

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

Corporate Governance Policy

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1. Introduction

The Reserve Bank of India vide Master Direction DoR. FIN. REC. No.45/03.10.119/2023-24 dated October 19, 2023 (Updated as on February 27, 2025) on NBFC-Scale Based Regulation has advised to put in place a Board approved Corporate Governance Policy and take appropriate measures to enhance Corporate Governance.

2. Principles of Corporate Governance

The broad principle of good corporate governance, *inter alia*, covers the following:

- (i) Empower the Board of Directors to
 - (a) set the culture and values of the organisation
 - (b) recognise and manage conflicts of interest
 - (c) set the appetite for risk and manage risks within the appetite
- (ii) Improve the supervisory oversight of senior management
- (iii) Achieve clear division of responsibilities between the Board and the management
- (iv) Strengthen the oversight and assurance functions

3. Constitution of the Board

- (i) The chairman of the Board shall be an independent director. In the absence of the chairman of the Board, meetings of the Board shall be chaired by another independent director.
- (ii) The quorum for the Board meetings shall be one-third of the total strength of the Board or three directors, whichever is higher.
- (iii) At least half of the directors attending the meetings of the Board shall be independent directors.
- (iv) The maximum age for the directors shall be 75 years.
- (v) The performance of the directors shall be reviewed by the Board on an annual basis
- (vi) Considering the need for professional experience in managing the affairs of the NBFC, at least one of the directors shall have relevant experience of having worked in a bank/ NBFC.
- (vii) The Board shall delineate the role of various Board level committees.

4. Constitution of Committees of the Board

The NBFC shall constitute the following committees of the Board viz., Audit Committee of the Board (ACB), Nomination and Remuneration Committee (NRC), Risk Management Committee (RMC) and Stakeholders Relationship Committee.

4.1 Audit Committee of the Board (ACB)

(i) The NBFC shall constitute an NRC, which shall have the same powers, functions and duties as laid down in section 177 of the Companies Act, 2013.

(ii) The ACB shall consist of a minimum of three directors, with independent directors forming a majority:

(iii) The ACB shall act in accordance with the terms of reference specified in writing by the Board which shall, *inter alia*, include:

(a) recommendation for appointment, remuneration and terms of appointment of auditors of the NBFC.

(b) review and monitor the auditor's independence and performance, and effectiveness of audit process.

(c) examination of the financial statement and the auditors' report thereon.

(d) approval or any subsequent modification of transactions of the NBFC with related party.

Provided that the ACB may make omnibus approval for related party transactions proposed to be entered into by the NBFC subject to such conditions as may be prescribed.

Provided further that in case of transaction, other than transactions referred to in section 188, and where ACB does not approve the transaction, it shall make its recommendations to the Board.

Provided also that in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the NBFC without obtaining the approval of the ACB and it is not ratified by the ACB within three months from the date of the transaction, such transaction shall be voidable at the option of the ACB and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the NBFC against any loss incurred by it.

Provided also that the provisions of this clause shall not apply to a transaction, other than a transaction referred to in section 188, between a holding NBFC and its wholly owned subsidiary NBFC.

- (e) scrutiny of inter-corporate loans and investments.
- (f) valuation of undertakings or assets of the NBFC, wherever it is necessary.
- (g) evaluation of internal financial controls and risk management systems.
- (h) monitoring the end use of funds raised through public offers and related matters.
- (iv) The ACB may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the NBFC.
- (v) The ACB shall have authority to investigate into any matter in relation to the items specified under (iii) or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the NBFC.
- (vi) The auditors of a NBFC and the key managerial personnel shall have a right to be heard in the meetings of the ACB, when it considers the auditor's report but shall not have the right to vote.
- (vii) The Board's report under section 134(3) of the NBFC Act shall disclose the composition of an ACB and where the Board had not accepted any recommendation of the ACB, the same shall be disclosed in such report along with the reasons therefor.
- (viii) The NBFC shall establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed. The vigil mechanism shall provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the chairperson of the ACB in appropriate or exceptional cases.
Provided that the details of establishment of such mechanism shall be disclosed by the NBFC on its website, if any, and in the Board's report
- (ix) The ACB shall ensure that an Information System Audit of the internal systems and processes is conducted at least once in a year to assess operational risks faced by the NBFC.

