

Alpha Alternatives Financial Services Private Limited
Corporate Governance Policy

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1. Introduction

The Reserve Bank of India vide Reserve Bank of India (NBFCs-Governance) Directions DOR.GOV.REC. No.263/18-10-013/2025-26 dated November 28, 2025, 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 organization

(b) recognize and manage conflicts of interest

(c) set the appetite for risk and manage risks within the appetite

(ii) Improve 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 should be an independent director. In the absence of the chairman of the Board, meetings of the Board should be chaired by another independent director.

(ii) The quorum for the Board meetings should 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 should be independent directors.

(iv) The maximum age for the directors should be 75 years.

(v) Considering the need for professional experience in managing the affairs of the NBFC, at least one of the directors should have relevant experience of having worked in a bank or in an NBFC.

(vi) The Board should delineate the role of various Board level committees.

Explanation:

'Independent Director' is as defined in Section 149(6) of the Companies Act, 2013.

4. Reviews to be placed before the Board

The NBFC should submit to the Board at annually, *inter alia*, the following reviews:

(i) 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.

(iii) performance of the directors

(iv) compliance of the Fair Practices Code

(v) functioning of the Grievance Redressal Mechanism

(vi) outsourcing strategies/arrangements

5. Constitution of Committees of the Board

The NBFC should 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.

5.1. Audit Committee of the Board (ACB)

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

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

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

(a) recommendation for appointments, 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.

(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.

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 should 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 should 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 NBFC and the key managerial personnel should have a right to be heard in the meetings of the ACB, when it considers the auditor's report but should not have the right to vote.

(vii) Where the Board had not accepted any recommendation of the ACB, the same should be disclosed along with the reasons, therefore, in the Board's report under Section 134(3) of the Companies Act, 2013.

(viii) The NBFC should establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed. The vigil mechanism should provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the chairperson of the ACB in appropriate or exceptional cases. The details of establishment of such mechanism should be disclosed by the NBFC on its website, and in the Board's report

(ix) The ACB should ensure that an Information System Audit of the internal systems and processes is conducted, as per the periodicity prescribed under the Reserve Bank of India (Non-Banking Financial Companies-Managing Risks in Outsourcing) Directions, 2025 DOR. ORG. REC. No.282/21-04-158/2025-26 dated November 28, 2025, to assess operational risks faced by the NBFC.

5.2. Nomination and Remuneration Committee (NRC)

(i) The NBFC should constitute an NRC, which should have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013.

(ii) The NRC should have three or more non-executive directors out of which not less than one-half should be independent directors. The chairperson of the NBFC (whether executive or non-executive) may be appointed as a member of the NRC but should not chair such Committee.

(iii) The NRC should 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 should 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 should 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 should 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 should 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, should be disclosed in the Board's report.

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

(vi) The NRC, *inter alia*, should have the mandate to oversee the framing, review and implementation of the Board approved Compensation Policy of the NBFC. While formulating the compensation policy, it is ensured that all statutory mandates and the rules and directions issued under them are fully complied with.

(vii) The NRC should work in close coordination with the RMC to achieve effective alignment between compensation and risks and should 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.

5.3. Risk Management Committee (RMC)

(i) The RMC constituted at the Board level should be responsible for evaluating the overall risks faced by the NBFC, including liquidity risk, and should report to the Board periodically.

(ii) The meetings of the RMC should be held on a quarterly basis.

(iii) The draft minutes for the RMC meetings should 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 should communicate their comments, if any, in writing.

(iv) The minutes finalized should 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 should be deemed to have been

approved by such members.

(v) The minutes of all meetings should be preserved permanently in physical or electronic form.

(vi) The RMC should review the key risks faced by the NBFC, its impact on the NBFC's operations/financials and various mitigation strategies adopted.

(vii) The RMC should review and recommend revision in various policies of the NBFC.

5.4. Stakeholders Relationship Committee

(i) The Board should constitute a Stakeholders Relationship Committee consisting of a chairperson who should be a non-executive director, and such other members as may be decided by the Board.

(ii) The Stakeholders Relationship Committee should consider and resolve the grievances of security holders of the NBFC.

6. Change in Directors and/or Management

(i) The NBFC should obtain prior written permission of RBI for any change in the management of the NBFC, which would result in change in more than 30% of the directors, excluding independent directors.

(ii) The prior approval is not required in case of directors, who get re-elected on retirement by rotation.

(iii) The NBFC should continue to inform RBI, on any change in the directors/management.

