WHILE FUNCTIONING AS SUCH IN THE COMPANY;**

- a. Not to enter into any Agreement, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to impact the management or control of the Company or to impose any restriction or create any liability upon the Company Paul Merchants Limited in terms of clause 5A of para A of part A of Schedule III to the SEBI (Listing Obligation and Disclosure Requirements), 2015, as amended from time to time.
- b. Not allow any extraneous considerations that may vitiate your exercise of objective independent judgement in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgement of the Board in its decision-making
- c. 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
- d. refrain from any action that could lead to a loss of your independence;
- e. You shall also not enter into any agreement for yourself or on behalf of any other person with any Shareholder or any other third party with regard to compensation or profit Sharing in connection with dealing in securities of the Company, unless the prior approval for the same has been obtained from the

Board of Directors and Shareholders of the Company under Regulation 26(6) of Listing Regulations.

## **11. CONFIDENTIALITY**

All information and Price Sensitive Information acquired by you during your appointment is confidential to PML and should not be released, either during your term with the Company or after expiry of the same (by whatever means) to third parties without prior written clearance from the Chairman or Managing Director of the Company unless required by any Court or any Regulatory/Statutory body. On request, you shall surrender any documents and other materials made available to you by PML.

## **12. INSIDER TRADING REGULATIONS**

You are required to comply with the Company's Code of Conduct to Regulate, Monitor and Report of Trading by Designated Persons and Their Immediate Relative, which is available on the website of the Company [www.paulmerchants.net](http://www.paulmerchants.net) under "Investors" Section. This code inter alia prohibits the Directors from dealing in the Company's shares during the period when the trading window is closed. Further, any information especially the unpublished Price Sensitive Information (UPSI), received by you directly or indirectly from M/s. Paul Merchants Limited (the Company) or its Subsidiaries or other group and associate companies, shall not be disclosed or misused by you for any personal gain either by yourself or by any of your immediate relatives and all requisite safeguards shall be taken and implemented by you to ensure confidentiality of the information. Further, directors, being designated officers of the Company and Insiders for the purpose of insider trading guidelines, are required to get pre-clearance for their trades (buy/sell) from the Compliance Officer of the Company when the trading window is open, if the value of the proposed transaction whether in one transaction or a series of transactions over any calendar Month is above Rs. 10 Lakhs (market value). You are also required to comply with the applicable SEBI insider trading laws and regulations.

## **13. TRAINING SESSIONS/FAMILIARIZATION PROGRAMS:-**

The Company shall from time to time provide you with suitable sessions to familiarize with the company, including briefing from the management, nature of the industry in which the company operates, business model of the company, etc. You should strive to attend the said sessions.



## **14. 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. Your appointment and re-appointment on the Board shall be subject to the outcome of the yearly evaluation process.

## **15. INDEPENDENT PROFESSIONAL ADVICE**

There may be occasions when you consider that you need professional advice in furtherance of your duties as a Director and it will be appropriate for you to consult independent advisors at the Company's expense. The Company will reimburse the full cost of expenditure incurred in accordance with the Company's policy.

## **16. DISCLOSURE OF INTEREST**

You shall immediately disclose your material interest in any transaction or arrangement that the Company proposes to enter into or has already entered into before your appointment. Such interest should be disclosed no later than when the transaction or arrangement comes up at a Board meeting for consideration and approval thereof so that your interest may be recorded in the minutes appropriately and Company's other relevant records may be updated. You shall disclose your material interest/ Concern which shall include the Shareholding in any Companies, body corporates, firms or other association of Individuals at the first Meeting of the Board in which you participate and then at the first board meeting in each financial year. If there is any change in such interest, such changes should be intimated to the Board in the immediate next Board Meeting held after such change under Section 184 (1) of the Companies Act, 2013.

## **17. TERMINATION**

- a. You may resign from your position at any time and should you wish to do so, you are requested to serve a reasonable written notice to the Board along with reasons for your resignation.
- b. Continuation of your appointment is subject to approval of your appointment by the shareholders of the Company in accordance with provisions of the Act, Listing Regulations and the Articles of Association of the Company, as in force from time to time. In case the shareholders do not approve your appointment within a period of 3 months from the date of your appointment by the Board of Directors or earlier, we shall intimate you in writing. You will not be entitled to compensation if the shareholders do not appoint you at any time.



## 18. GOVERNING LAW

This appointment is governed by and will be interpreted in accordance with Indian law and your appointment shall be subject to the jurisdiction of the courts at Chandigarh.

This letter constitutes the entire understanding between us including terms and conditions of your appointment and no waiver or modification there shall be valid unless it is in writing and signed by the parties hereto.

Kindly also visit our website [www.paulmerchants.net](http://www.paulmerchants.net) for any further information.

If you are willing to accept these terms of appointment relating to your appointment as an Additional Director in the capacity of Non-Executive Independent Director of PML, kindly confirm your acceptance of these terms by signing and returning to us the duplicate copy of this letter.

Yours sincerely

**For PAUL MERCHANTS LTD**

**MANAGING DIRECTOR**

### AGREED AND ACCEPTED

I have read and understood the terms of my appointment as an Independent Director of the Company Paul Merchants Ltd and I hereby affirm my acceptance to the same.

Signature .....

Name:

Place:

Enclosure: -

- a) Annexure A - Code for Independent Directors (Schedule IV) to the Act
- b) PML Code Of Conduct To Regulate, Monitor And Report Of Trading By Designated Persons And Their Immediate Relatives