



VEDIKA CREDIT CAPITAL LTD
PARTNER IN THE GROWTH OF MICRO ENTREPRENEURS

2022

CORPORATE GOVERNANCE POLICY

1. **Font Name & Size:** Source Sans Pro, 11
2. **Version:** 2.0
3. **Prepared and/or revised by:** Compliance Department
4. **Reviewed by:** Board of Directors
5. **Review Date:** 18.04.2022
6. **Approved by:** Board of Directors
7. **Approval Date:** 18.04.2022

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CORPORATE GOVERNANCE

Compliance of laws in true Spirit.....

INTRODUCTION

VCCL believes sound and good corporate governance. It follows a transparent governance, which enhance shareholders value and enables the company to fulfil its obligations to customers, employees, financiers and to the other stake holders including society in general. Such practices are founded upon the core values of transparency, empowerment, accountability, independent monitoring and environment consciousness in the overall working of the organization.

OBJECTIVES

As per the Master Circular – “Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 issued 03rd day of June 2015 and further amendments there on if any, every non-deposit accepting Non-Banking Financial Company with asset size of Rs. 500 crore and above (NBFCs-ND-SI), as per its last audited balance sheet, and all deposit accepting Non-Banking Financial Companies (NBFCs-D) excluding Systemically Important Core Investment Company as defined in the Core Investment Companies (Reserve Bank) Directions, 2011. should frame internal guidelines on corporate governance with the approval of the Board of Directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the Directions.

SIZE OF THE BOARD

The Board’s strength shall be as per the limits specified in the Companies Act, 2013 and other Applicable Laws.

BOARD COMPOSITION

The Board shall have an optimum combination of Executive, Non-executive and Independent Directors as mentioned in the Companies Act, 2013 and other Applicable Laws.

BOARD OF DIRECTORS

1. The Board shall be responsible for overall compliance with the Corporate Governance of the Company and oversee the business affairs including responsibility for the Company’s business strategy and financial soundness, key personnel decisions, internal organization and governance structure and practices, and in doing so the Board must act transparently, honestly, in good faith and in the best interest of the Company.
2. The Board Directors should act in accordance with AOA.
3. As the Directors occupy fiduciary position, they shall attend and actively participate in Board and its Committee meetings thereof, on which they serve, and shall properly discharge their responsibilities.
4. The Board should ensure that the Company’s organizational structure enables the Board and Senior Management to carry out their responsibilities and facilitates effective decision

making and good governance. This includes clearly laying out the key responsibilities and authorities of the Board itself, the Senior Management and of those responsible for the control functions.

5. The Board Directors of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
6. The Board Directors of a company shall exercise their duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
7. The Board Directors of a company shall not involve in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
8. The Board should ensure that transactions with related parties are reviewed to assess risk and are subject to appropriate resolutions/approval, as required under various applicable laws and that corporate or business resources of the Company are not misappropriated or misapplied.
9. The Board Directors of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates
10. The Board Directors of a company shall not assign his office and any assignment so made shall be void.
11. The Board of Directors along with its constituted Committees shall provide direction and guidance for the Company and shall further supervise and review the performance of the Company.
12. The Board should actively engage in the major matters of the Company and keep up with material changes in the Company's business and the external environment as well as act in timely manner to protect the long-term interests of the Company.

CORPORATE CULTURE AND VALUES

In order to promote good corporate culture and values, the Board should ensure the following:

1. setting and adhering to corporate values for itself, top management and other employees that create expectations that all business should be conducted in a legal and ethical manner;
2. promoting risk awareness within a strong risk culture, conveying the Board's expectation that it does not support excessive risk-taking and that all employees are responsible for helping to ensure that the Company operates within the agreed risk appetite and risk limits;

3. ensuring that appropriate steps are taken to communicate throughout the Company, the corporate values, professional standards or Code of Conduct it sets, together with supporting policies;
4. employees should be motivated and able to communicate confidentially and without the risk of victimization, legitimate concerns about illegal, unethical or questionable practices.