(iv) The NBFC should apply for change in management on the company's letter head, for obtaining prior approval of RBI. Applications in this regard should be submitted to RBI through PRAVAAH portal (<https://pravaah.rbi.org.in>) along with the documents, indicated under the relevant process on the portal

7. Appointment of Directors

(i) The NBFC should put in place a policy with the approval of its Board of Directors for ascertaining the 'fit and proper' status of the directors at the time of appointment, and on a continuing basis.

(ii) The NBFC should institute an internal process to conduct due diligence of directors on a continuing basis, which, *inter alia*, cover the following:

(a) undertake a process of due diligence to determine the suitability of a person for appointment/renewal of appointment as a director on the Board, based upon qualification, technical expertise, track record, integrity and other 'fit and proper' criteria. For this purpose, the NBFC should obtain necessary information and declaration from the proposed / existing

directors in the format given at *Annexure-1*

(b) ensure that declarations are scrutinized by the NRC and based on the information provided in the signed declaration, the Committee should decide on the acceptance or otherwise of the Directors, where considered necessary

(c) obtain annually, as on March 31, a simple declaration from the directors that the information already provided has not undergone change and where there is any change, ensure that requisite details are furnished by them forthwith, and

(d) ensure, in public interest, that the directors execute the Deeds of Covenants in the format given in *Annexure-2*.

(e) ensure that the independent director should not be on the Board of more than three NBFCs (NBFCs-ML or NBFCs-UL) and ensure that there is no conflict of interest, if any, arising out of its independent director/s being on the Board of another NBFC at the same time.

(iii) The NBFC should furnish to RBI, on a quarterly basis, a statement on change of directors, and a certificate from the ED that 'fit and proper criteria' in selection of the directors has been followed. In this regard, it should be ensured that:

(a) the statement reaches the Mumbai Regional Office, Department of Supervision of RBI, within 15 days of the close of the respective quarter, and

(b) the statement for the quarter ending March 31, is certified by the auditors.

8. Compensation for KMP and Senior Management

(i) Compensation Policy

The NBFC should put in place and adhere to a Board-approved compensation policy to address issues arising out of excessive risk-taking caused by misaligned compensation packages. The policy should, at the minimum, include:

(a) principles for fixed/variable pay structures, and

(b) malus/claw back provisions

Explanation:

(a) 'Claw back' means a contractual agreement between the employee and the regulated entity in which the employee agrees to return previously paid or vested remuneration to the entity under certain circumstances.

(b) 'Malus' means an arrangement that permits the NBFC to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred.

(c) 'Retention period' means the period after the vesting of instruments which have been

awarded as variable pay during which they cannot be sold or accessed.

(d) 'Senior Management' should have the meaning as assigned to it in 'Explanation' to Section 178 of the Companies Act, 2013.

(e) 'KMP' should have the meaning assigned to it under Section 2(51) of the Companies Act, 2013, as amended from time to time.

(ii) Components and Risk Alignment

The compensation of KMPs and senior management needs to be reasonable, recognizing all relevant factors including adherence to statutory requirements and industry practices. The compensation packages may comprise fixed and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks, the compensation outcomes are symmetric with risk outcomes, compensation payouts are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

(iii) Composition of Fixed Pay

The NBFC should treat all the fixed items of compensation, including the perquisites and contributions towards superannuation/retiral benefits, as part of fixed pay. All perquisites that are reimbursable may also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Monetary equivalent of benefits of non-monetary nature (such as free furnished house, use of company car, etc.) may also be part of fixed pay

(iv) Principles for Variable Pay

The NBFC should adhere to the following principles for variable pay of its KMP and senior management.

(a) Composition of Variable Pay: The variable pay may be in the form of share-linked instruments, or a mix of cash and share-linked instruments. It should be ensured that the share-linked instruments are in conformity with relevant statutory provisions.

(b) Proportion of Variable Pay: The proportion of variable pay in total compensation, which includes fixed and variable pay, needs to be commensurate with the role and prudent risk-taking profile of KMP/senior management. At higher levels of responsibility, the proportion of variable pay needs to be higher. There should be proper balance between the cash and share-linked instruments in the variable pay. The variable pay should be truly and effectively variable such that it may be reduced to zero based on performance at an individual, business-unit and company-wide level. To do so, performance measures and their relation to remuneration packages should be clearly defined at the beginning of the performance measurement period to ensure that the employees are well aware of the incentive

mechanism.

(c) Deferral of Variable Pay: Not all the variable pay awarded after performance assessment may be paid immediately. Certain portion of variable pay, as decided by the Board of the NBFC, may be deferred to time horizon of the risks. The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. Deferral period for such an arrangement should be decided by the Board of the NBFC.

