

BHARTI TELECOM LIMITED

Nomination, Remuneration and Succession Policy

1. PREAMBLE

In terms of the provisions of Section 178 of the Companies Act, 2013 (**'Act'**) and rules made thereunder, RBI Circular No. RBI/2020-21/24 DoR (NBFC) (PD) CC. No. 117/03.10.001/2020-21 dated August 13, 2020 as per Para 72 on Fit and Proper Criteria of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, RBI Circular No. RBI/2022-23/36 DOR.GOV.REC.No.29/18.10.002/2022-23 dated April 29, 2022 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**'SEBI Listing Regulations'**) (hereinafter collectively referred to as '**applicable laws'**) and upon due recommendation of the Nomination & Remuneration Committee, the Board of Directors of Bharti Telecom Limited has approved and adopted this Nomination, Remuneration & Succession Policy ('Policy') for appointment, remuneration, succession planning of Directors/Key Managerial Personnel/Senior Management Personnel of the Company.

2. OBJECTIVES

The main objectives of this Policy are as follows:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive including Independent Directors), Key Managerial Personnel and Senior Management Personnel.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage for the Company.
- To determine remuneration of directors, Key Managerial Personnel and other Senior Management Personnel, keeping in view all relevant factors including industry trends and practices.
- To provide for rewards linked directly to their effort, performance, dedication and achievement of Company's targets.
- To lay down criteria for determining the Company's approach to ensure adequate diversity in its Board and have an appropriate blend of functional and industry expertise.
- To ensure that the Company has in place a robust succession planning framework for Directors and top critical positions.
- To lay down Directors of the Company who are responsible for steering the affairs of the Company are fit and proper, besides having the necessary qualifications.

3. DEFINITIONS

- a. **"Board"** means Board of Directors of the Company
- b. **"Clawback"** means a contractual agreement between the employee and the Company in which the employee agrees to return previously paid or vested remuneration to the Company under certain circumstances.
- c. **"Company/BTL"** means Bharti Telecom Limited
- d. **"Directors"** mean individual Director or Directors on the Board of the Company.
- e. **"Key Managerial Personnel/KMPs"** means key managerial personnel as defined under the Act and includes-
 - (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
 - (ii) Company Secretary; and
 - (iii) Chief Financial Officer

- f. **“Malus”** means an arrangement that permits the Company to prevent vesting of all or part of the amount of a deferred remuneration. However, Malus arrangement does not reverse vesting after it has already occurred.
- g. **“Nomination Committee/NRC”** means the Nomination and Remuneration Committee of Board of Directors of the Company constituted under provisions of Act and SEBI Listing Regulations.
- h. **“Policy”** means Nomination and Remuneration Policy.
- i. **“Retention period”** means a period of time after the vesting of instruments which have been awarded as variable pay during which they cannot be sold or accessed.
- j. **“Senior Management Personnel/SMPs”** shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

4. CRITERIA FOR APPOINTMENT & NOMINATION

A. Appointment of Directors

The Board shall consist of such number of Directors as is necessary to effectively manage the Company considering its size and nature, subject to compliance with the provisions of the Act, Articles of Association of the Company and Shareholders Agreement entered from time to time. The Board of Directors shall strive to have an appropriate combination of Executive, Non-Executive, Independent and Woman Director(s).

While evaluating a person for appointment / re-appointment as Director, the Committee shall consider and evaluate various criteria including but not limited to candidate’s knowledge, integrity, skills, abilities (including ability to exercise sound judgement), professional experience, time commitment, personal accomplishment, age, understanding of the Financial Services, telecommunication sector / industry, expertise in marketing, technology, finance and other disciplines relevant to the business etc. The Committee shall consider such other factors as may be relevant & applicable from time to time towards achieving a diverse Board.

(i) Board Diversity

While all appointments to the Board will continue to be made on merit, the NRC will consider the benefits of diversity in identifying and recommending persons for Board membership, as well as in evaluating the Board and its individual members.

Further, the Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, national origin or ancestry, marital status, age, sexual orientation, or any other personal or physical attribute.

In the process of attaining a diverse Board criteria, the following criteria needs to be assessed:

- **Board Composition**

The Board shall have an optimum combination of executive, non-executive and independent directors in accordance with requirements of the Act, SEBI Listing Regulations, RBI Regulations and any other statutory, regulatory and contractual obligations of the Company.

