

Date: _____ 2023

To,

Sub: Appointment as a Non-Executive Independent Director of Bajaj Finserv Direct Limited (the "Company")

We are pleased to confirm your appointment as a Non-executive Independent Director of the Company (the 'appointment') with effect from _____, as approved by the Board of Directors at its meeting held on _____ pursuant to provisions of the Companies Act, 2013 (the 'Act') and amendments thereto.

As required under section 149(7) of the Act, we have received from you a declaration that you meet the criteria of independence as provided under section 149(6) of the Act and amendments thereto.

Further, as stipulated under the Act, the appointment of Independent Directors shall be governed by Schedule IV to the Act - 'Code for Independent Directors', as enclosed to this letter as **Annexure A**, which primarily covers-

- I. Guidelines of professional conduct
- II. Role and functions
- III. Duties
- IV. Manner of appointment
- V. Re-appointment
- VI. Resignation or removal
- VII. Separate meetings
- VIII. Evaluation mechanism

The terms of the appointment, which in any event shall be subject to the Act, Rules made thereunder and the Articles of Association of the Company, are set out below, as stipulated in Schedule IV to the Act.

Appointment:

1. The appointment is for a term of five consecutive years, commencing from _____ till _____ (close of day). The appointment will be subject to the approval of shareholders.
2. During your tenure as an Independent Director, you may be asked to serve on one or more of the Board Committees. Terms of reference of Board Committees is enclosed to this letter as **Annexure B**.
3. You will strictly abide by the Code for Independent Directors as enclosed.
4. The Company expects a commitment of sufficient time and attention as necessary in order to perform your duties under the appointment. This will include attendance at regular and emergency Board Meetings, annual meeting of Independent

Directors and the Annual General Meeting. You may also be required to attend regular meetings of any Board committee of which you are a member.

5. In addition, you will be expected to devote appropriate preparation time ahead of each meeting.
6. By accepting the appointment, you confirm that you are able to allocate sufficient time to perform your role.
7. In case of removal/resignation for any reason, you shall not be entitled to any damages for loss of office and no fees will be payable to you in respect of any unexpired portion of the term of the Appointment.

Role & Duties:

8. As a Non-Executive Independent Director, you have the same general legal responsibilities to the Company as any other Director, except that you shall be held liable only 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.
9. You will adhere to the following duties of Directors, which are more specifically stipulated in Section 166 of the Act, as under –
 - Subject to the provisions of the Act, a director of a company shall act in accordance with the articles of the company.
 - A director of a company 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 interests of the company, its employees, the shareholders, the community and for the protection of environment.
 - A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
 - A director of a company shall not involve in a situation in which she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
 - A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to herself or to her relatives, partners, or associates and if such director is found guilty of making any undue gain, she shall be liable to pay an amount equal to that gain to the company.
 - A director of a company shall not assign her office and any assignment so made shall be void.

Fees/Commission:

10. You will be paid a sitting fee and commission for your services as a Non-Executive Independent Director per meeting of the Board and Committee thereof attended by you as a member, as the Board may approve from time to time. Presently, a sitting fee of Rs. 5,000/- is paid per meeting of the Board and/or Committees attended by a Director. The Company does not pay any commission.
11. You will have no entitlement to any bonus during the appointment and no entitlement to participate in any share scheme and no stock options will be issued to you by the Company.

Reimbursement of Expenses:

12. In addition to the fee described in 10 above, the Company will reimburse you for all reasonable and properly documented expenses you may incur while performing your role. You may submit details of expenses incurred to the Company Secretary.
13. During the appointment, circumstances may arise in the furtherance of your duties as a Director when it will be appropriate for you to seek advice from independent advisors at the Company's expense. The Company will reimburse the full cost of expenditure incurred as deemed necessary.

Other directorships and business interests:

14. The Company acknowledges that you may have business interests other than those of the Company and that you may have declared any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest, not declared so far, these may be disclosed to the Chairman and the Board as soon as they become apparent.
15. During the appointment, you may please inform us prior to accepting any other (or further) directorships or any major external appointments, to avoid any conflict of interest with your current position in the Company.

Code of Conduct & other compliances:

16. During the appointment, you will comply with any relevant regulations as may be issued by the Government of India and such other authorized bodies as set up by the Government on its behalf, including the Code for Independent Directors and such other requirements as the Board of Directors may from time to time specify.
17. At the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect your status as an Independent Director, you shall give a declaration to that effect confirming that you meet the criteria of independence as provided in Section 149(6) of the Act, in the prescribed format.
18. During the appointment, you will comply with any relevant regulations as may be issued by Securities and Exchange Board of India, Ministry of Corporate Affairs,

Insurance Regulatory and Development Authority of India, the Companies Act, 2013 and rules made thereunder including Schedule IV (code of conduct) of the Companies Act, 2013 or such other Act/Regulations/Circulars as may be applicable to Company from time to time, various policies of the Company and such other requirements as the Board of Directors may from time to time specify.

Confidentiality:

19. You must apply the highest standards of confidentiality and not disclose to any person or company (whether during the course of the appointment or at any time after its termination) any confidential information concerning the Company and any Group Companies with which you come into contact by virtue of your position as a Non-Executive Independent Director of the Company.
20. You shall not communicate, provide or allow access to any unpublished price sensitive information, that you may have access/ possess in course of your duties, relating to company to any person save and except required in pursuance of legitimate purpose, performance of duties or discharge of legal obligations.
21. In case of end of tenure/ Removal/ Resignation, you will deliver to the Company all books, document, papers and other property of or relating to the business of the Company which are in your possession, custody or power by virtue of your position as a Non-Executive Independent Director of the Company.

Performance Review Process:

22. The performance of Individual Directors and the Board as whole and its Committees, if any, shall be evaluated by the Nomination and Remuneration Committee/ Board/ independent external agency. If, in the interim, there are any matters arising in connection with your role as a Non-Executive Independent Director which cause you concern, you may discuss with us as soon as appropriate.

Insurance:

23. The Directors of the Company are covered under the Directors' and Officers' liability insurance, and it is intended to maintain such cover for the full term of the appointment.

Letter of appointment:

24. In line with the provisions of Schedule IV of the Act, the Company may make public a generic copy of this letter on its website and the same shall be open for inspection at the registered office of the Company by any member during normal business hours.

This letter is 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 Pune, Maharashtra, India.

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

**Yours sincerely,
For Bajaj Finserv Direct Limited**

**Anish Amin
Chairman of Board**

Encl:

Annexure A - Code of Conduct for Independent Directors

Annexure B - Terms of reference of Board Committee

To,
Bajaj Finserv Direct Limited

I have read and I agree to the above terms regarding my appointment as a Non-Executive Independent Director of Bajaj Finserv Direct Limited.

Signature

Place:

Date:

ANNEXURE-A

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 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.

ANNEXURE-B

TERMS OF REFERENCE OF COMMITTEES OF BOARD

Nomination and Remuneration Committee:

- Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;
- Recommendation to the Board regarding their appointment and removal;
- Specification of the manner for effective evaluation of the performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- While formulating the policy, the Committee shall consider the following:
 - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration to directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- To discharge any other function as may be prescribed by the Board from time to time.

Audit Committee:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters; and
- To discharge any other function as may be prescribed by the Board from time to time.