

**POLICY ON DIRECTOR'S FIT AND
PROPER CRITERIA OF AKASA
FINANCE LIMITED**

*Approved by Board of Directors on 22.12.2023
Updated on 22.12.2023*

1. PREAMBLE

Akasa Finance Limited ("the Company") is a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India ("RBI"). The Company is classified as a **Base Layer NBFC (NBFC-BL)** under the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("RBI Master Directions").

In terms of Annex IV – Declaration and Undertaking by Directors of the RBI Master Directions, every NBFC is required to put in place a policy for ascertaining the fit and proper **criteria** for appointment of directors at the time of appointment and on a continuing basis. Accordingly, the Board of Directors of the Company has adopted this Director's Fit and Proper Criteria Policy ("Policy").

This Policy is framed to ensure that the Directors of the Company are fit and proper persons to manage the affairs of the Company and that their appointment is in the public interest.

2. OBJECTIVE

The objective of this Policy is to ensure that due diligence is undertaken for appointment and continuation of Directors on the Board of the Company by evaluating their integrity, competence, reputation, track record, and financial soundness, in accordance with RBI Master Directions and other applicable laws.

3. DEFINITIONS

For the purpose of this Policy:

- **"Board"** means the Board of Directors of Akasa Finance Limited.
- **"Company"** means Akasa Finance Limited.
- **"Director"** means a Director appointed on the Board of the Company.
- **"Nomination and Remuneration Committee (NRC)"** means the committee constituted by the Board in accordance with the Companies Act, 2013 and RBI Master Directions.
- **"Policy"** means the Director's Fit and Proper Criteria Policy.
- **"RBI"** means the Reserve Bank of India.

4. FIT AND PROPER CRITERIA

4.1 Due Diligence

The Company shall undertake a process of due diligence to determine the suitability of a person for appointment or continuation as a Director on the Board, based upon qualifications, expertise, track record, integrity, and other 'fit and proper' criteria.

4.2 Declaration and Undertaking

The Company shall obtain necessary information and declaration from the proposed or existing Director in the format prescribed under Annex IV of the RBI Master Directions, as provided in Annexure A to this Policy.

4.3 Role of NRC

The due diligence process, including scrutiny of declarations and undertakings, shall be carried out by the NRC at the time of appointment or re-appointment of a Director. The NRC shall recommend acceptance or otherwise of the Director to the Board.

4.4. Continuing Compliance

A simple declaration shall be obtained from each Director on an annual basis as on 31st March, confirming that the information already provided continues to be true and correct or furnishing details of any changes therein.

4.5 Deed of Covenant

The Company shall ensure execution of a Deed of Covenant with each Director, in the format prescribed by RBI, as provided in Annexure B to this Policy.

5. ASSESSMENT PARAMETERS (AS PER RBI ANNEX IV)

The following matters shall be considered while determining whether a person is fit and proper:

1. The Director shall not attract any disqualification under the Companies Act, 2013.
2. No proceedings have been initiated or are pending against the Director involving civil, criminal, economic, or regulatory offences that may adversely affect the Company.
3. The Director or entities in which the Director has interest shall not have been subject to adverse action by RBI or any other regulator.
4. The Director shall not have been convicted for violation of economic or financial laws.
5. The Director shall disclose any conflict of interest and shall not have any material conflict that may affect independent judgment.
6. The Director shall meet limits on number of directorships as prescribed under applicable laws and RBI directions.

In addition, the NRC shall assess the skills and competencies of Directors based on **Annexure C**.

6. REPORTING REQUIREMENTS

Where applicable, the Company shall submit to RBI a statement regarding change in Directors within the stipulated timelines along with a certificate from the Managing Director / Chief Executive Officer that fit and proper criteria has been followed. For the quarter ending 31st March, such certificate shall also be certified by the statutory auditors, as prescribed by RBI.

7. REVIEW OF POLICY

This Policy shall be reviewed annually by the Board and amended, if required, to align with changes in RBI Master Directions or applicable laws. Any amendment shall be approved by the Board of Directors.

