

POLICY ON APPOINTMENT AND FIT AND PROPER CRITERIA FOR DIRECTORS



Exclusive Leasing and Finance Private Limited
(Formerly known as Exclusive Leasing and Finance Limited)

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1. REGULATORY FRAMEWORK AND BACKGROUND

As per the Reserve Bank of India (“RBI”) Circular, dated November 10, 2014, titled ‘Revised Regulatory Framework for NBFC’, bearing reference number DNBR (PD) CC No. 002/03.10.001/ 2014-15 (“**RBI Circular**”) read with RBI Master Direction- Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, every non-banking financial company is required to put into place a fit and proper criteria to be adopted at the time of appointment of directors and on a continuing basis. Exclusive Leasing and Finance Private Limited (“Company”), being a Non-Systemically Important NBFC, has put such policy as a part of good governance practice.

2. SCOPE AND APPLICATION

The Policy shall apply in respect of appointment of directors on the Board of Directors of the Company (“Board”) as well as continuation of the appointment of the directors on the Board.

3. PURPOSE

This policy has been framed as required under the ‘Revised Regulatory Framework for NBFC’ issued by the Reserve Bank of India (“RBI”) vide its circular no. RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014 (“**RBI Circular**”). The objective of the Policy is to set out the ‘fit and proper’ criteria based on which new directors proposed to be appointed and existing directors whose appointment is intended to be continued can be evaluated.

The Company believes that this policy will aid the Company’s constant Endeavour to ensure that only individual of high calibre and who possess the right blend of qualifications, expertise, track record and integrity are appointed to the Board.

4. DEFINITIONS

- “**Act**” shall mean the Companies Act, 2013 (to the extent that such enactment is in force and applicable to the context in which such term is used herein), and shall include all amendments, modifications and re-enactments of the foregoing;
- “**Board**” or “**Board of Directors**” shall mean the Board of the Directors of the Company, as constituted from time to time in accordance with the provisions of the Act, the Charter Documents, and this Policy;
- “**Company**” means the “**Exclusive Leasing and Finance Private Limited**”;
- “**Director or Directors**” mean individual Director or Directors on the Board of the Company;

- **“Declaration and Undertaking”** means any declaration as may be specified by the RBI or any other Regulatory Authorities and annexed herewith as **Annexure 1** to the Policy;
- **“Deed of Covenants”** shall mean the deed of covenant, the form of which is attached as **Annexure 2** to this Policy;
- **“Policy”** means Policy on “Appointment and Fit and Proper Criteria for Directors”;
- **“RBI Circular”** means the circular on Revised Regulatory Framework for NBFC vide Circular No.: RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014 and shall include all amendments, modifications and re-enactments of the foregoing.

5. EVALUATION OF FIT AND PROPER CRITERIA

Before appointing any person as a director on the Board or continuing the appointment of any such director, the Board shall undertake adequate due diligence in respect of such individuals to ascertain suitability on the basis of the qualification, expertise, track record, integrity of such individual and also such other factors in respect of which information is obtained by the Company in the Declaration and Undertaking (as defined below).

In order to streamline and bring uniformity in the process of due diligence, while appointing directors, Company ensures to follow the procedure as detailed below:

1. NBFCs should undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other ‘fit and proper’ criteria. NBFCs should obtain necessary information and declaration from the proposed / existing directors for the purpose in the format given at **Annexure 1**.
2. The process of due diligence should be undertaken by the NBFCs at the time of appointment / renewal of appointment.
3. Without limiting the generality of the foregoing paragraphs:
 - Managing Director/ Whole-Time Director/ Manager nominated to the board of NBFC should be between 35 to 70 years of age. However, where the stated Director has attained the age of seventy years; his appointment shall be approved by a special resolution passed by the company in general meeting.
 - No person will be considered for appointment as a director if such person is disqualified to act as director under all applicable law.

In order to conclude that a person is ‘fit and proper’ to be appointed as a director on the Board or to continue in that capacity (as the case may be), the Board must be able to form a view that it would be prudent to conclude that:

- a) The person meets the fit and proper criteria expressly set out by the RBI in the RBI Circular or such other or additional criteria (where applicable) which may prescribe for the purpose by the RBI from time to time
- b) The person possesses the qualifications, competence, technical expertise, track record, integrity and judgement to perform properly the duties of a director on the Board;
- c) The person possesses the educational or technical qualifications, knowledge and skills relevant to the duties and responsibilities as a director on the Board;
- d) the person either: (i) has no conflict of interest in performing such person's duties as a director on the Board; or -if the person has a conflict of interest, it would be prudent to conclude that the conflict will not create a material risk that the person will fail to perform such person's duties properly and adequate disclosures are made by the person in this regard.

