

GUIDELINES ON CORPORATE GOVERNANCE

Nuvama Wealth Finance Limited

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1) Purpose

Corporate governance is a way of life and not a set of rules. Corporate governance is a set of processes, practices, policies, procedures, rules, and laws that affect the way of business is conducted. It is a set of systems and processes aimed to ensure that a company is managed to suit the best interests of all. It is a necessary condition, and not a sufficient condition for succeeding. Corporate governance brings about a right balance between the expectations of the owners, employees, customers, and all other stakeholders. With the help of sound corporate governance frameworks, an organization can achieve excellence in everything that that they do.

This document contains Nuvama Wealth Finance Limited's internal guidelines relating to Corporate Governance and is by no means comprehensive in terms of applicability. It is understood by all that Corporate Governance is a fast-evolving subject and we will need to upscale ourselves every time new facts and situations come up. The guidelines are the bare minimum requirement relating to functioning of Audit Committee, Nomination Committee and Risk Management Committee.

2) Regulatory Framework

The Company is a Non-Banking Financial Company - Non-Deposit taking - Systemically Important (NBFC-ND-SI) registered with Reserve Bank of India (RBI) and in terms of SBR the Company is classified as middle layer NBFC (NBFC-ML). In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, vide Chapter XI of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as updated from time to time, issued Guidelines on Corporate Governance and mandated all NBFC-ND-SI to frame Internal Guidelines on Corporate Governance and has mandated all NBFCML to frame an Internal Guidelines on Corporate Governance,

In pursuance of the aforesaid directions issued by the RBI, the Board of Directors have framed the Internal Guidelines on Corporate Governance and have published the same on the Company's website on <https://nuvamafinance.com>.

Pursuant to the said circular the following has been laid down:-

3) Governance Structure

3.1 Audit Committee

The Company has constituted a qualified and independent Audit Committee in accordance with the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Companies Act and the Rules framed thereunder and SEBI LODR.

The Audit Committee shall consist of a minimum of three directors of which at least 2/3rd directors shall be independent directors.

Explanation I: The Audit Committee constituted by a non-banking financial company as required under Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (the Regulations) shall be the Audit Committee for the purposes of this paragraph.

Frequency of Meetings

The Audit Committee shall meet as and when required but shall meet at least four times in a year not more than 120 days shall elapse between two meetings.

Terms of Reference

The Audit Committee constituted under this paragraph shall have in addition to the powers, functions and duties as laid down in Section 177 of the Companies Act, 2013 shall mandatorily include the functions specified in Schedule II of the Regulations The Board had approved below terms of reference of the Audit Committee

- i. oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- iii. examination of the financial statement and the auditors' report thereon;
- iv. monitoring the end use of funds raised through public offers and related matters
- v. approval of payment to the statutory auditors for any other services rendered by the statutory auditors;
- vi. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- vii. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- viii. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice

and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

- ix. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- x. approval or any subsequent modification of transactions of the listed entity with related parties;
- xi. scrutiny of inter-corporate loans and investments;
- xii. valuation of undertakings or assets of the listed entity, wherever it is necessary;
- xiii. evaluation of internal financial controls and risk management systems;
- xiv. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xv. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xvi. discussion with internal auditors of any significant findings and follow up there on;
- xvii. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xviii. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xix. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xx. to review the functioning of the whistle blower mechanism;
- xxi. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- xxii. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- xxiii. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- xxiv. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- xxv. review the management discussion and analysis of financial condition and results of operations;
- xxvi. Statement of significant (material) related party transactions (as defined by the audit committee), submitted by management;
- xxvii. management letters / letters of internal control weaknesses issued by the statutory auditors;
- xxviii. internal audit reports including internal control weaknesses; and
- xxix. review the appointment, removal and terms of remuneration of the internal auditor
- xxx. statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

(b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).”

