A. K. CAPITAL FINANCE LIMITED

BUILDING BONDS

Director's Fit and Proper Policy

Approved/ Amended by	Date of Approval
Approved by Board of Directors	April 01, 2015
Amendment of the Policy	May 17, 2025

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1. Preamble

The Board of Directors **(the "Board")** of A. K. Capital Finance Limited **(the "Company" or "AKCFL"),** has adopted the following policy with regard to ascertaining the Fit and Proper criteria of Directors at the time of their appointment and on continuing basis as defined below.

This Policy shall be adhered to in the selection process of the Directors of the Company This Policy is to ensure that the Directors of the Company who are responsible for steering the affairs of the Company are fit and proper, besides having the necessary qualifications.

2. Purpose

This Policy has been framed as required under Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time ("**Master Directions**") as issued by the Reserve Bank of India. This Policy intends to establish a system/ process in place for undertaking due diligence of persons before appointing them on the Board and on continuing basis by ascertaining their suitability for the post on basis their qualifications, technical expertise, track record, integrity etc.

3. Definitions

"*Act*" means the Reserve Bank of India Act, 1934 [including any amendments or re-enactments thereof]

"Board" means Board of Directors of the Company.

"Company" means the A. K. Capital Finance Limited.

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

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

"Policy" means Director's Fit and Proper Policy.

Any term(s) and, or expression(s) not defined in this Policy shall have the same meaning as defined in the applicable provisions of the Act and other applicable laws/ regulation.

Wherever appropriate in this Policy, a singular term shall be construed to mean the plural where necessary and a plural term the singular. Similarly, any masculine term shall also be construed to mean the feminine or any other gender and vice versa.

4. Policy

4.1 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, track record, integrity and other 'fit and proper' criteria as NRC/ Board deems fit or necessary.
b) To comply with the above, the necessary information and declaration from the proposed/ existing Directors shall be obtain in the format given at **Annexure– A.**
c) The process of due diligence along with scrutiny of the declarations shall be undertaken by the NRC at the time of appointment / re-appointment. Accordingly, the NRC 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) It shall be ensured that a 'Deed of Covenant' is executed with nominated/ elected directors whose appointment is approved by the Board of Directors of the Company as per the format given in **Annexure - B**.

4.2 The NRC shall be authorized to undertake any action/ step required to be taken to comply with the requirements prescribed under the Master Directions or any amendments thereof.

4.3 The NRC 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 NRC will take into account apart from others his eligibility, qualification, expertise, track record, integrity and other 'fit and proper' criteria as may be determined from time to time.

4.4 The various '**Fit and Proper'** criteria which need to be reviewed by the NRC 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 civil, criminal, economic offence, taxation authorities or relating to any other regulatory body such as SEBI, RBI, IRDA, 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; and

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.

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

5. Review and Amendment

The Company reserves the right to review and make amendment to this Policy from time to time as it deems fit in accordance with the applicable laws, rules and regulations for the time being in force with the approval of the Board at its own or on the recommendation of NRC.

In the event of any conflict between the provisions of this Policy and the Act or any other statutory enactments, the provisions of such Act or statutory enactments shall prevail over this Policy. An interim review and amendment can also be carried out to accommodate minor changes, if any, on regulatory and operating front by the Compliance Officer of the Company.

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Annexure-A

Declaration and Undertaking by Director

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 paragraph 5.1.33 of these Directions	
d.	Name of NBFC in which he/she is or has been a member of the board (giving details of period during which such office was held)	

e.	Fund and non-fund facilities, if any, presently availed of by him/her and/or by entities listed in II (b) and (c) above from the NBFC	
f.	Cases, if any, where the director or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from the NBFC or any other NBFC/bank	

III. **Records of professional achievements**

a.	Relevant professional achievements	

IV. Proceedings, if any, against the director

a.	If the director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/ occupation at any time.	
b.	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations.	
c.	Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director.	
d.	Whether the director attracts any of the disqualifications envisaged under Section 274 of the Companies Act 1956 and corresponding provisions of New Companies Act, 2013?	
e.	Has the director or any of the entities at II(b)and(c) above been subject to any investigation at the instance of Government department or agency?	
f.	Has the director at anytime 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 anytime come to the adverse notice of a regulator such as SEBI, IRDA, MCA.	

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 and Remuneration Committee/~~Board of Directors~~ of NBFC –

The Nomination and Remuneration Committee has scrutinized the data provided above by _____ of the Company and have accepted the same. Further, the Committee appreciated the vast knowledge and experience of _____ in the field of _____and has confirmed her to be a fit and proper person to be appointed as an _____ of the Company.

Place : Signature
Date

Annexure-B

Deed of Covenants

THIS DEED OF COVENANTS is made this _____**BETWEEN** A. K. Capital Finance Limited, having its registered office at 601-602, 6th Floor, Windsor, Off CST Road, Kalina, Santacruz (E),Mumbai – 400 098 (hereinafter called the "NBFC") of the one part and _____, (DIN: _____), _____ of A. K. Capital Finance Limited (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 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 her said terms of appointment.

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

1. The Director acknowledges that her appointment as a 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 her interest, direct or indirect, if 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 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 her other directorships, her memberships of bodies corporate, her interest in other entities and 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 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 her duties as director of the NBFC:

(a) use such degree of skill as may be reasonable to expect from a person with her knowledge or experience;
(b) in the performance of her duties take such care as she might be reasonably expected to take on her own behalf and exercise any power vested in her in good faith and in the interests of the NBFC;
(c) shall keep herself informed about the business, activities and financial status of the NBFC to the extent disclosed to 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 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 her judgement in matters brought before the Board or entrusted to her by the Board be free from any business or other relationship which could materially interfere with the exercise of her independent judgement; and
(h) shall express her views and opinions at Board meetings without any fear or favour and without any influence on exercise of 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 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, she shall forthwith disclose her concerns to the Board; and
(c) not make improper use of information disclosed to her as a member of the Board for her or someone else's advantage or benefit and shall use the information disclosed to her by the NBFC in her capacity as director of the NBFC only for the purposes of performance of 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 her interest, direct or indirect therein;
(d) qualification requirements and provide copies of Memorandum and Articles of Association;
(e) corporate policies and procedures;
(f) insider dealing restrictions;
(g) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
(h) appointments of Senior Executives and their authority;
(i) remuneration policy,
(j) deliberations of committees of the Board, and
(k) communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the NBFC, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.

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

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

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

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

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

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

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

6. The Director shall not assign, transfer, sublet or encumber her office and 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.

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

Director

Name:

Name:

Title:

In the presence of:

1. …….

2. …….

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