The Board shall ensure that any person who is appointed as director on the Board shall, on or before the date on which such person's appointment becomes effective, execute Deed of Covenant in the format given in Annexure of the RBI Circular or such other format (where applicable) which may prescribe for the purpose by the RBI from time to time ("Director Covenant") and is annexed herewith as **Annexure 2**. The Director Covenant in respect of the directors on the Board as on the Effective Date shall be executed between the Company and such directors within the specified timeline.

6. REVIEW

This Policy may be amended or substituted by the Board on the basis of notification/circular/amendment to be issued by Reserve Bank of India.

Declaration and Undertaking by Director

Name of NBFC:

Registered Office:

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 and name and address of Income Tax Circle	
i.	Relevant knowledge and experience	
j.	Any other information relevant to Directorship of the NBFC	
II	Relevant Relationships of Director	
a.	List of Relatives if any who are connected with the NBFC (Refer Section 2(77) of the Companies Act, 2013)	
b.	List of entities if any in which he is considered as being interested (Refer Section 184 of the Companies Act, 2013)	
c.	List of entities in which he is considered as holding substantial interest within the meaning of NBFC Prudential Norms Directions, 2007	

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 at any time in the last five years 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 of at 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,	

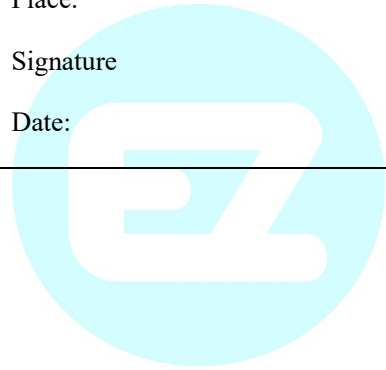
	pending or commenced or resulting in conviction in the last five years against the director	
d.	Whether the director attracts any of the disqualifications envisaged under Section 164 of the Companies Act, 2013?	
e.	Has the director or any of the entities at II (b) and (c) above been subject to any investigation 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 NIL 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.		
Place:		
Date: Signature		

VI. Remarks of Chairman of Nomination Committee/Board of Directors of NBFC -

Place:

Signature

Date:



CAPITAL

DEED OF COVENANTS

THIS DEED OF COVENANTS is made on between M/s having CIN and its Registered Office located at (hereinafter called the 'NBFC') of the one part

and

Mr., S/o. Sh., R/o (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 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 appointment as an Additional 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 interest, direct or indirect, if he 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 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 other directorships, his memberships of bodies corporate, his interest in other entities and his 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 relatives as defined in the Companies Act, 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 duties as director of the NBFC:
- a) use such degree of skill as may be reasonable to expect from a person with his knowledge or experience;
 - b) in the performance of his duties take such care as he might be reasonably expected to take on his own behalf and exercise any power vested in him in good faith and in the interests of the NBFC;
 - c) shall keep himself informed about the business, activities and financial status of the NBFC to the extent disclosed to him;
 - 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 fulfill his 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 judgment in matters brought before the Board or entrusted to him by the Board be free from any business or other relationship which could materially interfere with the exercise of his independent judgment; and
 - h) shall express his views and opinions at Board meetings without any fear or favour and without any influence on exercise of his independent judgment;

(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 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 shall forthwith disclose his concerns to the Board; and
- c) not make improper use of information disclosed to him as a member of the Board for his or someone else's advantage or benefit and shall use the information disclosed to him by the NBFC in his capacity as director of the NBFC only for the purposes of performance of his 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 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) organizational structure of the NBFC and delegation of authority;
- d) corporate and management controls and systems including procedures;
- e) economic features and marketing environment;
- f) information and updates as appropriate on NBFC's products;
- g) information and updates on major expenditure;
- h) periodic reviews of performance of the NBFC; and
- i) report periodically about implementation of strategic initiatives and plans;

(iv) the NBFC shall communicate outcome of Board deliberations to directors and concerned personnel and prepare and circulate minutes of the meeting of Board to directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and

(v) advise the director about the levels of authority delegated in matters placed before the Board.

4. The NBFC shall provide to the director periodic reports on the functioning of internal control system including effectiveness thereof.

5. The NBFC shall appoint a compliance officer who shall be a Senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor

adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and governmental authorities.

6. The Director shall not assign, transfer, sublet or encumber his office and his 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:

Name:

Name:

Title: Director

Director

In Presence of:

1.

2.