- xxxi. Oversight of Information System (IS) Audit of the Company:
 - (a) approve and annually review IS Audit Policy
 - (a) review critical issues highlighted related to Information Technology / Information Security / Cyber Security
 - (c) review of internal systems and processes at least once in two years to assess operational risks.
- xxxii. Review Internal Audit Policy for approval by Board and wide dissemination within company.
- xxxiii. Approve Audit plan / RBIA plan as may be applicable and review performance thereof; and
- xxxiv. Review all pending high and medium risk and persisting irregularities reported along with status of its compliance.
- xxxv. Carry out such other functions as may be mandated under RBI/SEBI or any applicable regulations and/or specifically referred to the Committee by the Company’s Board of Directors from time to time.

Nomination and Remuneration Committee

The importance of appointment of directors with ‘fit and proper’ credentials is well recognised in the financial sector. In terms of Section 45-IA (4) (c) of the RBI Act, 1934, RBI while considering the application for grant of Certificate of Registration to undertake the business of non-banking financial institution it is necessary to ensure that the general character of the management or the proposed management of the non-banking financial company shall not be prejudicial to the interest of its present and future shareholders, clients, etc. Accordingly, a Nomination Committee to ensure ‘fit and proper’ status of proposed/existing Directors should be formed.

The Nomination and Remuneration Committee (‘the NRC Committee’) is constituted in accordance with Section 178 of the Act and shall be the NRC for the purpose Para 70 (2) Chapter XI of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and Regulation 19 of SEBI LODR.

The Committee shall consist of three or more non-executive directors out of which two-thirds shall be Independent Directors. Further, the composition shall also be in accordance with the requirements specified in the Articles of Association of the Company, the Act and SEBI LODR, as applicable. The terms of reference and the constitution of the Committee, in accordance with the provisions of the Act are as follows:-

Frequency of Meetings

The Committee shall meet as and when required but shall meet at least once in a year.

Terms of Reference

- i. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel, and other employees;
- ii. for every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge, and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
- iii. formulation of criteria for evaluation of performance of independent directors and the board of directors;
- iv. devising a policy on diversity of board of directors;
- v. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal and shall carry out evaluation of every director 's performance;
- vi. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- vii. recommend to the Board, all remuneration, in whatever form, payable to senior management;
- viii. to act as the Compensation Committee under the applicable SEBI (Share Based Employee Benefits and Sweat Equity), Regulations, 2021 and any statutory amendment or modification thereto;
- ix. to ensure 'fit and proper' status of proposed/existing directors as required;
- x. to perform such other functions as may be entrusted to it by the Board of Directors from time to time."
- xi. to ensure there is no conflict of interest in the appointment of directors on Board of the company, KMPs and senior management;
- xii. to work in coordination with Risk Management Committee (RMC) of the company to achieve effective alignment between compensation and risks;
- xiii. to ensure that compensation levels are supported by the need to retain earnings of the company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP)."

A separate policy on 'Fit and Proper' criteria for Nuvama Wealth Finance Limited is also formulated and the same is attached to these guidelines as Annex 1.

3.3 Risk Management Committee

The Company has in place Risk Management Committee in accordance with the provisions of the RBI Master Directions, SEBI LODR and any other applicable act. The Risk Management Committee shall have minimum 3 members with majority of them being members of the board of directors, including at least one independent director

Frequency of Meetings

The Committee shall meet as and when required but shall meet at least once in a quarter.

Terms of Reference

- a. to lay down procedures regarding managing and mitigating the risk through Integrated Risk Management Systems, Strategies and Mechanisms;
- b. to deal with issues relating to credit policies and procedure and manage the credit risk, operational risk, management of policies and process ;
- c. identifying, measuring and monitoring the various risk faced by the Company, assist in developing the Policies and verifying the Models that are used for risk measurement from time to time;
- d. to monitor the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC;
- e. Promoting an enterprise risk management competence throughout the organisation, including facilitating development of IT-related enterprise risk management expertise;
- f. Establishing a common risk management language that includes measures around likelihood and impact and risk categories;
- g. To evaluate and oversee the liquidity risk of the Company;
- h. to ensure that appropriate methodology, processes and systems are in place to identify, monitor, control, mitigate and evaluate risks associated with the business of the Company and functioning of the Company;
- i. to have oversight over implementation of risk Management Policy, including evaluating the adequacy of risk management systems and other policies including Anti Money Laundering and KYC (Know Your Customer) Policies;
- j. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

- k. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- l. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- m. To institute effective governance mechanism and risk management process for all outsourced operations/activities; and
- n. To review and approve the activities pertaining to the Outsourcing activities as required under RBI regulations including review of financial and operational condition of the service provider to assess its ability to meet its obligations on an annual basis.
- o. To review in consultation with IT Strategy Committee on IT related risk including Cyber Security and data protection related risks on an annual basis
- p. Carry out such other functions as may be mandated under RBI/SEBI or any applicable regulations and/or specifically referred to the Committee by the Company's Board of Directors from time to time.

