

**CFM ASSET RECONSTRUCTION PRIVATE LIMITED**

**NOMINATION & REMUNERATION POLICY**

**Valid up to October 24, 2026**

Date of approval: 25<sup>th</sup> October 2024

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## **1. Introduction**

**1.1.** CFM Asset Reconstruction Private Limited ('CFM ARC'), a Company limited by shares having its registered office at Block No. A/1003, West Gate, Near YMCA Club, Sur No. 835/1+3, S.G. Highway, Makarba, Ahmedabad- 380051 and corporate office at 1st Floor, Wakefield House, Sprott Road, Ballard Estate, Mumbai-400038 is incorporated under Companies Act, 2013 on July 30, 2015.

**1.2.** CFM ARC has been issued a Certificate of Registration by Reserve Bank of India ('RBI') to commence the business of securitization of asset and reconstruction under section 3 of The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (Act 54 of 2002) (hereinafter referred to as the 'SARFAESI Act') subject to the conditions given in the letter DNBR. PD. No. 168/ 26.01.019 / 2016-17 dated August 3, 2016.

## **2. Background**

**2.1.** The Reserve Bank of India vide para 21.6(ii) of the Master Direction RBI/DOR/2024-25/116 DoR.FIN.REC.16/26.03.001/2024-25 dated April 24, 2024, on Asset Reconstruction Companies requires that ARCs shall constitute a Nomination and Remuneration Committee of the Board, which shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013.

In terms of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the nominations and remuneration for the Directors, key managerial personnel ("KMP"), and other employees.

**2.2.** In terms of para 21.6(ii) of the above said Master Circular dated April 24, 2024 of RBI, the Committee shall ensure 'fit and proper' status of proposed/ existing directors and sponsors.

## **3. Objective**

The Objective of this Policy is to set out guiding principles and general framework for the Nomination and Remuneration Committee in respect of selection, appointment and remuneration for directors and key managerial personnel ("KMP") in pursuance of the statutory obligation of the Nomination and Remuneration Committee ("NRC") of the Board of Directors ("Board") under the Companies Act, 2013 ("Act").

#### **4. Nomination & Remuneration Committee (NRC)**

CFM ARC shall have Nomination & Remuneration Committee of Board, which will be constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and rules formed thereunder and as amended from time to time. Accordingly, the CFM ARC would have its Nomination and Remuneration Committee constituted with the composition of Directors on its Board as follows:

1. The Independent Director (Chairman of committee)
2. The Non official or Independent Director
3. The Promoter Director

(This composition should be decided in compliance with the relevant rules and regulations)

#### **5. Role of NRC**

The Nomination & Remuneration Committee shall:

- a) Formulate and recommend to the Board, Nomination & Remuneration Policy relating to the remuneration for the Directors, Key Managerial Personnel, and other employees.
- b) Formulate and recommend to the Board, the Human Resources (HR) Policy for the ARC.
- c) Provide selection criteria for appointment and remuneration and mechanism for removal of Directors and Key Management Personnel.
- d) Review and recommend to the Board, the terms of appointment of Key Management Personnel.
- e) Recommend to the Board of Directors, the constitution of various committees / sub-committees of the Board.
- f) Specify the criteria 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.
- g) Formulate the criteria for determining qualifications, positive attributes, and independence of a director.
- h) Formulate the criteria for determining remuneration and compensation payable to the directors, Key Managerial Personnel.
- i) Approve the goals for the MD&CEO based on the Business Plan approved by the Board.
- j) Review and recommend to the Board, the performance appraisal of Key Management Personnel.
- k) Review and recommend to the Board, the overall budget for HR costs and bonus pool amount.

- l) Evaluate and recommend to the Board, the creation or allocation of an Employee Stock Ownership Plan (ESOP).
- m) Review and recommend to the Board, the remuneration, bonus, increments and incentives for Key Management Personnel.
- n) Carry out any other function, as is mandated by the Board from time to time and/ or enforced by any statutory notification, amendment, or modification, as may be applicable.

