



[DATE]

Name

Dear _____,

We are pleased to inform you that upon the recommendation of Nomination and Remuneration Committee, approval of the Board of Directors of Paul Merchants Ltd. (hereinafter referred to as PML or the Company) and subject to the approval of Shareholders of the Company in their ensuing Annual General Meeting, you are being appointed as an Independent Director on the Board of the Company.

The terms of your appointment shall be as follows :

1. Appointment

- 1.1 You have been appointed as a Non-Executive Independent Director on the Board of Directors of PML with effect from ----- for a period of upto five years. Your appointment shall be governed by the provisions of the Companies Act, 2013 and the Equity Listing Agreement executed by the Company with Stock Exchange. Your appointment is also subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013 and the Listing Agreement.
- 1.2 The term 'Independent Director' should be construed as defined under the Companies Act, 2013 and the Listing Agreement.
- 1.3 The Company has adopted the provisions with respect to the appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the Listing Agreement. Accordingly, the Independent Directors will serve for 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 Companies Act, 2013 or on mutually agreed terms.
- 1.4 The provisions contained in the Companies Act, 2013 and the Listing Agreement will apply as regards performance evaluation of Independent Directors is concerned. The performance of Independent Directors shall be evaluated by the entire Board of Directors, excluding the Director being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of your appointment as an

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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 will be set up in the future. Your appointment on such Committee(s) will be subject to the applicable Statutory Regulations.

3. Time Commitment

3.1 As a Non-Executive 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 meetings 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 are a member or to which you may be appointed and 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.

4. Role and Duties

Your role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and the Listing Agreement. 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 Rules prescribed thereunder and Listing Agreement. 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 for full explanation on conflict of interest.
- V. You shall not achieve or attempt to achieve any undue gain or advantage

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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.

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. 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.

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 @ Rs. --- -----/- per meeting of the Board or a Committee thereof.

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.

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 to your appointment commencing, 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.

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, this should be disclosed to both the Chairman and the Company Secretary.

8. Confidentiality

All information acquired during your appointment is confidential to PML and should not be released, either during your appointment or following termination (by whatever means) to third parties without prior clearance from the Chairman unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, you shall surrender any documents and other materials made available to you by PML.

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9. Insider Trading Regulations

You are 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 and Insiders for the purpose of insider trading guidelines, are to pre-clear all trades (buy/sell) from the Chairman/ 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 500 shares or Rs. 3 Lakhs (market value) or 1% of total shareholding, whichever is less. You are 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. Your appointment and re-appointment on the Board shall be subject to the outcome of the yearly evaluation process.

11. 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.

12. Disclosure of Interest

You shall disclose your material interest in any transaction or arrangement that the Company has entered into. Such interest should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record your interest appropriately and our records are updated. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

13. 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.
- b. Continuation of your appointment is contingent on your getting re-elected by the shareholders in accordance with provisions of Companies Act, 2013 and the Articles of Association of the Company, from time to time in force. You will not be entitled to compensation if the shareholders do not re-elect you at any time.
- c. Your appointment may also be terminated in accordance with the provisions of the Articles of Association of the Company from time to time in force.

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14. Governing Law

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

This letter constitutes the entire 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 for any further information.

If you are willing to accept these terms of appointment relating to your appointment as a non executive Independent Director of PML, kindly confirm your acceptance of these terms by signing and returning to us the enclosed copy of this letter.

Yours sincerely
For **PAUL MERCHANTS LTD**

SAT PAUL BANSAL
Chairman cum Managing Director
For and on behalf of Paul Merchants Limited

I confirm and agree to the terms of my appointment as an Independent Director of Paul Merchants Ltd as set out in this letter.

Signed

Name.....

Dated

Enclosure: -

- a. Code for Independent Directors (Schedule IV) to the Act
- b. PML Prevention of Insider Trading Code