NOMINATION POLICY

OF

PAYU FINANCE INDIA PRIVATE LIMITED

Confidentiality:

The descriptive materials and related information in this document may contain information that is confidential and proprietary to PayU Finance India Private Limited. This information is submitted with the express understanding that it will be held in strictest confidence and will not be disclosed, duplicated or used, in whole or in part, for any purpose other than evaluation of this document.

Version August 2026

Authority	Details
Scope	This Nomination Policy sets out PayU Finance India Private Limited's policies and processes in relation to the appointment of directors in accordance with requirements under Applicable Laws.
Drafted by	Compliance & Corporate Secretarial function
Reviewed by	CCO & CS
Approved by	Board of Directors

Version History

Version No.	Approved By	Approved on
1.0	Board of Directors	23.10.2020
1.1	Board of Directors	12.06. 2023
1.2	Board of Directors	20.06.2024
1.3	Board of Directors	12.08.2025
1.4	Board of Directors	25.08.2026

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DEFINITIONS

1 Definitions

1.1 "**Applicable Laws**" means all applicable laws, statutes, enactments, acts of central or state legislature, ordinances, rules, regulations, notifications, guidelines, directions, directives, policies, circulars, decisions and any other pronouncements issued in accordance with the Companies Act, the RBI Governance Directions, the RBI Registration and SBR Directions or any other law applicable to the jurisdiction of India by any central, state, local, or other governmental, administrative or regulatory authority exercising executive, legislative, judicial, regulatory or administrative functions.

1.2 "**Board**" means the board of Directors.

1.3 "**Companies Act**" means the Companies Act, 2013, and rules and regulations issued thereunder, as amended from time to time.

1.4 "**Director**" means any director on the Board of PayU Finance appointed in accordance with Applicable Laws.

1.5 "**Fit and Proper Charter**" means the fit and proper charter adopted by PayU Finance and as outlined in this Nomination Policy.

1.6 "**NBFC**" means a non-banking finance company registered with the RBI under the provisions of the RBI Act.

1.7 **"NBFC-ML"** means a middle layer NBFC as classified under the RBI Registration and SBR Directions.

1.8 "**NRC**" or "**Nomination and Remuneration Committee**" means the nomination and remuneration committee of PayU Finance constituted in accordance with this Nomination Policy.

1.9 "**Nomination Policy**" means this Nomination Policy as approved and adopted by the Board.

1.10 "**PayU Finance**" means PayU Finance India Private Limited, a company incorporated under the Companies Act, 1956.

1.11 "**RBI**" means the Reserve Bank of India.

1.12 "**RBI Act**" means the Reserve Bank of India Act, 1934, as amended from time to time.

1.13 "**RBI Governance Directions**" means the Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions, 2025 issued by RBI, dated 28 November 2025, bearing reference number RBI/DOR/2025-26/344 DOR.GOV.REC.No.263/18-10-013/2025-26, as amended from time to time.

1.14 "**RBI Registration and SBR Directions**" means the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 issued by RBI, dated 28 November 2025, bearing reference number RBI/DOR/2025-26/339 DOR.FIN.REC.No.258/03.10.119/2025-26, as amended from time to time.

2 Interpretation

Unless defined expressly herein, all capitalised terms used in this Nomination Policy shall have the meanings assigned to them under the Companies Act, the RBI Governance Directions, the RBI Registration and SBR Directions, RBI Act, any notification, guideline and/or circular issued by the RBI from time to time and/or any other relevant policy or business document of PayU Finance (as the case may be).

INTRODUCTION

3 Background

3.1 PayU Finance operates as a non-deposit taking NBFC and has been categorised as NBFC-ML in terms of the RBI Registration and SBR Directions. It is engaged *inter alia* in the business of providing application-based unsecured lending which comprises of loan products such as personal loans, consumer loans, transactional credit, business loans, apart from providing certain technology related services, financial services or a combination of both.

3.2 PayU Finance is also exploring opportunities to venture into the secured lending segment. As part of this initiative, PayU Finance has acquired loans through direct assignment agreements with other financial institutions, which are secured by mortgage of properties or by hypothecation of assets of the Borrower or other obligors.