OVERSIGHT OF SENIOR MANAGEMENT

The Board should delegate proper authority to the Executive Directors who are responsible for the day-to-day affairs of the Company to oversee the Senior Management who should hold position of Senior Management accountable for their actions and enumerate the consequences if those actions are not aligned with the Board's performance and expectations. This includes adhering to the Company's values, risk appetite and risk culture, regardless of financial gain or loss to the Company. In doing so, the Board should through the Executive Directors:

- monitor that Senior Management's actions are consistent with the strategies and policies approved by the Board;
- meet regularly with Senior Management;
- interrogate and critically review and reply on the information provided by Senior Management;
- ensure that Senior Management's knowledge and expertise remain appropriate, given the nature of the business and the Company's risk profile;
- ensure that appropriate succession plans are in place for Senior Management positions.

BOARD MEETINGS AND QUORUM

The Board Meetings of the Company shall be held as per the requirements prescribed under the Companies Act, 2013, other Applicable Laws, Articles of Association and as decided by the Board of Directors. The meetings of the Board shall generally be held at the Company's Head office unless otherwise decided by the Board of Directors. The dates of the meetings shall be fixed well in advance. The quorum shall be as per the requirements of the Companies Act, 2013, other Applicable Laws and Articles of Association of the Company.

Important decisions of the Board may also be taken through Circular Resolution in compliance with the provisions of the Companies Act, 2013.

INFORMATION TO BE PLACED BEFORE BOARD AND ITS COMMITTEES

To enable the Board members to discharge their responsibilities effectively and to take informed decisions, detailed agenda papers with explanations on each item, shall be sent to each Director well in advance as per Companies Act, 2013, other Applicable Laws and Articles of Association of the Company. All the items on the agenda shall be discussed in detail, during the Board and its Committee meetings. The Board members shall have complete access to any information, within the Company. At the meetings, the Board members shall be provided with all the relevant

information on important matters affecting the working of the Company as well as the related details that require deliberation by the members of the Board.

AGENDA FOR THE MEETING

The agenda for the Board and its Committee meetings shall be sent to the Board members and the Committee members respectively within a reasonable period of time prior to the Meeting as per Companies Act, 2013 and other Applicable Laws. Each Board member and Committee member as the case may be is free to suggest inclusion of items in the agenda. With the permission of the Chair, each Board member and Committee member as the case may be is free to raise any matter(s) that is/are not on the agenda of the Board and the Committee Meeting respectively and any other matter can be placed for discussion.

ATTENDANCE AT BOARD MEETINGS

The Directors shall strive to attend all meetings of the Board and its Committees where they are members. In case a Director is unable to attend specific Board Meeting or its Committees where they are members, he or she shall obtain leave of absence from the Board or the Committee as the case may be. The company shall also provide video conferencing facility to members to the meetings.

MINUTES

The minutes of all meetings of the Board and the Committees shall be circulated to the Board and the Committee members respectively and shall be noted in the consequent Board Meeting and Committee meetings respectively as per Companies Act, 2013 and other Applicable Laws. Minutes of meetings of Committees of Board shall also be placed before the Board.

BOARD COMMITTEES AND MANAGEMENT LEVEL COMMITTEES

In order to focus on the critical functions of the Company, the Board may constitute such Committees as and when required to ensure smooth functioning of the Company. Currently Company has following committees

1. Audit Committee
2. Risk Management Committee
3. Nomination and Remuneration Committee
4. CSR Committee
5. ALCO Committee
6. Grievance Redressal Committee
7. IT Strategy Committee
8. IT Steering Committee
9. Internal Complaint Committee
10. Other Committees of the Management

The terms of reference of the above-mentioned Committees shall be determined by the Board from time to time as per Companies Act, 2013 and other Applicable Laws.

The Committees may engage in any manner, from time to time such experts as the Committees may decide for effective discharge of the Roles and Responsibilities of such Committees.

FIT AND PROPER CRITERIA FOR DIRECTORS

The Company shall have a policy put in place for ascertaining the 'fit and proper' criteria at the time of appointment of Directors and on a continuing basis. The Nomination & Remuneration Committee shall review the appointment/re-appointment of Directors considering their qualifications, expertise, track record, integrity and other 'fit and proper' criteria. The Nomination & compensation Committee should obtain such declarations/undertakings, deed of covenant from the Directors and ensure furnishing such statement and certificates as may be prescribed for determining Fit and Proper Criteria in line with the Guidelines issued by the RBI for the time being in force.