**Key Managerial Personnel (KMP)**

- i. Managing Director (MD)
- ii. Chief Executive Officer (CEO);
- iii. Whole-Time Director (WTD) and/or Executive Director (ED);
- iv. Chief Business Officer (CBO),
- v. Chief Operating Officer (COO),
- vi. Chief Risk Officer (CRO),
- vii. Chief Compliance Officer (CCO);
- viii. Company Secretary (CS);
- ix. Any other officers as prescribed by the Board.

**6. Appointment of Board of Directors**

**6.1.** The NRC of the CFM ARC shall identify persons who are meeting the “Fit & Proper” guidelines and qualified to become Directors in accordance with the applicable regulatory norms and other applicable guidelines, as amended from time to time.

The process of identification of Independent Director shall be commenced up to 6 months prior to the date of expiry of term of a current Independent Director or immediately on receipt of notice of resignation of Independent Director.

**6.2.** The Board shall be responsible to ensure a transparent nomination process for appointment to the Board of Directors with the diversity of thought, experience, knowledge, perspective, and gender in the Board.

**6.3.** In terms of para 21.4 of the RBI Circular dated April 24, 2024

- (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) No individual shall continue as MD/CEO/ WTD beyond the age of 70 years.
- (v) The performance of the WTD shall be reviewed by the Board on annual basis.

## **7. Eligibility Criteria for Directors**

In addition to the eligibility criteria prescribed under the RBI Master Circular and Companies Act, the NRC shall consider the following criteria while recommending the appointment of directors and KMPs to the Board for approval:

- (i) Appointments to be based on merit, having regard to the educational qualifications, requisite expertise, experience, and independence of the candidate, to be able to contribute to the effectiveness of the Board, as a collective body.
- (ii) Willingness of the candidate to devote sufficient time and attention to his/her professional obligations as a director for informed decision making, and thereby do justice to the appointment.
- (iii) Adherence to Company's code of conduct and to the highest level of corporate governance in letter and spirit.

## **8. Fit & Proper Criteria for Directors and CEO**

**8.1.** In terms of the provisions of the SARFAESI Act, prior approval of the Reserve Bank of India shall be obtained for appointment/ re-appointment of a director or MD/ CEO. CFM ARC shall undertake due diligence to determine the suitability of the person for the post, based upon track record, integrity and other 'fit and proper' criteria.

**8.2.** For this purpose, CFM ARC shall obtain necessary information and declaration from the appointed/ existing directors and MD/ CEO in the format enclosed in [Annexure - I](#).

The Nomination and Remuneration Committee shall scrutinise the declarations for this purpose. CFM ARC shall submit applications, complete in all respect, along with duly signed [Annexure -II](#) and the documents/ information mentioned in [Annexure -III](#) to Department of Regulation of Reserve Bank at least ninety days before the vacancy arises/ the proposed date of appointment or re-appointment. Reserve Bank may call for additional information/ documents for processing the application, if required.

**8.3.** CFM ARC shall obtain the declaration & Undertaking (as per Annexure-I) with updated information from the directors/ MD/ CEO on an annual basis, as on March 31 of each year. Further, CFM ARC shall require the directors to execute a Deed of covenant in the format enclosed at [Annexure IV](#), at the time of their joining the Company, binding them to discharge

their responsibilities to the best of their abilities, individually and collectively. This deed shall be preserved by CFM ARC and should be made available to the Reserve Bank of India as and when called for.

**8.4.** CFM ARC shall submit any change in position with reference to Directors/ CEO to the Department of Regulation of the Reserve Bank of India for its consideration. The re-appointment, retirement, resignation, or removal of director shall be governed as per provisions of the Companies Act 2013 and rules made thereunder or any other enactment for the time being in force.

**8.5. Tenure of MD/CEO and WTDs** - Tenure of MD/ CEO or WTD shall not be for a period of more than five years at a time and the individual shall be eligible for re-appointment. However, the post of the MD/ CEO or WTD shall not be held by the same incumbent for more than fifteen years continuously. Thereafter, the individual shall be eligible for re-appointment as MD/ CEO or WTD, if considered necessary and desirable by the Board, after a minimum gap of three years, subject to meeting other conditions. During this three-years cooling period, the individual shall not be appointed or associated with the ARC in any capacity, either directly or indirectly.