3.3 The RBI Governance Directions (read with Section 178 of the Companies Act) require the board of directors of a NBFC-ML to lay out an internal supervisory process for (i) undertaking better governance in relation to *inter alia* appointment and re-appointment of the directors, and (ii) conducting due diligence on existing directors, and persons proposed to be appointed as directors, of the NBFC-ML, and adopt appropriate 'fit and proper' standards in this regard.

3.4 Under the RBI Governance Directions, the 'fit and proper criteria' standards adopted by the NBFC-ML have to take into account relevant factors such as qualification, track record, expertise, integrity of the proposed or existing (as the case may be) directors of the NBFC-ML.[1]

3.5 Under the RBI Governance Directions, relevant experience, restrictions on directorships in other NBFC-ML or NBFC UL etc. shall be taken into account in relation to the proposed and existing (as the case may be) directors of the NBFC-ML.

3.6 In view of the above, the Board has approved and adopted this document as the Nomination Policy of PayU Finance (which includes *inter alia* the 'Fit and Proper Charter' adopted by PayU Finance).

4 Objectives

Objectives of this Nomination Policy are to:

4.1 provide for the constitution, composition and roles and responsibility of the NRC;

4.2 formulate criteria and standards and provide guiding principles for the appointment and reappointment of Directors in compliance with Applicable Laws;

4.3 adopt a consistent approach for evaluation of performance of Directors of PayU Finance;

4.4 set out a robust mechanism to be adopted by PayU Finance for conducting due diligence on the individuals proposed to be appointed to the Board and/or continuing, as Directors;

4.5 ensure that only individuals of high caliber and suitability (with the right blend of experience and qualifications) are appointed to the Board; and

4.6 provide the proposed and/or continuing Directors an overview of the factors considered by PayU Finance for their appointment and/or re-appointment and their obligation to comply with the standards adopted by PayU Finance.

[1] Paragraph 13(1) of the RBI Governance Directions.

5 Overview

The Nomination Policy is divided into the following parts:

5.1 **Part 1 (Composition and Role of the NRC)** lays out the constitution, responsibilities, powers and functions of the NRC;

5.2 **Part 2 (Appointment Guidelines)** provides guidelines for the appointment of Directors of PayU Finance;

5.3 **Part 3 (Fit and Proper Charter)** sets out the guidelines for determining and implementing the 'fit and proper' criteria for an individual to be appointed to the Board, as well as existing Directors, of PayU Finance; and

5.4 **Part 4 (Review and Oversight)** describes the procedural aspects for implementing the Nomination Policy.

PART 1
COMPOSITION AND ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE

6 Constitution and Composition of the NRC

6.1 Constitution

6.1.1 Every NBFC-ML is required to set up a nomination and remuneration committee to ensure that its proposed and /or existing directors meet the fit and proper status adopted by the NBFC-ML[2].

6.1.2 Accordingly, the NRC will oversee the implementation of this Nomination Policy and will have the powers, functions and duties set out under Corporate Governance policy, NRC Charter and this Nomination Policy (including but not limited to the powers set out under Section 178 of the Companies Act to the extent applicable[3]).

6.2 Composition

6.2.1 The NRC shall comprise of a minimum of three non-executive Directors, with its composition being determined by the Board from time to time in accordance with the Corporate Governance policy and applicable regulatory requirements.

6.2.2 The Board shall, in accordance with the RBI Governance Directions and relevant provisions of the Companies Act:

(a). have the power to reconstitute the NRC as and when it deems fit; and

(b). undertake decisions in relation to the functions, terms of reference, roles, responsibilities, powers and functions of the NRC.

6.3 Role and Responsibilities of the Nomination and Remuneration Committee

The NRC will have the powers, functions, duties and obligations prescribed to it under Applicable Laws. The primary roles and responsibilities of the NRC *inter alia* include[4]:

6.4 Identification

6.4.1 assessing and evaluating the eligibility of an individual to be appointed to the Board of PayU Finance based on the criteria described in the Fit & Proper Charter (set out in Part 3 of this Nomination Policy) and provide necessary recommendations and updates to the Board in this regard. The NRC will ascertain the aforementioned criteria before the appointment and/or renewal of the Directors which will be subsequently reviewed and evaluated by the NRC on a periodic basis; and

6.4.2 identifying individuals for appointment as the Directors of PayU Finance in accordance with Applicable Laws and the criteria laid down in this Nomination Policy.