- **Functional Diversity**

- i. Appointment of directors to the Board of the Company should be based on the specific needs and business of the Company. Appointments should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company.
- ii. Knowledge of and experience in domain area such as Information technology, Banking and Finance, Corporate, Investment Banking, Legal, Risk, Management, etc., as also mentioned in matrix approved by NRC/Board should be duly considered while making appointments to the Board level.
- iii. While appointing Independent Directors, care should be taken as to the independence of the proposed appointee.
- iv. Directorship in other companies alongwith the time commitments of the candidate may also be taken into account while determining the candidature of a person.

- **Stakeholder Diversity**

The Company may also have directors on its Board representing the interest of any financial institution or any other person in accordance with the provisions of its articles of association and/ or any agreement between the Company and the nominating agency

(ii) Fit and Proper Criteria

The various **Fit and Proper** criteria which need to be reviewed by the Committee before an appointment of a person as Director or after a person is appointed as Director on continuing basis shall include the following

- Whether he/ she is eligible for appointment/ re-appointment as Director on the Board of the Company and is not disqualified in terms of Section 164 and other applicable provisions of the Act and SEBI Listing Regulations.
- Whether he/ she has attained the age of 25 years and is not older than 75 years.
- Whether his/ her total number of directorship in the companies is within the limits prescribed under the Act and SEBI Listing Regulations.
- Whether he/ she will be able to devote sufficient time and efforts toward discharging duties and responsibilities, effectively.
- Whether the Person to be appointed as Independent Director is registered in database of Independent Directors as prescribed by MCA.
- Whether the Person is qualified to be appointed as Director or not attracting any disqualifications as prescribed under various provisions of Act, RBI/SEBI Regulations;
- Whether any Proceedings have been initiated against the person in the past and / or pending as on date involving any civil, criminal, economic offence, taxation authorities or relating to any other regulatory body such as SEBI, IRDA, MCA etc.;
- Whether the person or the entities in which he is interested have been subject to any investigation at the instance of any Government Department or Agency;
- Whether the person or the entities in which the person is interested have been prosecuted / convicted for the violation of any economic laws and regulations.

In case of appointment/ re-appointment of an Independent Director, the following additional criteria shall be considered by the Committee:

- He/ she meets the criteria of “independence” as set out in the relevant provisions of the Act , SEBI Listing Regulations and other laws applicable to the Company.
- He/ she does not hold any Board/ employment position with a competitor having its presence in the geographies in which Company operates. However, the Board may in special circumstances waive this requirement.

(iii) Responsibility of NRC

NRC shall be responsible to:-

1. assess the appropriate mix of diversity, skills, experience and expertise required on the Board and assess the extent to which the required skills are represented on the Board,
2. setting out and update the skills/expertise/competence of the board of directors alongwith the names of directors who have such skills / expertise / competence such as Industry knowledge/experience & Technical Expertise, Governance, Leadership, Strategic thinking and decision making and Personal Attributes/Behavioural competencies.
3. make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience and expertise on the Board after assessing how proposed candidate is meeting skills/expertise/competence mentioned in the matrix approved by NRC/Board
4. for every appointment of an independent director, to evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.
5. periodically review and report to the Board requirements, if any, in relation to diversity on the Board.
6. ensure that the proposed appointments / reappointments of Directors are in conformity with the Board approved policy on retirement / superannuation.

While identifying suitable candidates for independent directorship, NRC may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates

(iv) Disclosures required from Directors

1. The NRC will obtain the necessary information and declaration from the proposed / existing Directors for ensuring compliance under the Policy in the format given at **Annexure – A**.
2. The nominated / elected Directors will execute a Deed of Covenant with the Company in the format given at **Annexure – B**.
3. Every Director of the Company shall submit annually as on 31st March a declaration that the information already provided has not undergone change and where there is any change, a fresh declaration in Annexure – B has to be submitted within 30 days from end of financial year.

B. Appointment of Key Managerial Personnel and Senior Management Personnel

While evaluating a person for appointment/ re-appointment as Senior Management Personnel, various factors shall be considered including but not limited to individual's background, competency, skills, abilities (*viz.* leadership, ability to exercise sound judgement etc.), educational and professional background, personal accomplishment, age, relevant experience and understanding of related field *viz.* marketing technology, finance or such other discipline relevant to present and/ or prospective operations of the Company.

5. REMUNERATION POLICY

While determining the remuneration of Directors, KMP, Senior Management Personnel and other employees, the following criteria shall be considered:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors & other employees of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- The remuneration involves and balance between fixed & variable pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.