## **9. Remuneration of the MD/CEO, Directors and KMPs**

### **9.1. Remuneration to MD/CEO and KMPs**

The remuneration/ compensation/ commission etc. to be paid to Managing Director/ CEO / Directors/ KMPs shall be decided on the basis of knowledge, experience, relevant merit and market practices/ industry standards. The ceiling of remuneration for MD & CEO shall be governed by the ceilings prescribed by Companies Act 2013 applicable to Public Limited companies.

### **9.2. Remuneration to Independent Director**

- a. Independent Director shall not be an employee of the Company and the appointment letter issued to him/her shall not constitute a contract of employment. The Company shall pay the Independent Director remuneration by way of sitting fees and arrange / reimburse their expenses for participation in the Board and other meetings, as may be decided by the Board. Independent Directors of CFMARC would be eligible for commission / incentives up to 1% of audited net profit (for all such Directors) in line with the provisions of the Companies Act 2013 and other relevant Acts and Regulations. However, the decision on such payment and extent payable within the overall limits as stated above, would be decided by the Board from time to time, based on the recommendations of NRC.

An Independent Director shall not be entitled for any stock options, under employee stock option plans (ESOPs). Currently, the company CFM ARC does not have any ESOP scheme.

### **9.3. Remuneration to Non-Executive Director**

The Company shall pay sitting fees to the non-executive directors and reimburse their expenses for participation in the Board and other meetings, subject to compliance with the provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force. Further any other incentive/ payment as per the provisions of Companies Act 2013, or as amended from time to time can be paid to Non Executive Directors.

### **10. Evaluation of Performance of Director and KMPs**

The NRC shall carry out evaluation of performance of MD/CEO and WTD and all KMP's , which shall be reviewed by the Board at least annually. The NRC of the Company shall also evaluate the performance of the directors including Independent Directors and recommend to the Board all fees, compensation/ remuneration including fixed and variable components and perquisites.

### **11. Reporting to the Board**

The minutes of the meeting of Nomination & Remuneration Committee shall be reported to the Board as and when meetings are conducted. Any changes in the regulatory guidelines applicable to the Directors / KMP of CFM ARC shall be reported to the Board on periodic basis.

### **12. Review of the Policy**

The Board approved Policy shall be reviewed once in two years, keeping in view the amendments/ changes in Regulations (if any).

### **14. Definitions**

All the terms referred in this Policy shall derive its meaning from the Section 178 of the Companies Act, 2013 as amended from time to time.



**15. Annexure on Amendments, Renewal of Policies, etc.**

Sr No.	Particulars (Amendment/ Renewal etc.)	Date	Approved by
1.	Originally adopted	March 30, 2023	Board of Directors

**Declaration and Undertaking by Director/ MD/ CEO as on (date)**

**Name:**

**1. Relevant Relationships of Director/ MD/ CEO**

(i) List of relatives, if any, who are connected with the ARC (please refer to section 77(2) of the Companies Act, 2013

(ii) List of entities, if any, in which he/ she is considered as being interested under 49(2) and Section 184 of the Companies Act, 2013

(iii) List of entities in which he/ she is considered as holding substantial interest (substantial interest means the beneficial interest held by an individual or any of his/ her relatives, whether singly or taken together, in the shares of an ARC/ firm, the aggregate amount paid-up on which exceeds ten percent of the paid-up share capital/ capital of the ARC/ firm)

(iv) Name of the financial institutions including ARCs in which he/ she is or has been a member of the Board (also give details of period during which such office was held)

(v) Fund and non-fund facilities, if any, presently availed of by him/ her and/ or by entities listed at 1(ii) and (iii) above from the financial institutions including ARCs

(vi) Cases, if any, where the director or entities at 1(ii) and (iii) above are in default or have been in default in the past in respect of credit facilities obtained from financial institutions including ARCs

**2. Records of Professional Achievements**

Relevant professional achievements

**3. Proceedings, if any, against the Director/ MD/ CEO**

(i) Whether 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

- (ii) 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 at 1(ii) and (iii) above for violation of economic laws and regulations
- (iii) Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director
- (iv) Whether the director attracts any of the disqualifications envisaged under the Section 164 of the Companies Act, 2013? If so, details of the same.
- (v) Has the director or any of the entities at 1(ii) and 1(iii) above been subject to any investigation at the instance of any Government department or agency? If so, details of the same.
- (vi) 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, details of the same.
- (vii) Whether the director has at any time come to the adverse notice of a regulator such as RBI, SEBI, IRDA, MCA, etc.?
- (viii) Whether the director has been declared as a wilful defaulter at any time in the preceding five years?
- (ix) Whether the director is continuing as a wilful defaulter?