Brief Guidelines on FIT & PROPOER criteria

- A due diligence will be conduct at the time of appointment, reappointment & change in designation of the directors in the light of qualification, expertise, track record, integrity & independence (In case of Independent Director).
- Details so as mentioned in the **Annexure A** of the Guidelines on Corporate Governance shall be obtained from each director at the time of appointment, reappointment & change in designation.
- A deed of covenants so as mentioned in the **Annexure B** of the Guidelines on Corporate Governance shall be obtained from proposed/existing director at the time of appointment, reappointment & change in designation
- All information received from the director along with signed deed of covenants will be submitted to the nomination committee for necessary scrutiny
- Further the report along with received record will be submitted at first Audit committee meeting and board meeting of every financial year on the event of appointment, reappointment & change in designation
- Also, quarterly statement on change of directors, and a certificate from the Managing Director of the NBFC that fit and proper criteria in selection of the directors has been followed so as inconformity with the Audit committee to be shared with Regional Office of the Reserve Bank within 15 days of the close of the respective quarter. (Suggestive details so required to be submitted is enclosed as **Annexure C**
- Further for the statement submitted by NBFCs so as mentioned above for the quarter ending March 31, should be certified by the auditors.

DISCLOSURES IN THE FINANCIAL STATEMENTS

In addition to the disclosures required to be made as per the Applicable Laws, the following additional disclosures shall be made in the annual financial statements in terms of the RBI Directions:

- registration / license / authorization by whatever name called, obtained from other financial sector regulators;

- ratings assigned by credit rating agencies and migration of ratings during the year;
- penalties, if any, levied by any regulator;
- information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries; and
- asset-liability profile, Non-Performing Assets (NPA) and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them as also securitization/ assignment transactions and other disclosures.
- Requisite disclosures as may be required under any Applicable Laws from time to time shall also be disclosed in the Financial Statements.

Guidance note on requirement is enclosed as **Annexure D**

MINIMUM INFORMATION TO BE PLACED BEFORE THE BOARD

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the board of directors.
- The information on recruitment and remuneration of senior officers, one level below the board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, occurrence of dangerous incidents, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.

- Significant labor problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
- 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.

APPOINTMENT AND ROTATION OF STATUTORY AUDITORS

Subject to the provisions contained in the Companies Act, 2013, the Auditors of the Company shall be appointed with the approval of the Shareholders at the Annual General Meeting as recommended by the Board of Directors of the Company based on the recommendation of the Audit Committee of the Company. The Auditors can be appointed for a period of 5 years and such appointment shall be ratified by the shareholders every year at the Annual General Meeting if required as per Law or otherwise. Auditors can be appointed for a two-consecutive term of 5 years.

The Company shall also comply with the RBI guidelines and provisions of the Companies Act, 2013 regarding rotation of partners of the Firm conducting Statutory Audit from time to time. As contained in the Directions, presently the Company is required to rotate the partner of the Chartered Accountant firm conducting the audit, every three years, so that same partner does not conduct audit of the company continuously for more than a period of three years.

However, the partner so rotated will be eligible for conducting the audit of the company after an interval of three years, subject to approval of the shareholders and recommendations of the Board and Audit Committee of the Company. The Company shall also incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

PERIODICAL REVIEW OF THE POLICY

The Policy is flexible and easy to understand and comply with by all levels of employees. The Board should review this Policy periodically but at least once in a year, so that it remains appropriate in the light of material changes in regulatory requirement with respect to the Company's size, complexity, geographic reach, business strategy, market and best governance practices.

The policy can also be reviewed as and when deemed necessary by the Top Management and amendments effected to the same, subject to approval of the Board if any, and when practical

difficulties are encountered. The Top management may also review the policy on document retention to comply with any local, state, central legislation that may be broadcast from time to time

AMENDEMENT OF THE POLICY

The Board of Directors on its own and/or on the recommendation of the top management can amend this policy as and when required deemed fit. Any or all provisions of this Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.