3.4 Asset Liability Management Committee

The Asset Liability Management Committee (ALM Committee) is constituted in accordance with Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended to monitor the asset liability gap and strategize action to mitigate the risk associated. Accordingly, Asset Liability Management Committee is formed.

The Committee shall meet as and when required but shall meet at least four times in a financial year.

The broad objectives of forming the ALCO for Nuvama Wealth Finance Limited are as follows:

- Liquidity Management
 - Ensuring availability of adequate liquid resources with a view to keep maturity mismatches in the Balance Sheet of the Entity within desired levels; and
- Interest Rate Risk Management in the Institution
 - Reviewing Interest Rates Scenario and decide on the desired composition of various portfolios;
 - Capture the sensitivity of Market Value of its Equity (MVE) to interest rate movements
- Profit Planning
 - Positioning in order to maximize shareholder value while protecting the company from any adverse consequences arising from liquidity and interest rate risk.

Frequency of Meetings

The Committee shall meet as and when required but shall meet at least four times in a financial year.

Terms of Reference

- i. Review of macro-economic scenario, impact of industry and regulatory changes monitoring the asset liability gap
- ii. strategizing action to mitigate risk associated with the asset liability gap Review and suggest corrective actions on liquidity mismatch, negative gaps and interest rate sensitivities
- iii. Developing risk policies and procedures and verifying adherence to various risk parameters and prudential limits
- iv. reviewing the risk monitoring system
- v. ensure that credit exposure to any one group does not exceed the internally set limits as well as statutory limits set by RBI.
- vi. Decide the strategy on the source, tenor and mix of assets & liabilities, in line with its business plans, taking into account on the future direction of interest rates.
- vii. Review and endorse various behavioural assumptions for study of assets & liabilities in preparation of Liquidity and Interest Rate Sensitivity Statements.
- viii. Review stress test scenarios including the assumptions and results.
- ix. Review and approve the capital allocation methodology.
- x. Formulate ALM policy for the Company
- xi. Ensure validation of behavioural models on a periodic basis to ensure accuracy of assumptions and data used for ALM analysis
- xii. Analyse and deliberate at meetings, issues involving interest rate and liquidity risk, including capital allocation
- xiii. Such other functions as may be entrusted to it by the Board from time to time.

4) Rotation of partners of the Statutory Auditors Audit Firm

Section 139(2) of the Companies Act 2013, provides that every listed company and such class of companies as prescribed by way of rules shall comply with the requirement for rotation of the auditors. Rule 5 of the Companies (Audit and Auditor) Rules, 2014 provides for the classes of companies that need to comply with this sub-section. The class of companies include:

- a. unlisted public companies having paid up share capital of rupees ten crores or more;
- b. private limited companies having paid up share capital of rupees twenty crores or more;
- c. companies having paid up share capital of below threshold limit mentioned in (a) and (b) above, but having public borrowings from financial institutions, banks or public deposits of rupees fifty crores or more

Therefore, all listed companies and the companies mentioned in a. to c. above will have to comply with the requirement for rotation of auditors.

Companies Act, 2013 does not lay down any mandatory rotation of the auditing partner. In this regard, Section 139(3) of the CA, 2013 merely empowers the members to prescribe for rotation of auditing partner and his team at such intervals as they may deem appropriate.