(d) Control and Assurance Function Personnel: KMP and senior management engaged in financial control, risk management, compliance and internal audit may be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the NBFC. Accordingly, such personnel may have higher proportion of fixed compensation. However, a reasonable proportion of compensation may be in the form of variable pay, so that exercising the options of malus and/or claw back, when warranted, is not rendered infructuous.

(v) Guaranteed Bonus

The NBFC should not pay guaranteed bonus to KMP and senior management. However, in the context of new hiring, joining/sign-on bonus may be considered. Such bonus should neither be considered part of the fixed pay nor of variable pay.

(vi) Malus/Claw back

The deferred compensation to KMP and senior management of the NBFC may be subject to malus and/or claw back arrangements in the event of subdued or negative financial performance of the NBFC and / or the relevant line of business or employee misconduct in any year. For this purpose, a representative set of situations may be identified by the NBFC, which require them to invoke the malus and claw back clauses that may be applicable on entire variable pay. While setting criteria for the application of malus and claw back, the NBFC may also specify a period during which malus and/or claw back can be applied, covering at least the deferral and retention periods.

9. Strengthening of Assurance Functions

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

(i) Business Functions (first line of defense), 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 defense) 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 defense) has the responsibility of identifying gaps from prescribed requirements and reporting to the ACB/Board.

9.1. Risk Management Function & Appointment of Chief Risk Officer (CRO)

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

(ii) The NBFC should appoint a CRO with clearly specified role and responsibilities.

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

(iii) The CRO should be appointed for a fixed tenure of not less than 3 years with the approval of the Board.

(iv) The CRO can be transferred/removed from his post before completion of the tenure only with the approval of the Board and any change in incumbency of the CRO should be reported to the Department of Supervision, Reserve Bank of India and stock exchanges.

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

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

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

9.2. Compliance Function & Appointment of Chief Compliance Officer (CCO)

(i) 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 should hold prime responsibility for their respective areas, which should be clearly outlined.

(ii) The NBFC shall ensure that an appropriate Compliance Policy is put in place and implemented. The compliance team should ensure overall oversight.

(iii) The NBFC should appoint a CCO with the objective of promoting better compliance culture in the organization

(iv) The CCO should be a senior executive of the NBFC with a position not below one level from the ED.

(v) The CCO should be appointed for a minimum fixed tenure of not less than 3 years.

However, in exceptional cases, the Board/Board Committee may relax the minimum tenure by one year, provided appropriate succession planning is put in place

(vi) The CCO should have a good understanding of the industry and risk management practices, knowledge of regulations, legal requirements, and have sensitivity to supervisory expectations. The CCO should have a clean track record and unquestionable integrity

(vii) The CCO should have the ability to exercise judgment independently. She / He should have the freedom and authority to interact with regulators / supervisors directly and ensure compliance.

(viii) A prior intimation to the Senior Supervisory Manager, Department of Supervision, Reserve Bank of India, should be provided before appointment, premature transfer, resignation, early retirement or removal of the CCO. Such information should be supported by a detailed profile of the candidate along with the 'Fit and Proper' certification by the ED of the NBFC, confirming that the person meets the prescribed supervisory requirements and rationale for changes, if any.

(ix) The CCO should be transferred/removed before completion of the tenure, only in exceptional circumstances, with the explicit prior approval of the Board/Board Committee, after following a well-defined and transparent internal administrative procedure

(x) The CCO should have direct reporting lines to the ED and in such case, the CCO the Board should meet the CCO at quarterly intervals on a one-to-one basis, without the presence of the senior management, including ED.

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

(xii) The CCO should have the authority to communicate with any staff member and have access to all records or files that are necessary to enable her/him to carry out entrusted responsibilities in respect of compliance issues.

(xiii) The CCO should not have any reporting relationship with the business verticals. There should not be any 'dual hatting,' i.e., the CCO should not be given any responsibility which brings elements of conflict of interest, especially any role relating to business.

(xiv) The CCO should generally not be a member of any committee which conflicts her/his role as CCO with responsibility as a member of the committee. In case the CCO is a member of any such committee, that would only be an advisory role.

9.3. Internal Control Function & Appointment of Head of Internal Audit (HIA)

(i) 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.

(ii) The NBFC should formulate an Internal Audit Policy with the approval of the Board. The policy should 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.

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

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

(v) Internal audit should 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.

(vi) Internal audit should 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 should be an integral part of reporting to the ACB/Board.

