

Dear Director,

We are pleased to appoint you as an Independent Director on the Board of Directors (the **Board**) of Aditya Birla Finance Limited (the **Company**).

This letter sets out the terms and conditions of your appointment as an Independent Director, which are as mentioned below.

1. Appointment

- 1.1. Your term of appointment as an Independent Director on the Board will be for a period of _ (_____) years. (the “**Term**”)

Your appointment shall be governed by the provisions of the Companies Act, 2013 ("the Act") and other policies as are in place or may be approved by the Board from time to time.

- 1.2. As an Independent Director, you are expected to bring objectivity and independence of view to the Board's and Board Committees, if any, discussions and to help provide the Board with insight and 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. You are also expected to observe and comply with applicable law, the charter documents of the Company and the rules, regulations and policies of the Company, in relation to your directorship and the business of the Company.

2. Role Functions and Duties

Your role and duties will be those normally required of an Independent Director under the applicable laws, rules and regulations as may be in force and applicable at any point of time.

2.1. Role and Functions

As an Independent Director on the Board, you will be responsible for some tasks individually and some collectively with the other Directors of the Company. Accordingly, you are expected to:

- (i) 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;
- (ii) bring an objective view in the evaluation of the performance of board and management
- (iii) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (iv) satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (v) safeguard the interests of all stakeholders, particularly the minority shareholders;

- (vi) balance the conflicting interest of the stakeholders;
- (vii) collectively 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; and
- (viii) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

1.1. **Your Duties**

As an Independent Director you will:

- (i) undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company;
- (ii) 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;
- (iii) strive to attend all meetings of the Board and of the Committees of which you are a member;
- (iv) attend meeting(s) of the independent directors of the Company to:
 - (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; and
- (v) 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;
- (vi) participate constructively and actively in the any Committees in which you are a chairperson or member;
- (vii) strive to attend the general meetings of the Company;
- (viii) where you 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 your concerns are recorded in the minutes of the Board meeting
- (ix) keep yourself well informed about the Company and the external environment in which it operates;
- (x) not to unfairly obstruct the functioning of an otherwise proper Board or Committee;

- (xi) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure yourself that the same are in the interest of the Company;
- (xii) 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;
- (xiii) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- (xiv) acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees; and
- (xv) 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.

In addition to the above, your conduct will be governed by applicable laws and guidelines as may be applicable and in force from time to time. The aforementioned guidelines for professional conduct and duties and responsibilities of directors shall be deemed to be incorporated into this letter of appointment and shall form an integral part of this letter. Refer Annexure-A for details.

2. Remuneration and Reimbursement of Expenses

- 2.1. You will be paid sitting fees for attending the meetings of the Board and its Committees as has been resolved by the Board or may hereafter be resolved. Currently the Company pays Rs. ____ as the sitting fees for each meeting of the Board, Rs. _____ as the sitting fees for each meeting of the Audit Committee and Rs. _____ as the sitting fees for each meeting of other Committees of the Board.
- 2.2. In addition, the Board may, depending upon recommendation of the Nomination & Remuneration Committee of the Board, consider payment of pay remuneration by way of commission subject to approval of the shareholders.
- 2.3. The remuneration shall be subject to applicable taxes and the Company may withhold therefrom any amounts as are required to be withheld pursuant to applicable laws. Any tax liability arising in respect of payments made pursuant your remuneration shall be borne solely by you.
- 2.4. In addition to the remuneration described above the Company will, for the tenure of your appointment, reimburse you for the travel, hotel and other incidental expenses incurred by you from time to time in the performance of your role and duties as a director of the Company.

3. Conflict of Interest

- 3.1. It is accepted and acknowledged that you may have directorships/ business interests other than those of the Company. As a condition precedent to your appointment commencing, you are required to declare your directorships, appointments and interests to the Board in writing in the prescribed form. Thereafter, you need to make additional/ fresh disclosures whenever there is a change or potential change in your disclosed interest and also annually before the commencement of each financial year.

Additionally, you shall also give an annual declaration that you meet all the criteria for independence as specified in Section 149 of the Act.

- 3.2. In the event that circumstances 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 the Board immediately through the Company Secretary.
- 3.3. The Company is required to include in its annual accounts a note of any material interest that a Director may have 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.

4. Other Terms and Conditions

4.1. Evaluation

The performance evaluation of every Director, including yourself, will be conducted on an annual basis, based on the parameters and guidelines as framed by the Nomination & Remuneration Committee and approved by the Board.

4.2. Separation

- (i) 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 stating out the reason for your resignation as a director of the Company.
- (ii) At the end of Term, and in case you are not re-appointed by the shareholders of the Company, you will not be entitled to any compensation with regard to your separation.
- (iii) Your appointment may terminate or cease in accordance with applicable law, including the Act, the Listing Agreement and the provisions of the articles of association of the Company from time to time as may be in force.

5. Confidentiality

All information acquired during your tenure as director of the Company is confidential to the company and should not be released, either during your tenure or following separation to third parties without prior clearance from the Chairman of the Company unless specifically required under law or by the rules of any regulatory body. On reasonable request, you shall surrender any of such documents and other materials made available to you by the Company. As a director, you are also subject to and bound by the prohibition and restrictions against insider trading and disclosure of unpublished price sensitive information, as prescribed under the Act and the regulations issued by the Securities and Exchange Board of India (“SEBI”). You would have to strictly abide by the Code of Conduct for trading in listed or proposed to be listed securities of the Company under SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended or replaced from time to time).

6. Liability

While it is expected that in the performance of your duties you will exercise all diligence and care, please be informed that you will be liable in respect of such acts of omission or commission by the Company which had occurred with your knowledge, attributable through Board processes and with your consent or connivance or where you had not acted diligently, which lead to penal consequences and damages for the Company.

7. Miscellaneous

- 7.1. Your appointment is also subject to the maximum permissible directorships that one can hold under applicable law.
- 7.2. This letter of appointment does not constitute a contract of employment in any manner and should be treated accordingly.
- 7.3. As a first time, you will be invited to attend an initial induction session and, thereafter, ongoing training and familiarization sessions, including briefings from management and site visits. Please avail yourself of these opportunities as fully as is appropriate to your personal circumstances.
- 7.4. We are enclosing an Induction Kit capturing the details of our Board members, Senior Management Team, Organisation Chart, Board Committees, Financial performance, Applicable Policies/Codes etc. We trust you will find these useful and informative.

8. Contact Person

Mr. Ankur Shah, Company Secretary, *email id:* ankur.shah@adityabirla.com, *phone no:* 022 43567296 shall remain in regular touch with you to provide all required clarifications/information, as you may require relating to our Company.

Kindly confirm your acceptance of these terms by signing and returning to us the enclosed copy of this letter.

Yours sincerely,

For **Aditya Birla Finance Limited**

Director

Annexure –A: Guidelines for 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;
6. exercise 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;
7. 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;
8. refrain from any action that would lead to loss of his independence; where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly; and
9. assist the company in implementing the best corporate governance practices.