The overall limit of remuneration, if any, of Directors including Executive Directors (i.e. Managing Director, Whole-Time Director etc.), is being governed by the applicable provisions of the Act & rules made thereunder and SEBI Listing Regulations.

The Board can determine different remuneration for different directors on the basis of their respective roles, responsibilities, duties, time commitment etc.

(a) Non-executive Directors (NEDs) including Independent Directors (IDs)

Overall remuneration to IDs and NEDs should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the company (taking into consideration the challenges faced by the company and its future growth imperatives).

While considering the remuneration of ID/NED, the Committee shall take into account inter alia the following factors among others:

- a. Expertise, advice and inputs provided by the ID/NED;
- b. Overall amount of work put in by the ID/NED over the period, in discharging responsibilities relating to the Company / his directorship;
- c. Extent of time devoted by ID/NED in deliberating on the strategic and critical issues in the course of the Board and Committee meetings of the Company and give his valuable advice, suggestion and guidance to the management of the Company from time to time.

Pursuant to the provisions of Section 197 of the Companies Act, 2013, rules made thereunder, Listing Regulations and the shareholders' approval, the remuneration may be paid to non-executive directors (including independent directors) as may be approved by NRC and Board:

In addition to the profit linked commission, the independent directors will also be entitled to sitting fee for all Board meetings and all Committee meetings held in a single day in accordance with the provisions of the Companies Act, 2013 and Listing Regulations. ID and/or NED may be paid for the services rendered by such director in any other capacity provided that- a) The services rendered are of a professional nature; and b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.

(b) Executive Directors (Managing Director, Whole-Time Director, Executive Directors etc.)

The remuneration (including revision in the remuneration) of Executive Director, if any, shall be approved by the Board of Directors on the basis of the recommendation of the Committee.

The remuneration payable to Executive Directors shall consist of the following:

- i. Fixed Pay, which is payable monthly, and shall include basic pay, contributions to retirement benefits, house rent allowance or company-leased accommodation and other allowances as per the Company's policy
- ii. Variable Pay (paid at the end of financial year) directly linked to the performance of the individual employee (i.e. achievement against pre-determined KRAs), his / her respective Business Unit and the overall company's performance
- iii. Long term incentive / ESOPs as may be decided by the Committee from time to time.

(c) Key Managerial Personnel and Senior Management Personnel

NRC shall approve the remuneration, in whatever form, payable to KMPs and SMPs and recommend the same to the Board for approval. NRC will take into account adherence to the risk framework in conjunction with which the financial plan/ targets have been formulated.

The remuneration may comprise of fixed and variable pay components.

However, guaranteed bonus shall not be paid to KMPs and SMPs. However, in the context of new hiring joining/sign-on bonus can be considered by NRC. Such bonus will neither be considered part of fixed remuneration nor of variable remuneration.

The Company does not grant Severance Pay (other than accrued benefits in the form of Provident Fund, Gratuity, NPS or Superannuation) except in cases where it is mandated by any statute.

Further, following shall be considered while deciding the remuneration structure KMPs and SMPs:

Fixed Pay:

- a. All the fixed items of remuneration, including the perquisites and contributions towards superannuation/retiral benefits, shall be treated as part of fixed remuneration.
- b. All perquisites that are reimbursable shall also form part of the fixed remuneration so long as there are monetary ceilings on these reimbursements.
- c. Monetary equivalent of benefits of non-monetary nature (such as free furnished house, use of company car, etc.) shall be part of fixed remuneration.

Variable Pay:

- a. The variable remuneration may be in the form of share-linked instruments, or a mix of cash or share-linked instruments. However, Employees Stock Option Plan (ESOP), if any is excluded from components of variable remuneration.
- b. Variable remuneration including vesting of share linked instruments shall be linked to performance of the individual, his business vertical and overall performance of the Company and/or any other criteria as may be decided by NRC.
- c. Performance measures and their relation to remuneration packages of KMPs/SMPs should be clearly defined at the beginning of the performance measurement period to ensure that the KMPs/SMPs perceive the incentive mechanism.
- d. NRC may determine the time horizon over which variable remuneration is to be paid to KMPs/SMPs i.e whether the variable remuneration be paid immediately after performance assessment or certain portion of variable remuneration be deferred to time horizon of the risks. The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable remuneration.