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ANNEXURES

Annexure A

Name of 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 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 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 in the past in respect of credit facilities obtained from the NBFC or any other NBFC / bank.	
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III. Records of professional achievements

a.	Relevant professional achievements	
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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	



	<p>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, 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.)</p>	
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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 directors of the NBFC.

Place: _____
Date: _____

Signature

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

Place: _____
Date: _____

Signature

ANNEXURE B

FORM OF DEED OF COVENANTS WITH A DIRECTOR

THIS DEED OF COVENANTS is made this _____ BETWEEN _____, having its registered office at NBFC") of the one part and _____ of _____ (hereinafter called the "Director") of the other part.

WHEREAS

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

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

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

- b) in the performance of his / her duties take such care as he / she might be reasonably expected to take on his / her own behalf and exercise any power vested in him / her in good faith and in the interests of the NBFC;
 - c) shall keep himself / herself informed about the business, activities and financial status of the NBFC to the extent disclosed to him / her;
 - d) attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his / her obligations as director of the NBFC;
 - e) shall not seek to influence any decision of the Board for any consideration other than in the interests of the NBFC;
 - f) shall bring independent judgment to bear on all matters affecting the NBFC brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
 - g) shall in exercise of his / her judgement in matters brought before the Board or entrusted to him / her by the Board be free from any business or other relationship which could materially interfere with the exercise of his / her independent judgement; and
 - h) shall express his / her views and opinions at Board meetings without any fear or favor 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 and Articles of Association and by applicable laws and regulations; and
 - c) duty to acquire proper understanding of the business of the NBFC.
- vi. The director shall:
- a) not evade responsibility in regard to matters entrusted to him / her by the Board;
 - b) not interfere in the performance of their duties by the whole-time directors and other officers of the NBFC and wherever the director has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board;
- and
- c) not make improper use of information disclosed to him / her as a member of the information disclosed to him / her by the NBFC in his / her capacity as director of the NBFC

only for the purposes of performance of his / her duties as a director and not for any other purpose.

3. The NBFC covenants with the director that:
 - i. the NBFC shall apprise the director about:
 - a) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
 - b) control systems and procedures;
 - c) voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;
 - d) qualification requirements and provide copies of Memorandum and Articles of Association;
 - e) corporate policies and procedures;
 - f) insider dealing restrictions;
 - g) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
 - h) appointments of Senior Executives and their authority;
 - i) remuneration policy,
 - j) deliberations of committees of the Board, and
 - k) communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the NBFC, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.
 - ii. the NBFC shall disclose and provide to the Board including the director all information which is reasonably required for them to carry out their functions and duties as a director of the NBFC and to take informed decisions in respect of matter 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 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 / 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 authorized 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 _____

Name: _____

Title: _____

In the presence of:

Name: _____

Title: _____



Annexures C

SUGGESTIVE LIST OF DUE DILIGENCE DOCUMENTS

- Certified copy of the Board Resolution for the nomination of the Director.
- Director's information as per Annexure –C1
- A copy of PAN card
- Address proof of the Director.
- A declaration from the Director to the effect that the Director has not been on the Board of any NBFC whose registration was cancelled or whose application for registration rejected or which has been declared as a vanishing company by RBI.
- The nature of activity undertaken by each company in which the Director presently holds directorship / substantial interest giving information in the following format:
 - of the Company Line of Activity Whether an NBFC or Regulated by SEBI / IRDA / MCDEX / NCDEX / NHB / FMC/ Foreign Regulators Registration No. with the regulators
 - Banker's report in a sealed cover of the companies/firms in which Director holds substantial interest.
- Copy of DIN allotment letter.
- Copy of Form DIR-12 filed with ROC along with copy of fee receipt
- CIBIL data/information pertaining to the Director.