**4. Any other explanation/ information considered relevant for judging the Director/ MD/ CEO, 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 Board of the ARC 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 the directors of the ARC.

Place:

Signature:

Date:

Name:

\* Applicable only for directors

**Remarks of Nomination and Remuneration Committee (NRC) of having satisfied itself that the above information is true and complete.**

Place:

Signature of the Chair of the NRC:

Date:

Name:

**Annexure - II**

**Information About the Director/ MD/ CEO**

**Name of ARC:**

Sr. No.	Particulars	Information/ details		
1.	Name of the candidate (proposed appointee)			
2.	Proposed designation/ Type of directorship [Such as Whole-time Director/ Managing Director/ Chief Executive Officer/ Non-executive Director (sponsor/non-sponsor), Independent Director, Nominee Director, etc. (to be clearly specified)]			
3.	Nationality & Passport No.			
4.	Date of Birth (DD/MM/YYYY)			
5.	Address, e-mail ID and phone/mobile number			
6.	Permanent Account Number (PAN)  Details of income tax returns filed during the last 3 years	PAN:		
		Date of filing	Amount of tax paid (₹)	
7.	Director Identification Number (DIN) and current status thereof			
8.	Educational/ Professional qualifications			
9.	Line of Business or Vocation/ Profession (A brief write-up detailing the relevant knowledge and professional experience of the candidate)			
10.	Details of bank accounts of the candidate across all jurisdictions (Please mention details of all accounts such as savings, current, loans and advances, etc.)	Bank Name	Type of A/c	A/c Number
11.	Equity shareholding <sup>15</sup> , if any, of the candidate in the applicant ARC: (i) Number of shares (ii) Face value of shares (iii) Percentage to total paid-up share capital of the ARC			
12.	Whether the candidate is a nominee of or related/associated with any of the sponsor/s? If yes, details thereof.			

<sup>15</sup> Please also include details of preference shares, compulsorily convertible debentures, etc., if any, separately.

13.	List of relatives <sup>16</sup> of the candidate, who are connected with the ARC (if any), and nature of such connection	
14.	Present and past <sup>17</sup> occupations (other than those covered at Sr. No. 15) [Designation/Role, Name and address of the organisation, Employee ID, Tenure (from-to), Name of the regulator (if regulated by a financial sector regulator in India or abroad)]	
15.	Names of banks, financial institutions (including NBFCs/ ARCs) and other entities in which the candidate has been chairman / managing director / director / chief executive officer, etc. [Name and address of the organisation and its line of activity, Position held, Tenure (from-to), Name of the regulator (if regulated by a financial sector regulator in India or abroad)]	
16.	List of entities in which the candidate is considered as interested <sup>18</sup> or holding substantial interest <sup>19</sup> and its regulator	
17.	Whether the candidate or the entities listed at (15) and (16) above are or have in the past been in default <sup>20</sup> in respect of any credit facilities (fund/ non-fund-based) obtained from banks/ financial institutions [If yes, please furnish full details such as name of the lender (including the branch name), type of facility, period and quantum of default, etc. and present status thereof]	
18.	Whether the person is a member of any professional association/ body. If yes, details of disciplinary action against him/ her, if any, commenced, pending or resulting in conviction in the past, or whether he/ she has been banned from any profession/ occupation at any time.	
19.	Details of civil or criminal prosecution (including under Section 138 (1) of the	

<sup>16</sup> Refer to Section 2(77) of the Companies Act, 2013.

