

Appointment Letter

Date:

To,
Mr./Ms. _____

Subject: Your appointment as Independent Director of Sonata Finance Private Limited ("the Company")

Dear Sir,

The Code for Independent Directors contained in The Companies Act, 2013 provides that the Company should issue a letter of appointment to the Independent Directors.

We are pleased to inform you that the shareholders of the Company at the _____ General Meeting held on (date) have approved your appointment/ re-appointment as an Independent Director for a term of _____ years with effect from (date). This letter of appointment sets out the terms and conditions covering your appointment which are as follows:

1. APPOINTMENT:

- 1.1. Your appointment as a Non-Executive Independent Director on the Board of Directors of the Company is subject to the provisions of the Companies Act, 2013.
- 1.2. In compliance with provisions of section 149(13) of the Companies Act, 2013 as amended from time to time, your directorship is not subject to retirement by rotation.
- 1.3. Notwithstanding other provisions of this letter, the appointment may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined in section 149(6) or on the occurrence of any event as defined in section 167 of the Companies Act, 2013.
- 1.4. Upon termination or upon your resignation for any reason, duly intimated to the Company, you will not be entitled to any compensation for loss of office.

2. COMMITTEES:

2.1. The Company currently has 7 (Seven) sub committees of the Board, as listed below:

- a) Audit Committee
- b) Risk Management Committee
- c) Remuneration and Nomination Committee
- d) Corporate Social Responsibility (CSR) Committee
- e) Financial Advisory & Asset and Liability Management Committee
- f) IT Strategy Committee
- g) Capital Raising Committee

- 2.2. The Board of Directors may appoint you as Member / Chairman of one or more of its existing and prospective Committees, which will be covered in separate communications from time to time setting out the relevant committee's terms of reference and any specific responsibilities. Your appointment on such Committee(s) will be subject to the applicable legal requirements.

3. 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 generally meets four times in a year. The Audit Committee generally meets at least four times in a year. Besides, there are other Committee meetings which are ordinarily convened as per requirements. You will be expected to attend Board and Board Committees 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. The meetings of the Company held in the City as unanimously agreed by the Board in the Board Meeting.
- 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:

- 4.1. Your role and duties will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:
 - a) You shall act in accordance with the Company's Articles of Association as may be amended from time to time.
 - b) You 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 interest of the Company, its employees, the shareholders, the community and for the protection of environment.
 - c) You shall discharge your duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
 - d) 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.
 - e) You shall not achieve or attempt to achieve any undue gain or advantage either to yourself or to your relatives, partners or associates.
 - f) You shall not assign your office as Director and any assignments so made shall be void.
- 4.2. In addition to the above requirements the Board of Directors also expect you to perform the following functions:
 - a) You should constructively challenge and help develop proposals on strategy for growth of the Company.
 - b) You should evaluate the performance of management in meeting agreed goals and objectives.
 - c) You should satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are effective and defensible.

- d) You should keep governance and for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary, removing Executive Directors and in succession planning.
- e) You will take responsibility for the processes for accurately reporting on performance and the financial position of the Company.
- f) Compliance with the applicable legislation and regulations under review and the conformity of Company's practices to accepted norms.

5. STATUS OF APPOINTMENT & REMUNERATION:

- 5.1. 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 by the Board from time to time.
- 5.2. The sitting fee and professional charge payable to the Non-Executive Independent Director is subject to a maximum of INR _____ (Rupees in words) per annum per Independent Director. Presently the sitting fees for attending the Board Meeting thereof is INR _____ (Rupees in words) and for Committee Meeting is INR _____ (Rupees in words).

6. REIMBURSEMENT OF EXPENSES

- 6.1. In addition to the remuneration described above, 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 including:
 - a) Economy class air fare to attend the Board or Committee or General Meetings or any other meetings as and when scheduled by the Company.
 - b) Accommodation in a hotel during the days of or day prior to or as may be necessary for attending such Board/ Committee/General Meetings or any other meeting if called by the Company.
 - c) Out of pocket expenses like conveyance, food and incidentals that are incurred during the days of or day prior to such Board/ Committee/General Meetings or any other meeting if called by the Company.