Annexure –C1

Information on the Management (IOM)

(Separate form should be submitted in respect of each of the Directors)

Sr. No.	Particulars	Response
1	Name	
2	Director Identification Number (DIN)	
3	Designation in company	
4	Nationality	
5	If a Foreign National, which country please specify country and Passport Number * Furnish copy of the Passport details	Country: Passport Number:
6	Date of Birth Age as on the date of Application	DD\MM\YYYY Age: -- Yrs.
7	Business Address (along with Phone, Fax and Email)	
8	Residential Address (along with Phone, Fax and Email) with supporting document	
9	PAN Number under Income Tax Act	
10	Educational/professional qualifications	
11	Experience if any, in the Financial Services Sector (including Banking Sector). Details should be provided with such as name of the company, designation held, Experience in years etc.	
12	Is the Director associated with any other entity in any capacity?	Yes/No
13	If yes, please furnish the name(s) of other organizations or entities or associations or Unincorporated entities in which the person has held the post of Chairman or Managing Director or Director or Chief Executive Officer or associated with the above entities in any other capacity. Indicating the activity of the company and regulators, if any	
14	Declaration: I, Shri/Smt/Kum. _____ director of (Name of applicant company) confirm that I comply with section 45S of Chapter III C of the RBI Act, 1934. (Tick <input checked="" type="checkbox"/> if complied)	
15	Is/was the Director associated as Promoter, Managing Director, Chairman or Director with any other NBFC including a Residuary Non-Banking Financial Company which has been prohibited from accepting deposits/prosecuted by RBI?	Yes/No
16	If yes, please furnish the name(s) of the entity and the position held and period of the position	
17	Has any prosecution, either civil or criminal, been initiated or pending or commenced or has resulted in conviction, if any, in the past, against the Director and/or against any of the entities he is associated with for violation of economic laws and regulations.	Yes/No
18	If yes please furnish a gist and status of the case pending as on the date of application.	
19	Has the Director or any relative of the Director (relative as per Companies Act) or the companies/entities in which the Director is/was associated with, are in default or have defaulted in the past in respect	Yes/No



	of credit facilities obtained from any entity or bank.	
20	If yes, please furnish complete information about the default and the name of the lending institution.	
21	Is there any disciplinary action, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry of any professional occupation at any time?	Yes/No
22	If yes, please furnish complete information about the action initiated.	
23	Whether the Director at any point of time is/ was associated with any company engaged with Multi-Level Marketing (Ponzi schemes)	Yes/No
24	If yes, please furnish complete information on the same.	
25	Whether the Director attracts any of the disqualification envisaged under Section 274 of the Companies Act, 1956 / Section 164 of the Companies Act, 2013.	Yes/No
26	Has the Director or any of the companies, he is associated with, been subject to any investigation at the instance of the Government Departments or any other Statutory Agencies.	Yes/No
27	If yes, give details of the investigation.	
28	Has the Director at any time been found guilty of violations of rules/ regulations/ legislative requirements by Customs/ Excise/ Income Tax/ Foreign Exchange/ Other Revenue Authorities?	Yes/No
29	If yes, give details of the violations and action thereof.	
30	Name/s of the companies, firms, partnership firms, in which the director holds substantial interest.	
31	Whether number of directorships held by the Director exceeds the limits prescribed under Section 275 of the Companies Act, 1956 / Section 165 of the Companies Act, 2013.	Yes/No
32	Company to mention details of the Unincorporated bodies (Name of UIB, % holding of director, type of UIB viz. Proprietorship, partnership firm etc), if any, in the group where the directors may be holding directorship with/without substantial interest. Whether any financial activity is present in the UIB. (Yes/No). If yes state the activity.	
33	Whether any prohibitory order was issued in the past to the company or any other NBFC/RNBC/any other entity with which the directors/promoters etc. were associated? If yes, please furnish a copy containing the details of the prohibitory order	Yes/No
34	Whether the company or any of its directors was/is involved in any criminal case, including under section 138(1) of the Negotiable Instruments Act?	Yes/No
35	If yes, please furnish full details of the case	
36	Whether any order has been passed by Company Law Board against companies with which the Directors are associated?	Yes/No
37	If yes, please furnish full details of the same.	
38	CIBIL or equivalent Credit Information Score Adverse remarks, if any to be incorporated	



39	<i>Signature:</i> <i>Name:</i> <i>Designation</i> <i>Company Seal:</i> <i>Date:</i> <i>Place:</i>	
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Note:

(i) Separate form should be submitted in respect of each of the Directors, by using photocopy of this format



Annexure D

Indicative List of Balance Sheet Disclosure for NBFCs with Asset Size Rs.500 Crore and Above and Deposit Taking NBFCs

1. Minimum Disclosures

At a minimum, the items listed in this Annex should be disclosed in the NTA by all applicable NBFCs. The disclosures listed are intended only to supplement, and not to replace, other disclosure requirements as applicable.