4.2 Nomination and Remuneration Committee (NRC)

- (i) The NBFC shall constitute an NRC, which shall have the same powers, functions and duties as laid down in section 178 of the Companies Act, 2013.
- (ii) The NRC shall have three or more non-executive directors out of which not less than one-half shall be independent director:

Provided that the chairperson of the NBFC (whether executive or non-executive) may be appointed as a member of the NRC but shall not chair such Committee.

(iii) The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance.

(iv) The NRC shall formulate 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 it shall ensure that:

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the NBFC 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 NBFC and its goals.

Provided that such policy shall be placed on the website of the NBFC, if any, and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.

(v) The NRC shall ensure 'fit and proper' status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the NBFC, KMPs and senior management

(vi) The NRC, *inter alia*, shall have the mandate to oversee the framing, review and implementation of the Board approved Compensation Policy of the NBFC. The fixing the compensation for the KMP and members of senior management. The NRC shall work in close coordination with the RMC to achieve effective alignment between compensation and risks and shall ensure that compensation levels are supported by the need to retain earnings of the NBFC, and the need to maintain adequate capital based on the ICAAP.

4.3. Risk Management Committee (RMC)

- (i) The RMC constituted at the Board level shall be responsible for evaluating the overall risks faced by the NBFC.
- (ii) The meetings of the RMC shall be held on a quarterly basis.
- (iii) The draft minutes for the RMC meetings shall be circulated, in manner permitted as per the Companies Act, 2013, to all the members of the RMC within a period of seven days for their comments and the members shall within a period of seven days communicate their comments, if any, in writing.
- (iv) The minutes finalised shall be entered in the minutes book within a period of 30 days from date of the RMC meeting. In case of no comments by the members within the prescribed time limit as above, the draft minutes shall be deemed to have been approved by such members.
- (v) The minutes of all meetings shall be preserved permanently in physical or electronic form.
- (vi) The RMC shall review the key risks faced by the NBFC, its impact on the NBFC's operations/financials and various mitigation strategies adopted.
- (vii) The RMC shall review and recommend revision in various policies of the NBFC.

4.4. Stakeholders Relationship Committee

- (i) The Board shall constitute a Stakeholders Relationship Committee consisting of a chairperson who shall be a non-executive director, and such other members as may be decided by the Board.
- (ii) The Stakeholders Relationship Committee shall consider and resolve the grievances of security holders of the NBFC.

5. 'Fit and Proper Criteria' for the Directors

- (i) The NBFC shall obtain necessary declaration and undertaking from the proposed/ existing directors for the purpose in the format given in Annexure-1 and shall undertake a process of due diligence to determine the suitability of the person for appointment/ renewal of appointment/ continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria.
- (ii) The NBFC shall obtain a Deed of Covenant signed by the directors, in the format as given in Annexure-2

(iii) The NRC shall scrutinize the declarations, based on the information provided in the signed declaration, and decide on the acceptance or otherwise of the Directors, where considered necessary.

(iv) The NBFC shall 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.

(v) The NBFC shall furnish to the Reserve Bank of India, a quarterly statement on change of directors, and a certificate from the Executive Director of the NBFC that 'fit and proper criteria' in selection of the directors has been followed. The statement shall be submitted to the Department of Supervision, Reserve Bank of India, within 15 days of the close of the respective quarter and the statement for the quarter ending March 31, shall be certified by the auditors.

6. Key Managerial Personnel (KMP)

Except for directorship in a subsidiary, Key Managerial Personnel, as defined in Section 2 (51) of Companies Act, 2013, as amended from time to time, shall not hold any office (including directorships) in any other NBFC-ML and NBFC-UL.

7. Independent Director

An independent director shall not be on the Board of more than three NBFCs (NBFCs-ML or NBFCs-UL) at the same time.

8. Compensation for KMP and Senior Management

In order to address issues arising out of excessive risk taking caused by misaligned compensation packages, the NBFC shall put in place a Board approved Compensation Policy. The policy shall at the minimum include:

- (i) constitution of a Remuneration Committee,
- (ii) principles for fixed/variable pay structures, and
- (iii) malus/clawback provisions.

9. Framing of Internal Guidelines on Corporate Governance

The NBFC shall frame the Board approved internal guidelines on corporate governance, and it shall be published on the NBFC's website, for the information of various stakeholders.

10. Strengthening of Assurance Functions

The assurance function constitutes three lines of defense with pivotal responsibilities. viz.,

(i) Business Functions (first line of defence), which are the risk takers and owners of the risk, have the responsibility of managing the risk generated by virtue of their day-to-day business activities,

(ii) Risk Management Function and Compliance Function (second line of defence) have the responsibility of exercising oversight on the business functions to ensure that their activities are within the risk and compliance policies of the ARC, and

(iii) Internal Audit Function (third line of defence) has the responsibility of identifying gaps from prescribed requirements and reporting to the ACB/Board.

