

DRAFT LETTER OF APPOINTMENT OF INDEPENDENT DIRECTOR

Dear Sir/Madam,

Sub: Appointment as an Independent Director on the Board of Protean eGov Technologies Limited (formerly NSDL e-Governance Infrastructure Limited)

We are pleased to inform you that upon the recommendation of the Nomination and Remuneration Committee and the Board, the members of Protean eGov Technologies Limited (formerly NSDL e-Governance Infrastructure Limited) (“Protean eGov” or “the Company”) at their meeting held on _____, ____, have approved your appointment as an Independent Director on the Board of the company under the relevant provisions of the Companies Act, 2013.

We are pleased to have you on the Board and sure that the Board will benefit immensely from your rich knowledge and valuable experience.

This letter sets out the following terms of your appointment:

1. Compliance of eligibility criteria

- 1.1 As per the declaration dated _____, ____ provided by you, it is noted that you meet the criteria of being appointed as an Independent Director of the Company in terms of the provisions of Section 149 of the Companies Act, 2013 and Rules notified thereunder from time to time.
- 1.2 On a yearly basis, a declaration will have to be made to the company that you continue to meet the eligibility criteria.
- 1.3 In case of happening of any event, if you cease to meet the eligibility criteria for Independent Director, the company will have to be informed of the same and in that case you shall cease to become an Independent Director of the Company.

2. Term of appointment:

- 2.1 The members of Protean eGov at the General Meeting of the Company held on _____ __, ____ have appointed you as an Independent Director on the Board of Protean eGov under section 149, 152 and other applicable provisions of the Companies Act, 2013 and Rules notified thereunder, read with Schedule IV to the Act, as amended from time to time.

- 2.2 Tenure of your office will be for a period of three years w.e.f. _____, _____ and not be liable to retire by rotation.
- 2.3 Upon completion of the initial term of three years, your appointment as Independent Director can be renewed for another term if so recommended by the Nomination and Remuneration Committee and approved by the Board, subject to relevant provisions of the Companies Act, 2013 and Rules notified thereunder. Any term of renewal shall be subject to approval of the shareholders in the General Meeting. If your appointment is not so renewed, then upon completion of initial term it shall terminate automatically, with immediate effect.
- 2.4 There will be cooling period of three years from the cessation as an independent director after consecutive two terms till becoming eligible for fresh appointment. Provided that an Independent director shall not, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.
- 2.5 Continuation of your appointment is also contingent on satisfactory performance and any relevant statutory provisions relating to the removal of a director / vacation of office / disqualification of director and in terms of the Companies Act, 2013 and other provisions of the Companies Act, 2013 as amended from time to time and the Rules notified thereunder.

3. Expectation of the Board

- 3.1 The Board expects your active participation by providing vision and expert direction which will enable the company to achieve excellent performance and growth.
- 3.2 You may be required to serve on one or more committees of the Board. You will be provided with the relevant terms of reference on your appointment to such a committee. Any such appointment will be covered in a separate communication.
- 3.3 It is expected that taking into account all other commitments you may have, you are able to, and will, devote sufficient time to your duties as a non-executive Independent director.

4. Duties and Responsibilities

- 4.1 Performance of duties, whether statutory or fiduciary, is expected to be faithfully, efficiently and diligently carried out to a standard commensurate with both the functions of your role and your knowledge, skills and experience.

- 4.2 The provisions specified in Schedule IV under Section 149(8) along with the provisions of section 166 of the Companies Act, 2013 will have to be abided.
- 4.3 Any direct or indirect interest which you may have in any matter being considered at a Board meeting or committee meeting will have to be disclosed and you will not vote on any resolution of the Board, or of one of its committees, on any matter where you have any direct or indirect interest.
- 4.4 Unless specifically authorised to do so by the Board, you will not enter into any legal or other commitment or contract on behalf of the Company.

5. Remuneration

- 5.1 Subject to the provisions of sections 197 and 198 of the Companies Act, 2013 you will be entitled to sitting fees, reimbursement of expenses for participation in the meetings of the Board & its committees and commission as may be approved by the shareholders.
- 5.2 A sitting fee of _____/- shall be payable to you for attending each meeting of the Board and meetings of Independent Directors. Any change in the said fees will be communicated separately.
- 5.3 As a member of Committee constituted by the Board of the company / any additional Committee of the Board where the sitting fee is payable for attending the meeting shall be communicated separately.
- 5.4 The shareholders have decided to grant commission at one percent per annum of the net profits (after tax) of the Company, to the Non-Executive Directors of the Company in the proportion as may be decided by the Nomination and Remuneration Committee from time to time for a period of five years commencing from _____.
- 5.5 The Company will reimburse all reasonable and properly-documented expenses you incur in performing duties of your office.
- 5.6 All fees / commission etc. will be paid by way of a cheque drawn in your favour/ direct credit to your bank account and are subject to income tax and other statutory deductions.

6. Code of Conduct and Ethics

- 6.1 The Company expects its independent directors to strictly adhere to the code prescribed under schedule IV of Section 149 (8) of Companies Act, 2013.

6.2 You acknowledge that all information acquired during your appointment is confidential to the Company and should not be released, communicated, nor disclosed either during your appointment or following termination (by whatever means), to third parties without prior clearance from the company. This restriction shall cease to apply to any confidential information which may (other than by reason of your breach) become available to the public generally.

6.3 You acknowledge the need to hold and retain company information (in whatever format you may receive it) under appropriately secure conditions.

7. Review process

7.1 The performance of individual directors and the whole Board and its committees shall be evaluated annually.

7.2 Any proposal of re-appointment/continuation of Independent director shall be on the basis of report of performance evaluation.

8. Changes to personal details

Any changes in address or other personal contact details may please be advised to the Company Secretary promptly.

9. Provision for Directors' and Officers' (D and O) insurance

You will be covered under Directors' and Officers' (D and O) insurance policy obtained by the company.

10. Resignation of director

10.1 A Director may resign from his office by giving a notice in writing to the company and the Board shall on receipt of such notice take note of the same and the company shall intimate the Registrar as required under Companies Act, 2013.

10.2 Resignation of a director shall take effect from the date on which the notice is received by the company or the date, if any, specified by the director in the notice, whichever is later.

11. Schedule of Meetings

The Company Secretariat will provide to you the schedule of forthcoming meetings.

Looking forward for a mutually satisfying association with you.

Yours sincerely

**For Protean eGov Technologies Limited
(formerly NSDL e-Governance Infrastructure Limited)**

Managing Director & CEO

I hereby acknowledge receipt of and accept the terms set out in this letter.

(Name of Independent Director)

SCHEDULE IV

[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) acting within his 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 a period of not more than one hundred and eighty days 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 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.