2. Summary of Significant Accounting Policies

NBFCs should disclose the accounting policies regarding key areas of operations at one place along with NTA in their financial statements. A suggestive list includes - Basis of Accounting, Transactions involving Foreign Exchange, Investments - Classification, Valuation, etc, Advances and Provisions thereon, Fixed Assets and Depreciation, Revenue Recognition, Employee Benefits, Provision for Taxation, Net Profit, etc.

3.1 Capital

		(Amount in Rs. crore)	
Particulars		Current Year	Previous Year
i)	CRAR (%)		
ii)	CRAR - Tier I Capital (%)		
iii)	CRAR - Tier II Capital (%)		
iv)	Amount of subordinated debt raised as Tier-II capital		
v)	Amount raised by issue of Perpetual Debt Instruments		

3.2 Investments

		(Amount in Rs.crore)	
Particulars		Current Year	Previous Year
(1)	Value of Investments		
(i)	Gross Value of Investments		
(a)	In India		
(b)	Outside India,		
(ii)	Provisions for Depreciation		
(a)	In India		
(b)	Outside India,		
(iii)	Net Value of Investments		
(a)	In India		
(b)	Outside India.		
(2)	Movement of provisions held towards depreciation on investments.		
(i)	Opening balance		
(ii)	Add : Provisions made during the year		
(iii)	Less : Write-off / write-back of excess provisions during the year		
(iv)	Closing balance		



3.3 Derivatives

3.3.1 Forward Rate Agreement / Interest Rate Swap

		(Amount in Rs crore)	
Particulars		Current Year	Previous Year
(i)	The notional principal of swap agreements		
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements		
(iii)	Collateral required by the NBFC upon entering into swaps		
(iv)	Concentration of credit risk arising from the swaps \$		
(v)	The fair value of the swap book @		
<p>Note: Nature and terms of the swaps including information on credit and market risk and the accounting policies adopted for recording the swaps should also be disclosed.</p> <p>\$ Examples of concentration could be exposures to particular industries or swaps with highly geared companies.</p> <p>@ If the swaps are linked to specific assets, liabilities, or commitments, the fair value would be the estimated amount that the NBFC would receive or pay to terminate the swap agreements as on the balance sheet date.</p>			

3.3.2 Exchange Traded Interest Rate (IR) Derivatives

		(Amount in Rs.crore)	
S. No.	Particulars	Amount	
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)		
		a)	
		b)	
		c)	
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March (instrument-wise)		
		a)	
		b)	
		c)	
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)		
		a)	
		b)	
		c)	
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)		
		a)	
		b)	
		c)	



3.3.3 Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

NBFCs shall describe their risk management policies pertaining to derivatives with particular reference to the extent to which derivatives are used, the associated risks and business purposes served. The discussion shall also include:

- a) the structure and organization for management of risk in derivatives trading,
- b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,
- c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants, and
- d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.

Quantitative Disclosures

(Amount in Rs. crore)			
Sl. No.	Particular	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)		
	For hedging		
(ii)	Marked to Market Positions [1]		
	a) Asset (+)		
	b) Liability (-)		
(iii)	Credit Exposure [2]		
(iv)	Unhedged Exposures		

3.4 Disclosures relating to Securitisation

3.4.1 The NTA of the originating NBFCs should indicate the outstanding amount of securitised assets as per books of the SPVs sponsored by the NBFC and total amount of exposures retained by the NBFC as on the date of balance sheet to comply with the Minimum Retention Requirements (MRR). These figures should be based on the information duly certified by the SPV's auditors obtained by the originating NBFC from the SPV. These disclosures should be made in the format given below.