In case of revision in remuneration of KMPs and SMPs post their appointment, the proposed revision is to be placed before the NRC for its ratification/approval, as the case may be. The remuneration proposed will be consistent with the strategy of the Company and in line with the comparable market and internal remuneration benchmarks.

(d) Other employees

The remuneration payable to other employees and any revision thereof shall be as per the HR policies of the Company.

The remuneration, if any, payable to other employees shall consist of the following:

- I. Fixed Pay, which is payable monthly and include basic pay, contributions to retirement benefits, house rent allowance or company-leased accommodation and other allowances as per the Company's policy
- II. Variable Pay (paid at the end of Financial Year) directly linked to the performance of the individual employee (i.e. achievement against pre-determined KRAs), his / her respective business unit and the overall Company performance
- III. Long term incentive / ESOPs as may be decided by the Committee from time to time.

6. MALUS/CLAWBACK

- a. Malus or Clawback shall be triggered for responsible employee(s) under any of the following conditions or any other condition as determined by the NRC:
 - Material restatement of financials
 - Detrimental conduct including but not limited to illegal activity, breach of fiduciary duty, fraud, deliberate harm to Company reputation
 - Significant responsibility for a material adverse outcome for Company as whole or business unit
 - Wilful misleading of Company, Board, shareholders or regulators
 - Significant deterioration of financial health of the Company
 - Material failure of risk management
 - Shortfall in capital adequacy
- b. The deferred part of the variable remuneration will be subject to malus, under which, the Company will prevent vesting of all or part of the variable remuneration in the event of an enquiry determining gross negligence or integrity breach.
- c. In the event of a reasonable evidence of deterioration in financial performance in form of drop in the Profit after tax (PAT) from one financial year to the next by 25% or more, the NRC may evaluate the conditions leading to the downturn, including changes in regulations, market conditions, industry performance and others. The NRC may decide to apply malus on none, part or all of the unvested deferred variable compensation based on the outcome of the evaluation.
- d. KMPs/SMPs will be required to sign clawback agreements for the variable remuneration. In a clawback arrangement, the employee will agree to return, in case asked for, the previously paid variable remuneration to the Company in the event of an enquiry determining gross negligence or integrity breach, taking into account relevant regulatory provisions.
- e. The clawback clause will apply and would imply recovery of annual cash incentives paid over the last five years from the date of discovery of the applicable trigger. In case of cash based variable pay, the employee shall be required to return previously paid amount, net of taxes, to the Company. In case of ESOPs, as a general rule clawback would be applicable only to vested but un-exercised options. However, in exceptional cases, NRC may decide to extend the clawback clause to exercised options as well. In such cases where the vested stock options have already been exercised, the employee shall return fair value of options at the time of grant, using Black Scholes model.
- f. Malus clause shall be considered if an act of negligence, on part of one or group of employees, comes to light in the subsequent period and clawback clause shall be considered if an act of integrity breach or fraud on part of one or group of employees comes to light in the subsequent period.

7. SUCCESSION PLANNING FRAMEWORK

The Company has a robust succession planning framework in place for the Board and top critical positions including its Senior Management. The Board of Directors and Nomination Committee are entrusted with overseeing and monitoring talent management and succession planning initiatives at the Company in the following institutionalized manner:

Board: A robust process is followed for Board rejuvenation and succession which is a hallmark of a forward-thinking, future-ready and progressive Board. The Board and Nomination Committee deliberate on various factors including current tenure of board members, outcome of performance evaluation, skill matrix including skill-gaps, Board diversity, time-commitment, statutory requirements etc. offering an additional opportunity to assess Board's competencies and capabilities. The Chairman works closely with the Nomination Committee to put in place a multi-year succession plan, which takes into account anticipated departures/ retirements on the Board, prioritizes future needs and builds a strong talent pipeline.

Top critical positions including SMPs: HR Department anchors the whole process and carries out detailed evaluation of each position including various criteria of identification of successors, their readiness/ development plan (which could be in the form of job rotation, exposure, coaching, mentorship, development and engagement etc). The Nomination Committee of the Company then review of succession planning framework on regular basis. The Committee reviews the detailed plan including specific listing of critical jobs, successors identified and readiness timeline/ contingency plan for each position. The framework involves skilling for the top leadership as well to foster successor readiness more effectively. The Board also reviews the succession planning framework for top critical positions including SMPs. For critical positions, the Company also follows the global best practice wherein the identified successor shadows the current incumbent for a reasonable period to allow smooth and orderly succession.