However, as per Chapter XI – Corporate Governance of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, all NBFC-ND-SI are mandatorily required to rotate the partners of the auditing firm appointed to conduct the statutory audit of the NBFC, every 3 years so that same partner does not conduct audit of the company continuously for more than a period of 3 years. However, the partner so rotated will be eligible for conducting the audit of the NBFC after an interval of 3 years, if the NBFC, so decides. Companies may incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

The provisions of the above para may be read with the provisions contained in circular, DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, on 'Guidelines for Appointment of Statutory Auditors (SAs)', as amended from time to time and Policy for Appointment of Statutory Auditors framed by the Company under these guidelines.

Nuvama Wealth Finance Limited shall rotate the partner/s of the Chartered Accountant firm conducting the audit, every three years so that same partner does not conduct audit of the company continuously for more than a period of three years.

However, the partner so rotated will be eligible for conducting the audit of the Company after an interval of three years, if the Company so decides. Company shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

5) Disclosure and transparency

- I. The Company shall put up to the Board of Directors, at regular intervals or atleast on an annual basis, the following:
 - i. the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC;
 - ii. conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

6) Review of Policy

This Policy shall be reviewed as and when there are any regulatory changes are introduced or as and when it is found necessary to change the Policy due to business needs. However, Policy shall be reviewed at least annually. The Board or Operations Committee of the Company will be approving authority for the Policy.

Annex-1

Policy on 'Fit and Proper' Criteria for directors

Reserve Bank had issued a Directive in June 2004 to banks on undertaking due diligence on the persons before appointing them on the Boards of banks based on the 'Report of the Consultative Group of directors of Banks / Financial Institutions'. Specific 'fit and proper' criteria to be fulfilled by the directors were also advised.

The importance of due diligence of directors to ascertain suitability for the post by way of qualifications, technical expertise, track record, integrity, etc. needs no emphasis for any financial institution. It is proposed to follow the same guidelines mutatis mutandis in case of Company also. While the Reserve Bank does carry out due diligence on directors before issuing Certificate of Registration to an NBFC, it is necessary that Company put in place an internal supervisory process on a continuing basis. Further, in order to streamline and bring in uniformity in the process of due diligence, while appointing directors, Company is advised to ensure that the procedures mentioned below are followed and minimum criteria fulfilled by the persons before they are appointed on the Boards:

- i. Company should undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria. Company should obtain necessary information and declaration from the proposed / existing directors for the purpose in the prescribed format (as amended by RBI from time to time).
- i. The process of due diligence should be undertaken by the Company at the time of appointment / renewal of appointment.
- ii. The constituted Nomination & Remuneration Committee to scrutinize the declarations.
- iii. Based on the information provided in the signed declaration, Nomination & Remuneration Committee should decide on the acceptance or otherwise of the directors, where considered necessary.
- iv. Company should obtain annually as on 31st March a simple declaration from the directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.
- ii. The Company must ensure that the nominated/ elected directors execute the deeds of covenants in the format given in **Annex-2**.
- iii. Furnish to the Reserve Bank a quarterly statement on change of directors, and a certificate from the Managing Director of the NBFC that fit and proper criteria in selection of the directors has been followed. The statement must reach the Regional Office of the Reserve Bank within 15 days of the close of the respective quarter. The

statement submitted for the quarter ending March 31, should be certified by the auditors.

Provided that RBI, if it deems fit and in public interest, reserves the right to examine the fit and proper criteria of directors of the Company irrespective of the asset size of the Company.

Annex - 2

Form of Deed of Covenants with a Director

THIS DEED OF COVENANTS is made this _____ day of _____ Two thousand _____
BETWEEN _____, having its Registered Office at _____ (hereinafter called
the 'NBFC") of the one part and Mr. /Ms. _____ of _____ (hereinafter called
the "Director") of the other part.

WHEREAS

- A. The Director has been appointed as a Director on the Board of Directors of the NBFC (hereinafter called "the Board") and is required as a term of his / her appointment to enter into a Deed of Covenants with the NBFC.
- B. The Director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS:

- 1. The Director acknowledges that his / her appointment as Director on the Board of the NBFC is subject to applicable laws and regulations including the Memorandum and Articles of Association of the NBFC and the provisions of this Deed of Covenants.
- 2. The Director covenants with the NBFC that:
 - (i) The Director shall disclose to the Board the nature of his / her interest, direct or indirect, if he / she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the NBFC and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the Director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he / she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
 - (ii) The Director shall disclose by general notice to the Board his / her other Directorships, his / her memberships of bodies corporate, his / her interest in

other entities and his / her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.

