

**XANDER FINANCE PRIVATE LIMITED (XFPL)
FIT AND PROPER CRITERIA/ FRAMEWORK FOR DIRECTORS**

Date of review: Reviewed and approved in the Board Meeting held on February 10, 2022

1. PREFACE

Xander Finance Private Limited ('XFPL' or 'Company') is registered with the Reserve Bank of India ('RBI') as a Systemically Important Non-Deposit Accepting Non-Banking Financial Company (NBFC-ND-SI). The Company provides end to end credit solutions including advisory services, deal structuring, financing, and workouts to investors, developers, asset owners, private equity owners and large corporations across a range of industries.

The Reserve Bank of India ('RBI') vide its Notification No. DNBR. 019/CGM (CDS)-2015 dated April 10, 2015 ("RBI Notification") requires NBFCs to adopt policy on Fit & Proper Criteria / Framework for Directors in view of having increasing integration of NBFCs in the financial sector and their growing systemic significance. Thus, it becomes important that the Directors who are responsible for steering the affairs of the Companies are fit and proper, besides having the necessary qualifications.

2. DEFINITIONS:

"Nomination Committee or NRC" means the Nomination and Remuneration Committee of the Board of Directors of the Company constituted under provisions of Companies Act, 2013.

"Directors" mean individual Director or Directors on the Board of the Company.

"Board" means Board of Directors of the Company.

"Policy" means Director's Fit and Proper Criteria / Framework.

"Company" means Xander Finance Private Limited.

All other terms which are not defined above, shall have the meanings as ascribed under Master Direction Non-Banking Financial Company –Systemically Important Non-Deposit taking

Company (Reserve Bank) Directions, 2016 issued by RBI and other applicable directions as issued by RBI and the Companies Act, 2013.

3. APPLICABILITY:

This policy on Fit and Proper Criteria / Framework for Directors (the “Policy”) applies to the individuals to be considered for the position of director on the Board of the Company and the continuing Directors of the Company.

4. POLICY OBJECTIVE:

The Objective and purpose of this policy is:

- 4.1 To lay down fit and proper criteria/ framework and lay down the process of due diligence to determine the suitability of the person for the appointment / reappointment / continuing to hold the position as a Director on the Board of the Company;
- 4.2 To frame fit and proper standards and measures for Directors and lay down internal procedures for the implementation of the said standards and measures in order to comply with above said RBI Notification.
- 4.3 To ensure that each Director to be appointed or already appointed understands, the fit and proper criteria policy and their obligation to continue to meet the fit and proper requirements on an on-going basis.

5. POLICY FRAMEWORK:

- 5.1 The Company, while appointing directors, shall ensure that the procedures mentioned below are followed:
 - (a) The Company shall undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, experience, track record, integrity and other ‘fit and proper’ criteria
 - (b) To comply with the above, the necessary information and declaration from the proposed/ existing Directors shall be obtain by the Company in the format given at *Annexure– I*.

- (c) The process of due diligence along with scrutiny of the declarations shall be undertaken by the Nomination Committee at the time of appointment / renewal of appointment. Accordingly, the Nomination Committee shall decide on the acceptance or otherwise of the Directors.
 - (d) Every year as on 31st March, a simple declaration from the directors shall be obtained that the information already provided has not undergone change and wherever there is any change, requisite details are furnished by them forthwith.
 - (e) The Company shall ensure that a 'Deed of Covenant' is executed annually with the nominated/ elected directors as per the prescribed format given in *Annexure-2*.
 - (f) Directors nominated to the board of NBFC should be between 30 to 70 years of age.
- 5.2 The Nomination Committee shall be authorized to undertake any action/ step required to be taken to comply with the requirements prescribed under the RBI directions referred above or any amendments thereof at all times.
- 5.3 The Nomination Committee shall determine the criteria of appointment to the Board and shall be vested with the authority to identify candidates for appointment to the Board of Directors. In evaluating the suitability of a person for appointment / continuing to hold appointment as a Director, the committee will take into account, his eligibility, qualification, expertise, track record, integrity and other 'fit and proper' criteria as may be determined from time to time.
- 5.4 The various 'Fit and Proper' criteria which need to be reviewed by the Nomination Committee before an appointment of a person as Director or after a person is appointed as Director on continuing basis shall include the following:
- (a) Whether the Person is qualified to be appointed as Director or not attracting any disqualifications as prescribed under various provisions of Companies Act, 2013, erstwhile Companies Act 1956;
 - (b) Whether any Proceedings have been initiated against the person in the past and / or pending as on date involving any criminal, economic offence, or relating to violation of rules / regulations issued by any other regulatory body such as Securities Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDA), Ministry of Corporate Affairs (MCA) etc.;
 - (c) 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;

(d) 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.