6.5 Planning

6.5.1 setting out the criteria for determining qualifications of the Directors of PayU Finance;

[2]Paragraph 18 of the RBI Governance Directions.
[3]Paragraph 18 of the RBI Governance Directions.
[4] Section 178 of the Companies Act.

6.5.2 undertaking a due diligence exercise to determine the suitability of the existing/proposed Directors for their appointment and/or re-appointment (as the case may be) in accordance with the Fit and Proper Charter in Part 3 of this Nomination Policy; and

6.5.3 laying down a comprehensive method for evaluating the performance of the Board, committees of the Board and Directors, individual directors and Chairperson of PayU Finance.

6.6 Evaluation

(i) evaluating Directors on the basis of the following:

(a). whether they have acted in accordance with the articles of association of PayU Finance;

(b). their background, skills and qualifications to determine the level of contribution each of them can be expected to make in the overall functioning of the Board;

(c). past attendance to meetings and participating and contribution towards activities of the Board;

(d). whether they have exercised their duties with reasonable care, skill and diligence;

(e). whether they have been involved in a situation in which they may have had a direct or indirect interest that conflicts, or may possibly conflict, with the interests of PayU Finance; and

(f). whether they have acted in good faith in order to promote the objectives of PayU Finance for the benefit of its members as a whole, and in the best interests of PayU Finance, its employees, shareholders and other stakeholders;

(ii) ensuring that the individuals proposed to be appointed and/or reappointed as Directors meet the 'fit and proper' criteria as per Applicable Laws (described in Part 3 of this Nomination Policy);

(iii) ensuring that no person appointed as a Director has any disqualifications for being appointed as such under Applicable Laws (including any disqualifications set out under Section 164 of the Companies Act) and that these persons have given their written consent to PayU Finance for their appointment;

(iv) scrutinizing and verifying the documentation (including documentation set out in paragraph 11 of Part 3 of this Nomination Policy) submitted by the proposed and/or existing Directors of PayU Finance; and

(v) obtaining any other statutorily prescribed undertakings/ consents from the proposed and/or existing Directors.

6.7 Review

(i) reviewing the structure, size and composition of the Board on a periodic basis (as necessary) and making recommendations on proposed changes to the Board in accordance with PayU Finance's corporate strategy;

(ii) ensuring that the criteria for appointment and/or re-appointment of the Directors as set out in Part 3 of this Nomination Policy and under Applicable Laws is considered and met by PayU Finance; and

(iii) in case the individual is proposed to be appointed as an independent director of PayU Finance, to ensure that the individual meets the criteria set out under sections 149 and

150 of the Companies Act.

6.8 Implementation

(i) ensuring that the criteria for appointment of Directors to the Board and/or re- appointment of the Directors of PayU Finance is evaluated and considered before such appointment and/or renewal of appointment and is subsequently reviewed and evaluated by the committee on a periodical basis;

(ii) making necessary recommendations to the Board for appointment and/or reappointment of the proposed and/or existing Directors of PayU Finance based on the evaluation and due diligence exercise undertaken by the NRC; and

(iii) undertaking any actions or steps required to be taken to comply with the requirements prescribed under Applicable Laws for effective implementation of this Nomination Policy.

6.9 Meetings

(i) The meeting of the NRC shall be held at least once in a year or at such periodical intervals as may be required by the NRC or the Board or in accordance with the periodicity mentioned in the Corporate Governance policy.

(ii) The chairman of the NRC shall sign the minutes of meeting of the NRC.

PART 2
APPOINTMENT GUIDELINES

7 Appointment Criteria and Qualifications

7.1 The NRC has the responsibility of identifying, evaluating, selecting and recommending candidates for appointment to the Board.

7.2 The NRC will ensure that the 'fit and proper' criteria in Part 3 of this Nomination Policy is considered and evaluated for the appointment and/or re-appointment of a Director.

7.3 The NRC can also take into account the 'fit and proper' criteria set out under Part 3 of this Nomination Policy for appointment and/or re-appointment of the Director and/or other member of the Board.