S. No.	Particulars	No. / Amount in ₹ crore
1.	No of SPVs sponsored by the NBFC for securitisation transactions*	
2.	Total amount of securitised assets as per books of the SPVs sponsored	
3.	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	
	a) Off-balance sheet exposures	
	First loss	
	Others	
	b) On-balance sheet exposures	
	First loss	



	Others	
4.	Amount of exposures to securitisation transactions other than MRR	
a)	Off-balance sheet exposures	
i)	Exposure to own securitizations	
	First loss	
	Loss	
ii)	Exposure to third party securitisations	
	First loss	
	Others	
b)	On-balance sheet exposures	
i)	Exposure to own securitisations	
	First loss	
	Others	
ii)	Exposure to third party securitisations	
	First loss	
	Others	

*Only the SPVs relating to outstanding securitisation transactions may be reported here

3.4.2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

		(Amount in Rs. crore)	
Particulars		Current year	Previous Year
(i)	No. of accounts		
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC		
(iii)	Aggregate consideration		
(iv)	Additional consideration realized in respect of accounts transferred in earlier years		
(v)	Aggregate gain / loss over net book value		

3.4.3 Details of Assignment transactions undertaken by NBFCs

		(Amount in Rs. crore)	
Particulars		Current year	Previous Year
(i)	No. of accounts		
(ii)	Aggregate value (net of provisions) of accounts sold		
(iii)	Aggregate consideration		
(iv)	Additional consideration realized in respect of accounts transferred in earlier years		
(v)	Aggregate gain / loss over net book value		

3.4.4 Details of non-performing financial assets purchased / sold



NBFCs which purchase non-performing financial assets from other NBFCs shall be required to make the following disclosures in the NTA to their Balance sheets:

A. Details of non-performing financial assets purchased :

		(Amount in Rs.crore)	
Particulars		Current year	Previous Year
1.	(a) No. of accounts purchased during the year		
	(b) Aggregate outstanding		
2.	(a) Of these, number of accounts restructured during the year		
	(b) Aggregate outstanding		

B. Details of Non-performing Financial Assets sold :

		(Amount in Rs. crore)	
Particulars		Current year	Previous Year
1.	No. of accounts sold		
2.	Aggregate outstanding		
3.	Aggregate consideration received		

3.5 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

	Up to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits									
Advances									
Investments									
Borrowings									
Foreign Currency assets									
Foreign Currency liabilities									

3.6 Exposures

3.6.1 Exposure to Real Estate Sector

		(Amount in Rs. crore)	
Category		Current Year	Previous Year
a)	Direct Exposure		
	(i) Residential Mortgages -		
	Lending fully secured by mortgages on residential		



	property that is or will be occupied by the borrower or that is rented		
(ii)	Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits		
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential		
	b. Commercial Real Estate		
Total Exposure to Real Estate Sector			

3.6.2 Exposure to Capital Market

		(Amount in Rs. crore)	
Particulars		Current Year	Previous Year
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;		
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;		
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;		
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;		
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;		
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;		
(vii)	bridge loans to companies against expected equity flows		



	/ issues;		
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)		
Total Exposure to Capital Market			

3.6.3 Details of financing of parent company products

3.6.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The NBFC should make appropriate disclosure in the NTA to the annual financial statements in respect of the exposures where the NBFC had exceeded the prudential exposure limits during the year. The sanctioned limit or entire outstanding, whichever is high, shall be reckoned for exposure limit.

3.6.5 Unsecured Advances

a) For determining the amount of unsecured advances the rights, licenses, authorisations, etc., charged to the NBFCs as collateral in respect of projects (including infrastructure projects) financed by them, should not be reckoned as tangible security. Hence such advances shall be reckoned as unsecured.

b) NBFCs should also disclose the total amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral. The disclosure may be made under a separate head in NTA. This would differentiate such loans from other entirely unsecured loans.

4. Miscellaneous

4.1 Registration obtained from other financial sector regulators

4.2 Disclosure of Penalties imposed by RBI and other regulators

Consistent with the international best practices in disclosure of penalties imposed by the regulators, placing the details of the levy of penalty on the NBFC in public domain will be in the interests of the investors and depositors. Further, strictures or directions on the basis of inspection reports or other adverse findings should also be placed in the public domain. The penalties should also be disclosed in the NTA.