5.5 The Nomination Committee will assess and evaluate the eligibility of the person based on the above mentioned Fit and Proper criteria before the appointment or any renewal of appointment of director and subsequently the aforesaid criteria's will be reviewed /evaluated by the NRC on continuing basis.

6. REVIEW

This policy needs to be reviewed by the Board of Directors on an annual basis. The recommendations/changes required to be made in this policy may be suggested by Nomination & Remuneration Committee.

The Fit and Proper Policy has been adopted by the Board of Directors on April 22, 2015, and shall come into force with immediate effect.

**Annexure-I
INFORMATION AND DECLARATION BY 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 2(77) of the Companies Act, 2013)	Enclosed as Annexure 'A' List of Relative

B	List of entities if any in which you are considered as being interested (Refer Section 184 and 185 of the Companies Act, 2013)	Enclosed as Annexure 'B' List of entities if any in which he/she is considered as being interested and / holding substantial interest
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)	Enclosed as Annexure 'C' List of NBFC Name in which he/she is or has been a member of the board
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	Enclosed as Annexure 'D' List of Fund and non-fund facilities availed by him/her and/ or by entities in which he/her is considered as being interested
F	Cases, if any, where the director or entities listed in II (B) and (C) above are in default or have been in default in the past in respect of credit facilities obtained from the NBFC or any other NBFC / bank.	
III	Records of professional achievements	
A	Relevant professional achievements	
IV	Proceedings, if any, against the director	
A	If the director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/ occupation at any time.	

B	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in II (B) and (C) above for violation of economic laws and regulations	
C	Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director	
D	Whether the director attracts any of the disqualifications envisaged under Section 164 of the Companies Act 2013	
E	Has the director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?	
F	Has the director at any time been found guilty of violation of rules/ regulations/ legislative requirements by customs/ excise /income tax/foreign exchange /other revenue authorities, if so give particulars	
G	<p>Whether the director has at any time come to the adverse notice of a regulator such as SEBI, IRDA, and MCA.</p> <p>(Though it shall not be necessary for a candidate to mention in the column about orders and findings made by the regulators which have been later on reversed/set aside in to, it would be necessary to make a mention of the same, in case the reversal/setting aside is on technical reasons like limitation or lack of jurisdiction, etc and not on merit, If the order of the regulator is temporarily stayed and the appellate/ court proceedings are pending, the same also should be mentioned.)</p>	
V	Any other explanation / information in regard to	



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	items I to III and other information considered relevant for judging fit and proper	
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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:

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

LIST OF RELATIVES

For the purpose of sub-section (77) of section 2 of the Companies Act, 2013, the following are my relatives:

1. Member or HUF
2. Husband /Wife
3. Father (including step-father)
4. Mother (including step-mother)
5. Son (including step-son)
6. Son's wife
7. Daughter (including step –son)
8. Daughter's husband
9. Brother (including step-brother)
10. Sister (including step-sister)

Annexure 'B'

LIST OF ENTITIES IF ANY IN WHICH HE/SHE IS CONSIDERED AS BEING AND/ HOLDING SUBSTANTIAL INTEREST WITHIN THE MEANING OF NBFC PRUDENTIAL NORMS DIRECTIONS, 2007

Sr. No.	Names of the Entities	Nature of concern or substantial interest/change in concern or substantial interest	Shareholding if applicable	Date on which concern or substantial interest /change in concern Or substantial interest arose / changes

Annexure 'C'

LIST OF NBFC'S IN WHICH HE/SHE IS OR HAS BEEN A MEMBER OF THE BOARD

Sr. No.	Names of the NBFC'S	Designation	Date of Appointment	Date of Resignation

Annexure 'D'

LIST OF FUND AND NON-FUND FACILITIES AVAILED BY HIM/HER AND/ OR BY ENTITIES IN WHICH HE/HER IS CONSIDERED AS BEING INTERESTED

Sr. No.	Particulars of Facility	Type of Facility	Term of Facility

Annexure-II

Deed of Covenants

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) 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.



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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 _____

Director
Name:

In Presence of:

- 1.
- 2.



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Particulars	Date of adoption/ review/ revision
Adoption	22 nd April 2015
Review	18 th March 2016
Review	28 th March 2017
Review	23 rd March 2018
Review	18 th March, 2019
Review	11 th March, 2020
Review	23 rd March, 2021
Review	10 th February, 2022