8. DISCLOSURES BY THE COMPANY

This Policy shall be hosted on the Company’s website viz. www.bhartitelecom.in. Further, salient features of this Policy, along with changes made therein during the year, if any, along with web address of this Policy shall be disclosed in the Annual Report.

9. GENERAL

- Words & expressions used in this Policy, shall have the same meaning as ascribed to them in SEBI Listing Regulations, SEBI Act, Act, rules & regulations made thereunder and/ or any other law applicable to the Company for time being in force.
- In case any provision of this Policy is contrary to or inconsistent with the provisions of applicable laws, the latter shall prevail.
- This Policy would be subject to revision/amendment in accordance with the applicable laws. Any subsequent amendment, clarification, guidance, circular etc. in relation to the applicable laws shall prevail over this Policy and the Policy shall stand amended accordingly from the effective date as laid down by the relevant authority.
- Any question/ clarification/ suggestion relating to this Policy may be addressed to the Company Secretary at compliance.officer@bharti.in.

INFORMATION ABOUT THE DIRECTOR

I	Personal Details of Directors	
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 you are 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 you are considered as holding substantial interest within the meaning of NBFC Prudential Norms Directions, 2007#	
d	Name of NBFC in which you are 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 you and/ or by entities listed in II (b) and (c) above from the NBFC	
f	Cases, if any, where you or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from the NBFC or any other NBFC / bank.	
III	Records of professional achievements	
a	Relevant professional achievements	
IV	Proceedings, if any, against the director	
a	If the director is a member of a professional	

	association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/ occupation at any time.	
b	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations	
c	Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director	
d	Whether the director attracts any of the disqualifications envisaged under Section 274 of the Companies Act 1956 and corresponding provisions of New Companies Act, 2013?	
e	Has the director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?	
f	Has the director at any time been found guilty of violation of rules/ regulations/ legislative requirements by customs/ excise /income tax/foreign exchange /other revenue authorities, if so give particulars	
g	Whether the director has at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA.(Though it shall not be necessary for a candidate to mention in the column about orders and findings made by the regulators which have been later on reversed/set aside in 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.)	
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 :

Signature

Date :

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

Place :

Signature

Date:

'Substantial Interest' means: Holding of beneficial interest by an individual or his/ her spouse or minor child, whether singly or taken together, in shares of Company/ Capital of Firm, the amount paid up on which exceeds 10 percent of paid up capital of the Company or total capital subscribed by all the partners of partnership firm.

Annexure-B

**Deed of Covenants with a Director
(To be executed on Rs.100 stamp paper)**

THIS DEED OF COVENANTS is made this ____ day of ____ Two thousand ____ **BETWEEN** _____, having its registered office at _____ (hereinafter called the 'NBFC') of the one part and Mr / Ms _____ of _____ (hereinafter called the "Director") of the other part.

WHEREAS

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 favour and without any influence on exercise of his / her independent judgement;

(v) The director shall have :

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

(b) duty to act only within the powers as laid down by the NBFC's Memorandum and Articles of Association and by applicable laws and regulations; and

(c) duty to acquire proper understanding of the business of 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 Board for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by the NBFC in his / her capacity as director of the NBFC only for the purposes of performance of his / her duties as a director and not for any other purpose.

3. The NBFC covenants with the 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 matters brought before the Board for its consideration or entrusted to the director by the Board or any committee thereof;
- (iii) the disclosures to be made by the NBFC to the directors shall include but not be limited to the following :
- (a) all relevant information for taking informed decisions in respect of matters brought before the Board;
 - (b) NBFC's strategic and business plans and forecasts;
 - (c) organisational structure of the NBFC and delegation of authority;
 - (d) corporate and management controls and systems including procedures;
 - (e) economic features and marketing environment;
 - (f) information and updates as appropriate on NBFC's products;
 - (g) information and updates on major expenditure;
 - (h) periodic reviews of performance of the NBFC; and
 - (i) report periodically about implementation of strategic initiatives and plans;
- (iv) the NBFC shall communicate outcome of Board deliberations to directors and concerned personnel and prepare and circulate minutes of the meeting of Board to directors in a timely manner in accordance with the provisions of the Companies Act, 2013; and
- (v) advise the director about the levels of authority delegated in matters placed before the Board.

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

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

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

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

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

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

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

For the NBFC
By
Name:
Title:

Director
Name:

In the presence of:
1.

2.