

Alpha Alternatives Financial Services Private Limited
(Formerly Known as Provincial Finance and Leasing Co Private Limited)

Policy on Fit and Proper Criteria for Directors

Version 3.0
Date: 26th December, 2023

Applicable to: Alpha Alternatives Financial Services Private Limited (“AAFSPL”) (Formerly Known as Provincial Finance and Leasing Co Private Limited (“PFLCPL”)

1. Policy Objective :

1.1 The objective of this Policy is to guide the Nomination & Remuneration Committee (“the NRC”) and the Board in their review and assessment of potential candidates for appointment as Directors.

1.2 This Policy is to ensure that Directors must possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

1.3 The fit and proper criteria will be applicable at the time of appointment as a Director and on a continuing basis as all Directors of the company and are expected to conduct themselves with highest integrity and professionalism as well as to comply with all relevant legal and regulatory obligations.

2. FIT AND PROPER CRITERIA:

2.1 The considerations underpinning the “fit and proper “criteria of Directors include but not limited to the following:

2.1.1 Character and Integrity (a) Probity (i) complies with legal obligations, regulatory requirements and professional standards. (ii) have not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court. (iii) have not been reprimanded or disqualified or removed by a professional or regulatory body in relation to matters in respect to the person’s honesty, integrity or business conduct. (b) Financial soundness and solvency (i) manage personal debts or financial affairs satisfactorily. (ii) demonstrate ability to fulfil personal financial obligations as and when they fall due. (iii) have not been subjected to a judgment debt which is unsatisfied. (c) Personal integrity, honesty and ethical behaviour (i) have not perpetrated or participated in any business practices which are deceitful, oppressive, improper (whether unlawful or not) or which otherwise reflect discredit on his professional conduct. (ii) service contracts (i.e. in the capacity of management or Director) have not been terminated in the past due to concerns on personal integrity. (iii) have no concurrent responsibilities or interest which would contribute to a conflict of interest situation or otherwise impair the ability to discharge duties and responsibilities as Director of the Company and/or its subsidiaries. (iv) have not abused other positions (i.e. that he has held) in a manner that contravenes principles of good governance and professional ethics. (d) Good reputation (i) are of good repute in the financial and business community. (ii) have not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years.

2.1.2 Competence and capability (a) Qualifications, training and skills (i) possess education qualification that is relevant to the skill set that the Director is earmarked to bring to bear onto the boardroom (i.e. a match to the board skill set matrix). (ii) have a considerable understanding on the business and workings of a large public corporation. (iii) have adequate and broad knowledge including the United Nations Sustainable Development Goals on sustainability as well as Environment, Social & Governance (ESG) issues. (iii) possess general management skills as well as understanding of good corporate governance best practices. (v) Financial literacy especially able to read and understand financial statements. (vi) Keep knowledge current based on continuous professional development. (b) Relevant experience and expertise (i) possess relevant experience and expertise with due consideration given to past length of service, nature and size of business, responsibilities held, number of subordinates as well as reporting lines and delegated authorities. (c) Relevant past performance or track record (i) Had careers of occupying a high-level position in a comparable organization and were accountable for driving or leading

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the organization's governance, business performance or operations. (ii) Possess commendable past performance record as gathered from the results of the board effectiveness evaluation.

2.1.3 Time and commitment (a) Ability to discharge role having regard to other commitments (i) able to devote time as Board members, having factored other outside obligations including concurrent Board positions held by the Directors across listed issuers and non-listed entities (including not for-profit organizations). (b) Participation and contribution in the Board or track record (i) demonstrate willingness to participate actively in Board activities. (ii) demonstrate willingness to devote time and effort to understand the businesses and exemplify readiness to participate in events outside the boardroom. (iii) Manifest passion in the vocation of a Director. (iv) Exhibit ability to articulate views independently, objectively and constructively. (v) Exhibit open mindedness to the views of others and ability to make considered judgment after hearing the views of others.

2.1.4 To submit the deed of covenants as per Annexure- I

3. Evaluation of a Candidate for Directorship or Re-Appointment of Director:

3.1 The NRC will evaluate candidates for new appointment as Directors based on the fit and proper criteria as spelt out in 2.1 above before recommending to the Board for approval.

3.2 For re-appointment of Directors, the Directors will be evaluated based on the Board Evaluation Form. The NRC has the power not to recommend to the Board the reappointment of retiring Directors who do not meet the policy requirements.

3.3. For new appointments, the candidates are required to complete the Candidate for Directorship profile. The candidates will also be required to complete a self-declaration of fit and proper form and authorise the Company to perform background check, if necessary, which may cover previous employment verification, professional reference checks, education confirmation and/or criminal record and credit checks.

3.4 The information gathered from the assessments shall be for the NRC's strict use for the purpose of the assessment and not for public disclosure.

4. Policy subject to Periodical Review:

4.1 The NRC is responsible for regular reviews of the Policy and making any recommended changes as and when it deemed fit. The Policy shall be aligned to any legal or regulatory changes and the best practices under the Code on Corporate Governance.

4.2 The changes to the terms of the Policy shall be subject to the approval of the Board.

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 for the purpose of this Annexure is being 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

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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;

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- 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

By

Name:

Title:

In the presence of:

1.

Director

Name:

2.