- (iii) The Director shall provide to the NBFC a list of his / her relatives as defined in the Companies Act, 1956 or 2013 and to the extent the Director is aware of Directorships and interests of such relatives in other bodies corporate, firms and other entities.
- (iv) The Director shall in carrying on his / her duties as Director of the NBFC:
 - (a) use such degree of skill as may be reasonable to expect from a person with his / her knowledge or experience;
 - (b) in the performance of his / her duties take such care as he / she might be reasonably expected to take on his / her own behalf and exercise any power vested in him / her in good faith and in the interests of the NBFC;
 - (c) shall keep himself / herself informed about the business, activities and financial status of the NBFC to the extent disclosed to him / her;
 - (d) attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his / her obligations as Director of the NBFC;
 - (e) shall not seek to influence any decision of the Board for any consideration other than in the interests of the NBFC;
 - (f) shall bring independent judgment to bear on all matters affecting the NBFC brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
 - (g) shall in exercise of his / her judgement in matters brought before the Board or entrusted to him / her by the Board be free from any business or other relationship which could materially interfere with the exercise of his / her independent judgement; and
 - (h) shall express his / her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his / her independent judgement;

- (v) The Director shall have:
 - (a) fiduciary duty to act in good faith and in the interests of the NBFC and not for any collateral purpose;
 - (b) duty to act only within the powers as laid down by the NBFC's Memorandum and Articles of Association and by applicable laws and regulations; and
 - (c) duty to acquire proper understanding of the business of the NBFC.

- (vi) The Director shall:
 - (a) not evade responsibility in regard to matters entrusted to him / her by the Board;
 - (b) not interfere in the performance of their duties by the whole-time Directors and other officers of the NBFC and wherever the Director has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board; and
 - (c) not make improper use of information disclosed to him / her as a member of the Board for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by the NBFC in his / her capacity as Director of the NBFC only for the purposes of performance of his / her duties as a Director and not for any other purpose.

3. The NBFC covenants with the Director that:

- (i) the NBFC shall apprise the Director about:
 - (a) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
 - (b) control systems and procedures;
 - (c) voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;
 - (d) qualification requirements and provide copies of Memorandum and Articles of Association;

- (e) corporate policies and procedures;
 - (f) insider dealing restrictions;
 - (g) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
 - (h) appointments of Senior Executives and their authority;
 - (i) remuneration policy,
 - (j) deliberations of committees of the Board, and
 - (k) communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the NBFC, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.
- (ii) the NBFC shall disclose and provide to the Board including the Director all information which is reasonably required for them to carry out their functions and duties as a Director of the NBFC and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the Director by the Board or any committee thereof;
- (iii) the disclosures to be made by the NBFC to the Directors shall include but not be limited to the following:
- (a) all relevant information for taking informed decisions in respect of matters brought before the Board;
 - (b) NBFC's strategic and business plans and forecasts;
 - (c) organisational structure of the NBFC and delegation of authority;
 - (d) corporate and management controls and systems including procedures;
 - (e) economic features and marketing environment;
 - (f) information and updates as appropriate on NBFC's products;
 - (g) information and updates on major expenditure;
 - (h) periodic reviews of performance of the NBFC; and

- (i) report periodically about implementation of strategic initiatives and plans;
 - (iv) the NBFC shall communicate outcome of Board deliberations to Directors and concerned personnel and prepare and circulate minutes of the meeting of Board to Directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and
 - (v) advise the Director about the levels of authority delegated in matters placed before the Board.
- 4. The NBFC shall provide to the Director periodic reports on the functioning of internal control system including effectiveness thereof.
- 5. The NBFC shall appoint a compliance officer who shall be a Senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and governmental authorities.
- 6. The Director shall not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as Director of the NBFC to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the NBFC.
- 7. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.
- 8. Any and all amendments and / or supplements and / or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the Director and the duly authorised representative of the NBFC.
- 9. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

For the NBFC

Director

By

Name:

Name:

Title:

In the presence of:

1.

2.