(vii) The Head of Internal Audit (HIA) should be appointed for a reasonably long period, preferably for a minimum of 3 years.

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

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

10. Internal Guidelines on Corporate Governance

(i) The NBFC should frame internal guidelines on corporate governance with the approval of its Board of Directors, enhancing the scope of the RBI Directions, but without sacrificing the spirit underlying the provisions of the RBI Directions

(ii) The internal guidelines on corporate governance should be published on the company's website, for the information of various stakeholders.

11. Review/ Renewal of the Policy

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

Annexure-1

'Fit and Proper' Criteria for Directors of the 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 to 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 to 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	
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.	

V. Any other explanation/information in regard to items I to III and other information considered relevant for judging ‘fit and proper’	
V. 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 of the Director	
Place	
Date:	
Remarks of Chairman of the Board of Directors of NBFC	
Signature	
Place	
Date:	

**Though it should 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.*

Explanation:

(a) ‘Relative’ should have the meaning assigned to it under Section 2(77) of the Companies Act, 2013.

(b) ‘Substantial interest’ should mean holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together in the shares of a company, the amount paid up on which exceeds 10% of the paid-up capital of the company, or the capital subscribed by all the partners of a partnership firm.

Annexure-2

Form of Deed of Covenants with the Director of the 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

1. 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.
2. 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:

I. 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.

II. The director covenants with the NBFC that:

(a) The director should 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 should be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement.

(b) The director should 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 should keep the Board apprised of all changes therein.

(c) The director should provide the NBFC with 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.

(d) The director should in carrying on his/her duties as director of the NBFC:

(i) use such degree of skill as may be reasonable to expect from a person with his/her knowledge or experience.

(ii) 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.

(iii) should keep himself/herself informed about the business, activities and financial status of the NBFC to the extent disclosed to him/her.

(iv) 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.

(v) should not seek to influence any decision of the Board for any consideration other than in the interests of the NBFC.

(vi) should 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.

(vii) should 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

(viii) should 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.

(e) The director should have:

(i) fiduciary duty to act in good faith and in the interests of the NBFC and not for any collateral purpose,

(ii) 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

(iii) duty to acquire proper understanding of the business of the NBFC.

(f) The director should:

- (i) not evade responsibility in regard to matters entrusted to him/her by the Board.
- (ii) 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 should forthwith disclose his/her concerns to the Board; and
- (iii) 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 should 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.

III. The NBFC covenants with the director that:

(a) the NBFC should apprise the director about:

- (i) Board procedures including identification of legal and other duties of Director and required compliance with statutory obligations.
 - (ii) control systems and procedures.
 - (iii) voting rights at Board meetings include matters in which Director should not participate because of his/her interest, direct or indirect therein.
 - (iv) qualification requirements and provide copies of Memorandum and Articles of Association.
 - (v) corporate policies and procedures.
 - (vi) insider dealing restrictions.
 - (vii) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board.
 - (viii) appointments of Senior Executives and their authority.
 - (ix) remuneration policy.
 - (x) deliberations of committees of the Board, and
 - (xi) 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 should be responsible for all statutory and legal compliance.
- (b) the NBFC should 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.
- (c) the disclosures to be made by the NBFC to the directors should include but not be limited

to the following:

- (i) all relevant information for taking informed decisions in respect of matters brought before the Board.
 - (ii) NBFC's strategic and business plans and forecasts.
 - (iii) organizational structure of the NBFC and delegation of authority.
 - (iv) corporate and management controls and systems including procedures.
 - (v) economic features and marketing environment.
 - (vi) information and updates as appropriate on NBFC's products.
 - (vii) information and updates on major expenditure.
 - (viii) periodic reviews of performance of the NBFC; and
 - (ix) report periodically about implementation of strategic initiatives and plans.
- (d) The NBFC should 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
- (e) advise the director about the levels of authority delegated in matters placed before the Board.

IV. The NBFC should provide the director with periodic reports on the functioning of internal control system including effectiveness thereof.

V. The NBFC should appoint a compliance officer who should be a senior executive reporting to the Board and be responsible for setting forth policies and procedures and should 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.

VI. The director should 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 should 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.

VII. The failure on the part of either party hereto to perform, discharge, observe or comply

with any obligation or duty should not be deemed to be a waiver thereof nor should it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.

VIII. Any and all amendments and/or supplements and/or alterations to this Deed of Covenants should be valid and effectual, only if in writing and signed by the director and the duly authorized representative of the NBFC.

IX. This Deed of Covenants has been executed in duplicate, and both the copies should be deemed to be original.

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:		
	(i).....	
	(ii).....	