<sup>17</sup> At least during the last 10 years

<sup>18</sup> Refer to Section 184 of the Companies Act, 2013.

<sup>19</sup> Substantial interest means the beneficial interest held by an individual or his/her spouse or minor child, whether singly or taken together, in the shares of a company/ capital of a firm, the aggregate amount paid-up on which exceeds ten percent of the paid-up share capital of the company or total capital subscribed by all the partners of a partnership firm.

<sup>20</sup> 'Default' means that the concerned facility has/had been classified as a non-performing asset by the bank/FI.

	Negotiable Instruments Act, 1881), if any, against the candidate and/ or against any of the entities listed in (15) and (16) above initiated, pending or resulting in conviction in the past for violation of economic laws/ regulations.	
20.	If the candidate has indulged in any breach of AML/CFT guidelines at any time, details thereof.	
21.	Whether the candidate attracts any of the disqualification envisaged under the Section 164 of the Companies Act, 2013? If yes, please give details thereof.	
22.	(a) If convicted by a criminal court of an offence involving moral turpitude, details thereof. (b) If convicted by any other court of law, details thereof along with outcome of such proceedings.	
23.	If the candidate or any of the entities listed at (15) and (16) above has been subject to any investigation or vigilance/ disciplinary enquiry by any of the previous employers or government departments or agencies, details thereof along with outcome of such proceedings.	
24.	If the candidate or the entities listed at (15) and (16) above have at any time been found guilty of violation of rules/ legislative requirements by customs/ excise/ income tax/ foreign exchange/ other revenue authorities/ investigative agencies (including issuance of show cause notice), details thereof.	

25.	If reprimanded, censured, restricted, suspended, barred, enjoined, or otherwise sanctioned by any regulator such as RBI, SEBI, IRDAI, PFRDA, MCA, professional organisations, government agencies or court because of professional conduct or activities, the details thereof <sup>21</sup> .	
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<sup>21</sup> Though it shall not be necessary for a candidate to mention herein about the orders and findings which have been later on reversed/ set aside in toto, 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, and not on merit. If the order is temporarily stayed and the appeal proceedings are pending, the same should also be mentioned.

26.	If the candidate is a professional (such as a chartered accountant, an advocate, etc.) and is undertaking or has undertaken professional work in any ARC, please provide the details (including the name of the ARC and the period of association)	
27.	Whether the candidate has been declared a wilful defaulter at any time in the last five years by any bank. If yes, details and present status thereof.	
28.	Whether the number of directorship held by the candidate exceeds the limits prescribed under Section 165 of the Companies Act, 2013/SEBI's (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as applicable).	
29.	Any other information considered relevant for assessing the person as 'fit and proper'.	

**Declaration by the proposed appointee**

1. I confirm that I am not associated with any unincorporated body which is accepting public deposits.
2. I confirm that I am not associated with any company, the application for Certificate of Registration (CoR) of which has been rejected by the Reserve Bank of India, National Housing Bank or any other financial sector regulator.

**Undertaking by the proposed appointee**

1. I confirm that the above information is, to the best of my knowledge and belief, true and complete.
2. I undertake to keep the Company fully informed, as soon as possible, of all events which take place after submission of this application or after my appointment, which are relevant to the information provided herein above.
3. I also undertake to execute a 'Deed of Covenant' with the Company.

<b>Place:</b> <b>Date:</b>	<b>Signature of the proposed appointee</b>
<b>Submission of Nomination and Remuneration Committee (NRC)</b>	
Confirmation that necessary due diligence in respect of the proposed appointee has been carried out by the NRC.	
Remarks of the NRC about having satisfied itself that the information provided herein is true and complete.	
<b>Place:</b> <b>Date:</b>	<b>Signature of Chair of the NRC Name:</b>

Duly filled in form must be signed by the candidate (proposed appointee) and countersigned by the chairperson of the Nomination and Remuneration Committee of the ARC.