10.1. Risk Management Function

Risk Management Function shall focus on identification, measurement, monitoring, and management of risks, development of risk policies and procedures, use of risk management models, etc.

(i) In terms of RBI circular DNBR (PD) CC. No.099/03.10.001/2018-19 dated May 16, 2019, on Risk Management System-Appointment of Chief Risk Officer (CRO) for NBFCs, the NBFC shall appoint a Chief Risk Officer (CRO) with clearly specified role and responsibilities.

(ii) The NBFC shall strictly adhere to the following instructions in this regard:

(a) The CRO shall be a senior official in the hierarchy of an NBFC and shall possess adequate professional qualification/experience in risk management.

(b) The CRO shall be appointed for a fixed tenure with the approval of the Board. The CRO can be transferred/removed from his post before completion of the tenure only with the approval of the Board and such premature transfer/removal shall be reported to the Department of Supervision, Reserve Bank of India and stock exchanges.

(c) As the CRO reports to the ED, the RMC/Board shall meet the CRO, without the presence of the ED, at least on a quarterly basis.

(d) The CRO shall not have any reporting relationship with the business verticals of the NBFC and shall not be given any business targets. Further, there shall not be any 'dual hatting' i.e., the CRO shall not be given any other responsibility.

(e) As the CRO involves in the process of identification, measurement and mitigation of risks, all credit and investment products shall be vetted by the CRO from the angle of inherent and control risks, and the CRO's role shall be limited to being an advisor.

10.2. Compliance Function

As part of the overall structure for corporate governance, compliance function serves a critical role. Adherence to applicable statutory provisions and regulations is the responsibility of each staff member. The business/operation team concerned shall hold the prime responsibility for their respective areas, which shall be clearly outlined. The compliance team shall ensure overall oversight.

(i) In terms of RBI circular DoS. CO.PPG. /SEC.No.01/11.01.005/2022-23 dated April 11, 2022, on Compliance Function and Role of Chief Compliance Officer (CCO)-NBFCs, the NBFC shall have an independent Compliance Function and a Chief Compliance Officer (CCO).

(ii) The compliance team shall be responsible for undertaking the following activities at the minimum:

(a) The compliance team shall assist the Board and the senior management in overseeing the implementation of Compliance Policy, including policies and procedures, prescriptions in Compliance Manuals, internal codes of conduct, etc.

(b) The compliance risks, if any in existing/new products and processes shall be identified, analysed and put in place the appropriate risk mitigant. The CCO shall be a member of the 'new product' committees. All new products shall be subjected to intensive monitoring for at least the first six months of introduction to ensure that the indicative parameters of compliance risk are adequately monitored.

(c) The compliance team shall monitor and test compliance by performing sufficient and representative compliance testing, and the results of such compliance testing shall be reported to the senior management.

(d) The instances of compliance failures among staff, along with the required preventive instructions shall be circulated on a quarterly basis, and staff accountability shall be examined for major compliance failures.

(e) The compliance team shall ensure compliance of regulatory/supervisory directions given by RBI in both letter and spirit in a time-bound and sustainable manner.

(f) The compliance team shall attend to compliance with directions from other regulators, like SEBI.

(g) The compliance team shall bring to the notice of RBI, discomfort, if any conveyed to the NBFC on any issue by other regulators, and action taken by any other authorities/law enforcement agencies.

(h) The compliance team shall serve as a reference point for the staff from operational departments for seeking clarifications/interpretation of various regulatory and statutory guidelines.

(i) The CCO shall be the nodal point of contact between the NBFC and the regulators/supervisors and shall necessarily be a participant in the structured or other regular discussions held with RBI.

(j) The CCO shall not be given any responsibility, which brings elements of conflict of interest i.e., 'dual hatting', especially any role relating to business.

(k) The CCO shall be appointed for a fixed tenure with the approval of the Board. The CRO can be removed from his post before completion of the tenure only with the approval of the Board and such premature removal shall be reported to the Department of Supervision, Reserve Bank of India.

(l) The compliance team shall communicate to the compliance to RBI inspection reports.

10.3. Internal Control Function

An independent and effective internal audit function in a financial entity provides vital assurance to the Board and its senior management regarding the quality and effectiveness of the NBFC's internal control, risk management and governance framework.