In case of any inconsistency between this Policy and RBI Master Directions or other applicable laws, the provisions of such laws shall prevail.

ANNEXURE A

Declaration and Undertaking by Director

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 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 6 and Schedule 1A of the Companies Act, 1956 and corresponding provisions of New 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 New Companies Act, 2013)
- c. List of entities in which he/she is considered as holding substantial interest within the meaning of RBI Master Directions[#]
- 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 New 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.

Place:

Signature:

Date:

VI. Remarks of Chairman of Nomination and Remuneration Committee 89 / Board of Directors of NBFC

Place:

Signature:

ANNEXURE B

Form of Deed of Covenant with a Director (*As prescribed by RBI – verbatim format to be used*)

THIS DEED OF COVENANT is made this _____ day of _____ Two thousand _____ Between _____, having its registered office at _____ (hereinafter a deposit taking NBFC and a non-deposit taking NBFC with asset size of ₹ 500 crore and above being called the "NBFC") of the one part and Mr / Ms _____ of _____ (hereinafter called the "Director") of the other part.

WHEREAS

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

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

1. The director acknowledges that his / her appointment as director on the Board of the NBFC is subject to applicable laws and regulations including the Memorandum and Articles of Association of the NBFC and the provisions of this Deed of Covenants.
2. The director covenants with the NBFC that:
 - (i) The director shall disclose to the Board the nature of his / her interest, direct or indirect, if he / she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the NBFC and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he / she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement.
 - (ii) The director shall disclose by general notice to the Board his / her other directorships, his / her memberships of bodies corporate, his / her interest in other entities and his / her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.
 - (iii) The director shall provide to the NBFC a list of his / her relatives as defined in the Companies Act, 1956 or 2013 and to the extent the director is aware of directorships and interests of such relatives in other bodies corporate, firms and other entities.

(iv) The director shall in carrying on his / her duties as director of theNBFC:

- (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 theNBFC;
- (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 theNBFC;
- (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 ofconduct;
- (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 theNBFC.

(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 directorthat:

- (i) the NBFC shall apprise the director about:

- (a) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations
- (b) control systems and procedures;
- (c) voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;
- (d) qualification requirements and provide copies of Memorandum and Articles of Association;
- (e) corporate policies and procedures;
- (f) insider dealing restrictions;
- (g) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
- (h) appointments of Senior Executives and their authority;
- (i) remuneration policy,
- (j) deliberations of committees of the Board, and
- (k) communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the NBFC, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.

(ii) the NBFC shall disclose and provide to the Board including the director all information which is reasonably required for them to carry out their functions and duties as a director of the NBFC and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the director by the Board or any committee thereof;

(iii) the disclosures to be made by the NBFC to the directors shall include but not be limited to the following :

- (a) all relevant information for taking informed decisions in respect of matters brought before the Board;
- (b) NBFC's strategic and business plans and forecasts;
- (c) organisational structure of the NBFC and delegation of authority;
- (d) corporate and management controls and systems including procedures;
- (e) economic features and marketing environment;
- (f) information and updates as appropriate on NBFC's products;
- (g) information and updates on major expenditure;
- (h) periodic reviews of performance of the NBFC; and
- (i) report periodically about implementation of strategic initiatives and plans;

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

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

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

5. The NBFC shall appoint a compliance officer who shall be a Senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and governmental authorities.

6. The director shall not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as director of the NBFC to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the NBFC.

7. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.

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

9. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

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

For the NBFC
By
Name:
Title:

Director
Name:

In the presence of:

1.

2.

ANNEXURE C

Set of skills/expertise/competencies for the Board of Directors

S.No.	Core Competencies	Status of meeting the criteria (Yes / No)
1	Leadership & Strategy	
2	Finance, Accounts & Taxation	
3	Governance & Regulatory Affairs	
4	Private Equity & Investment Banking	
5	Capital Markets	
6	Human Resources	
7	Banking, Operations & Credit	
8	Merger & Acquisition	
9	Risk	
10	Treasury	
11	Corporate Social Responsibility	