7. INDEPENDENT PROFESSIONAL ADVICE

- 7.1. 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 advisers at the Company's expense. The Company will reimburse full cost of expenditure incurred in accordance with the Company's policy.

8. INSURANCE

The Company has Directors' and Officers' liability insurance and it is intended that the Company will assume and maintain such cover for the full term of your appointment.

9. CONFLICT OF INTEREST

- 9.1. It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition to 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.

- 9.2. 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.

10. EVALUATION

- 10.1. The Board of Directors will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis as per Company's Policy. Your appointment and re-appointment on the Board shall be subject to the outcome of the yearly evaluation process.

11. DISCLOSURE OF INTEREST

- 11.1. Any material interest that a Director may have in any transaction or arrangement that the Company has entered into 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 contract with a particular person, firm or company is acceptable. Further it shall be your responsibility to make all the disclosures and file such documents with Ministry of Corporate Affairs (MCA) to ensure that your Directors Identification Number (DIN) is active.

12. REGISTRATION OF NAME IN THE DATA BANK MAINTAINED BY INDIAN INSTITUTE OF CORPORATE AFFAIRS UNDER SUB-SECTION (1) OF SECTION 150 OF THE COMPANIES ACT, 2013

- 12.1. You are requested to ensure inclusion of your name in the data bank maintained by Indian Institute of Corporate Affairs under sub-section (1) of section 150 of the Companies Act, 2013 and shall submit a declaration of compliance of sub-rule (1) and sub-rule (2) of the Companies (Appointment and Qualification of Directors) Rules, 2014 to the Board each time of submission of declaration required under sub-section (7) of section 149 of the Act.

13. CODE OF CONDUCT

- 13.1. During the appointment you are required to comply with regulations as contained in Schedule IV under Companies Act, 2013, including the Code of Conduct enclosed herewith as ***Annexure – A***.

14. CONFIDENTIALITY

- 14.1. All information acquired during your appointment is confidential to the Company 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. In the latter case, you would be required to suitably inform the Chairman of such events and disclose.
- 14.2. You should direct any media query or approach to the appropriate spokesperson within the Company. On reasonable request, you shall surrender any documents and other materials made available to you by the Company.

15. PUBLICATION OF THE LETTER OF APPOINTMENT

15.1. In line with provision of Clause IV sub clause 5 and 6 of Schedule IV, under Companies Act, 2013, the terms and conditions of your appointment shall be open for inspection, at the registered office of the Company, by any member during normal business hours and shall also be posted on the Company's website.

16. TERMINATION

16.1. 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. In terms of provisions of the Companies Act, 2013, you are required to file a copy of your resignation letter with the Registrar of Companies, Kanpur.

16.2. Your re-appointment as Independent Director for the second term of five years and your re-appointment after the expiry of this term shall be subject to the provisions of section 149 (11) of the Companies Act, 2013.

16.3. 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.

17. GENERAL

17.1. This Letter and any non-contractual obligations arising out of or in connection with this Letter are governed by, and shall be construed in accordance with, the laws of India, and the parties agree to submit to the exclusive jurisdiction of the courts of Lucknow.

17.2. Please confirm your agreement to the above by signing and returning the enclosed duplicate of this Letter.

Yours Sincerely,

For Sonata Finance Private Limited

Chairman/ Managing Director

I have read and agree to the above terms regarding my appointment / re-appointment as an Independent Director of Sonata Finance Private Limited.

Signature
Independent Director
Date:

Schedule IV of Companies Act, 2013
[See section 149 (8)]
CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

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

II. Role and functions:

The independent directors shall:

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

III. Duties:

The independent directors shall—

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

IV. Manner of appointment:

1. Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
2. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
3. The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
4. The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:

- a. the term of appointment;
 - b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - d. provision for Directors and Officers (D and O) insurance, if any;
 - e. the Code of Business Ethics that the company expects its directors and employees to follow;
 - f. the list of actions that a director should not do while functioning as such in the company; and
 - g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
5. The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
 6. The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

1. The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
2. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
3. Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

- (1) 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 management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
 - a. review the performance of non-independent directors and the Board as a whole;
 - b. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - c. 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.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.