(i) The NBFC shall formulate an Internal Audit Policy with the approval of the Board. The policy shall clearly document the purpose, authority, and responsibility of the internal audit activity, with a clear demarcation of the role and expectations from Risk Management Function and Internal Audit Function.

(ii) Before taking up specific internal audit assignment, the plan, scope, objectives, timelines, and resource allocations of the assignment shall be clearly established

(iii) The NBFC shall have proper MIS and data integrity arrangements for the risk assessment to be accurate.

(iv) Internal audit shall assess and make appropriate recommendations to improve the governance processes on business decision making, risk management and control, and ensure effectiveness in control and staff accountability, etc.

(v) Internal audit shall have a system to monitor compliance to the observations made by internal audit and status of compliance, especially persisting irregularities, non-sustenance of the compliance shall be an integral part of reporting to the ACB/Board.

(vi) The Head of Internal Audit (HIA) shall be appointed for a reasonably long period, preferably for a minimum of three years.

(vii) As the HIA directly reports to the ED, the ACB/Board shall meet the HIA at least once in a quarter, without the presence of the senior management (including the ED).

(viii) The HIA shall not have any reporting relationship with the business verticals of and shall not be given any business targets, which brings elements of conflict of interest i.e., 'dual hatting'.

11. Review/ Renewal of the Policy

The Board shall review the Corporate Governance Policy at least once in a year and from time to time, keeping in view the changes in regulations.

Annexure-1: 'Fit and Proper' Criteria for Directors of NBFC

Name of the NBFC:

Declaration and Undertaking by Director (with enclosures as appropriate as on)

I. Personal details of Director

- a. Full Name
- b. Date of Birth
- c. Educational Qualifications
- d. Relevant Background and Experience
- e. Permanent Address
- f. Present Address
- g. E-mail Address/Telephone Number
- h. Permanent Account Number under the Income Tax Act,1961 and name and address of Income Tax Circle
- i. Relevant knowledge and experience
- j. Any other information relevant to the Directorship of the NBFC

II. Relevant Relationships of Director

- a. List of relatives, if any, who are connected with the NBFC (Refer section 6 and Schedule 1A of the Companies Act, 1956 and corresponding provisions of Companies Act, 2013)
- b. List of entities, if any, in which he/she is considered as being interested (Refer section 299(3)(a) and section 300 of the Companies Act, 1956 and corresponding provisions of Companies Act, 2013)
- c. List of entities in which he/she is considered as holding substantial interest. "Substantial interest" means holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together in the shares of a NBFC, the amount paid up on which exceeds ten percent of the paid-up capital of the NBFC; or the capital subscribed by all the partners of a partnership firm.
- d. Name of NBFC in which he/she is or has been a member of the board (giving details of period during which such office was held)
- e. Fund and non-fund facilities, if any, presently availed of by him/her and/or by entities listed in II (b) and (c) above from the NBFC

f. Cases, if any, where the director or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from the NBFC or any other NBFC/bank

III. Records of professional achievements

a. Relevant professional achievements

IV. Proceedings, if any, against the Director

a. If the director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/occupation at any time

b. Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations

c. Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director

d. Whether the director attracts any of the disqualifications envisaged under section 274 of the Companies Act 1956 and corresponding provisions of Companies Act, 2013?

e. Has the director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?

f. Has the director at any time been found guilty of violation of rules/regulations/ legislative requirements by customs/excise/ income tax/ foreign exchange/other revenue authorities? If so, give particulars

g. Whether the director has at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA.

(Though it shall not be necessary for a candidate to mention in the column about orders and findings made by the regulators which have been later on reversed/set aside in to, it would be necessary to make a mention of the same, in case the reversal/setting aside is on technical reasons like limitation or lack of jurisdiction, etc., and not on merit. If the order of the regulator is temporarily stayed and the appellate/court proceedings are pending, the same also should be mentioned.)

V. Any other explanation/information in regard to items I to III and other information considered relevant for judging 'fit and proper'

Undertaking

I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the NBFC fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.

I also undertake to execute the Deed of Covenant required to be executed by all the directors of the NBFC.

Signature:

Place:

Date:

VI. Remarks of Chairman of Nomination and Remuneration Committee/ Board of Directors of NBFC

Signature:

Place:

Date:

Annexure-2: Form of Deed of Covenants with a Director of an NBFC

THIS DEED OF COVENANTS is made on 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 the Reserve Bank 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:

Director

Name:

In the presence of:

1.

2.