**Annexure - III**

**An indicative list of documents/ information to be furnished along with the application**

<b>Sr No.</b>	<b>Requirements to be complied with and documents to be submitted to RBI</b>	<b>Page No.</b>
i.	Covering Letter by the ARC submitting the application for prior approval for appointment/ re-appointment of Director, Managing Director or CEO, duly signed by the authorised signatory (with Company's seal)	
ii.	Identity document of the candidate - PAN Card/ Election Card/ Driving License/ Passport/ Aadhaar Card (any one)	
iii.	Credit Information Report (Score + Full Report) (not older than 6 months) [Explanation for adverse remarks/features, if any, in the report should also be submitted]	
iv.	Banker's Report for all accounts (both deposit and loan/advance accounts) where the candidate is an account holder (in the bank's sealed cover)	
v.	Board Resolution proposing the appointment/ re-appointment of the director/ MD/ CEO, including the proposed tenure	
vi.	Declaration on the status of supervisory compliances by the ARC	
vii.	a) Confirmation whether there has been any change in the shareholding pattern which has led to the proposed appointment (b) Shareholding pattern of the ARC	
viii.	Composition of the Board before appointment of the proposed director (with designation, date of appointment, tenure, DIN, etc)	
ix.	Confirmation whether SEBI's LODR guidelines are applicable to the ARC or not?	

**Form of deed of covenants with a Director (cf. Paragraph 21.1 of these Directions)**

THIS DEED OF COVENANTS is made this \_\_\_\_\_ day of \_\_\_\_\_ Two thousand

\_\_\_\_\_ BETWEEN \_\_\_\_\_, having its registered office at \_\_\_\_\_ (hereinafter called the 'ARC') 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 ARC (hereinafter called 'the Board') and as a term of his/ her appointment, is required to enter into a Deed of Covenants with the ARC.

B. The Director has agreed to enter into this Deed of Covenants pursuant to his/ her said terms of appointment which has been approved by the Board.

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 ARC is subject to applicable laws and regulations including the Memorandum and Articles of Association of the ARC and the provisions of this Deed of Covenants.

2. The Director covenants with the ARC 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 ARC 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 ARC a list of his/ her 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 body corporate, firms and other entities.

- (iv) The Director shall in carrying on his/ her duties as director of the ARC:
- 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 ARC
  - c) keep himself/ herself informed about the business, activities and financial status of the ARC 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 the 'Board') with fair regularity and conscientiously fulfil his/ her obligations as director of the ARC
  - e) not seek to influence any decision of the Board for any consideration other than in the interests of the ARC
  - f) bring independent judgment to bear on all matters affecting the ARC 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) 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
  - h) express his/ her views and opinions at the 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 ARC and not for any collateral purpose
  - b) duty to act only within the powers as laid down by the ARC's Memorandum and Articles of Association and by applicable laws and regulations; and
  - c) duty to acquire proper understanding of the business of the ARC
- (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 ARC 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 ARC in his/ her capacity as director of the ARC only for the purposes of performance of his/ her duties as a director and not for any other purpose

3. The ARC covenants with the Director that:

- (i) the ARC shall apprise the Director about the:
    - a) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations
    - b) control systems and procedures
    - c) 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
    - k) changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the ARC, delegation of authority, Senior Executives.
  - (ii) the ARC 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 ARC 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 ARC 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) ARC's strategic and business plans and forecasts
    - c) organisational structure of the ARC and delegation of authority
    - d) corporate and management controls and systems including procedures
    - e) economic features and marketing environment
    - f) information and updates on major expenditure
    - g) periodic reviews of performance of the ARC
    - h) periodic reports about implementation of strategic initiatives and plans
  - (iv) the ARC shall communicate the outcome of Board deliberations to directors and concerned personnel and prepare and circulate minutes of meetings of the Board to directors in a timely manner and to the extent possible within 2 business days of the date of conclusion of the Board meeting
  - (v) advise the Director about the levels of authority delegated in matters placed before the Board
4. The ARC shall provide to the Director periodic reports on the functioning of internal control systems including effectiveness thereof.
5. The Director shall not assign, transfer, sublet or encumber his/ her office and

his/ her rights and obligations as director of the ARC 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 ARC.

6. 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.

7. 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 ARC.

8. 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 ARC**

Signature:

Name:

Title:

Date:

**Director**

Signature:

Name:

**In the presence of:**

- 1.
- 2.