4.3 Related Party Transactions

- a. Details of all material transactions with related parties shall be disclosed in the annual report
- b. The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

4.4 Ratings assigned by credit rating agencies and migration of ratings during the year

4.5 Remuneration of Directors

All pecuniary relationship or transactions of the non-executive directors vis-à-vis the company shall be disclosed in the Annual Report.

4.6 Management

As part of the directors’ report or as an addition thereto, a Management Discussion and Analysis report should form part of the Annual Report to the shareholders. This Management Discussion & Analysis should include discussion on the following matters within the limits set by the



company's competitive position:

- a. Industry structure and developments.
- b. Opportunities and Threats.
- c. Segment-wise or product-wise performance.
- d. Outlook
- e. Risks and concerns.
- f. Internal control systems and their adequacy.
- g. Discussion on financial performance with respect to operational performance.
- h. Material developments in Human Resources / Industrial Relations front, including number of people employed.

4.7 Net Profit or Loss for the period, prior period items and changes in accounting policies

Since the format of the profit and loss account of NBFCs does not specifically provide for disclosure of the impact of prior period items on the current year's profit and loss, such disclosures, wherever warranted, may be made in the NTA.

4.8 Revenue Recognition

An enterprise should also disclose the circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

4.9 Accounting Standard 21 -Consolidated Financial Statements (CFS)

NBFCs may be guided by general clarifications issued by ICAI from time to time.

A parent company, presenting the CFS, should consolidate the financial statements of all subsidiaries - domestic as well as foreign. The reasons for not consolidating a subsidiary should be disclosed in the CFS. The responsibility of determining whether a particular entity should be included or not for consolidation would be that of the Management of the parent entity. In case, its Statutory Auditors are of the opinion that an entity, which ought to have been consolidated, has been omitted, they should incorporate their comments in this regard in the "Auditors Report".

5. Additional Disclosures

5.1 Provisions and Contingencies

To facilitate easy reading of the financial statements and to make the information on all Provisions and Contingencies available at one place, NBFCs are required to disclose in the NTA the following information:

(Amount in Rs. crore)		
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
Provisions for depreciation on Investment		
Provision towards NPA		
Provision made towards Income tax		
Other Provision and Contingencies (with details)		
Provision for Standard Assets		



5.2 Draw Down from Reserves

Suitable disclosures are to be made regarding any draw down of reserves in the NTA.

5.3 Concentration of Deposits, Advances, Exposures and NPAs

5.3.1 Concentration of Deposits (for deposit taking NBFCs)

(Amount in Rs. crore)	
Total Deposits of twenty largest depositors	
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	

5.3.2 Concentration of Advances

(Amount in Rs. crore)	
Total Advances to twenty largest borrowers	
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	

5.3.3 Concentration of Exposures

(Amount in Rs. crore)	
Total Exposure to twenty largest borrowers / customers	
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	

5.3.4 Concentration of NPAs

(Amount in Rs. crore)	
Total Exposure to top four NPA accounts	

5.3.5 Sector-wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
1.	Agriculture & allied activities	
2.	MSME	
3.	Corporate borrowers	
4.	Services	
2.	Unsecured personal loans	
3.	Auto loans	
4.	Other personal loans	

5.4 Movement of NPAs

(Amount in Rs. crore)			
Particulars		Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)		
(ii)	Movement of NPAs (Gross)		
(a)	Opening balance		



	(b) Additions during the year		
	(c) Reductions during the year		
	(d) Closing balance		
(iii)	Movement of Net NPAs		
	(a) Opening balance		
	(b) Additions during the year		
	(c) Reductions during the year		
	(d) Closing balance		
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance		
	(b) Provisions made during the year		
	(c) Write-off / write-back of excess provisions		
	(d) Closing balance		

5.5 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total Assets
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5.6 Off-balance Sheet SPVs sponsored

(which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas

6. Disclosure of Complaints

6.1 Customer Complaints

(a)	No. of complaints pending at the beginning of the year	
(b)	No. of complaints received during the year	
(c)	No. of complaints redressed during the year	
(d)	No. of complaints pending at the end of the year	