7.4 In addition to the factors set out in in Part 3 of this Nomination Policy, the NRC can evaluate an individual for appointment to the Board and/or re-appointment as a Director on the basis of the following additional factors:

7.4.1 *Diversification* - ensure diversification on the Board based on skills, regional and industry experience, background and other qualifications of the individual;

7.4.2 *Estimated contribution* - project the extent to which the individual could contribute to the functioning of the Board;

7.4.3 *Impact on independent judgment* - assess the impact the individual's current positions, previous experience and track record may have on the individual's ability to exercise independent judgment in relation to PayU Finance's matters;

7.4.4 *Leadership skills* - assess if the individual demonstrates leadership skills;

7.4.5 *Promoting community cohesion* - determine if the individual is committed to promotion of equal opportunities, community cohesion and health and safety at the workplace; and

7.4.6 *Commitment to internal procedures and policies* - evaluate that the individual is committed to PayU Finance's internal guidelines, principles and policies.

7.5 Objectives

The objective of the NRC is to:

7.5.1 attract and retain a range of talent to deliver against PayU Finance's strategies and interests[5];

7.5.2 ensure an appropriate balance between employee and investor interests;

7.5.3 sustainably make positive contributions to stakeholders;

7.5.4 encourage achievement of results in line with PayU Finance's internal values and culture; and

7.5.5 ensure transparency so that all stakeholders and employees of PayU Finance have awareness on PayU Finance's internal nomination structures.

7.6 Term

[5] Section 178(4)(a) of the Companies Act.

All appointments of members to the Board will be made for a term in accordance with Applicable Laws.

7.7 Removal and Retirement

7.7.1 The NRC may recommend to the Board, with reasons recorded in writing (including but not limited to reasons on account of disqualification under the Companies Act, misconduct and/or fraud), the removal of any Director in accordance with the provisions of the Companies Act.

7.7.2 The Directors shall retire in accordance with Applicable Laws. The Board may retain an individual in his/her capacity as a Director in the same position pursuant to such person's retirement, for the benefit of PayU Finance, subject to Applicable Laws.

7.8 Determination of remuneration

The remuneration of the Directors shall be at the discretion of PayU Finance in accordance with prevailing Applicable Laws.

7.9 Governance

The NRC, at its discretion as it considers appropriate, may invite Directors or other members of the senior management to attend the proceedings of the meetings of the NRC.

PART 3
FIT AND PROPER CHARTER

8 Overall Process

PayU Finance shall adopt the following procedure for appointing and/or re-appointing individual(s) as Director(s):

(i) ensure that the NRC (a) scrutinises the proposed candidates for appointment as a director to the Board; and (b) oversees such appointment in accordance with this Nomination Policy;

(ii) undertake a due diligence process on the proposed director(s) (in case of fresh appointment) and existing Director(s) (in case of re-appointment) in the manner contemplated in this Nomination Policy;

(iii) obtain the required documentation set out in paragraph 11 below from the and/or existing Directors in case of their appointment and/or reappointment (as the case may be); and

(iv) make all relevant disclosures and reportings for the appointment of directors to the Board and/or re-appointment of Directors in accordance with Applicable Laws.

9 Evaluation for 'Fit and Proper' criteria

PayU Finance will consider the following to determine whether an individual is 'fit and proper':

(i) *Qualifications* – to determine the educational and professional qualifications (including records of academic achievements) of the individual;

(ii) *Expertise* – to ascertain the competence of the individual based on his/her expertise *vis a vis* the business activities of PayU Finance;

(iii) Previous *experience and track record* – to assess if the individual has a good track record by verifying the previous professional experience and track record of the individual (including any past directorships and other directorships currently held, by the individual);

(iv) *Integrity* - to determine if the individual possesses the highest personal and professional ethics, integrity and values by verifying *inter alia* criminal records; financial position; civil actions against the individual against personal debts; refusal of admission to, or expulsion from professional or regulatory bodies; or sanctions applied by regulatory authorities;

(v) *Understanding the business* – to ensure that the person has an understanding of the business of PayU Finance, its group companies and/or related industry;

(vi) *Business practices* – to verify the individual's current and previous business practices and ascertain whether such practices would adversely affect PayU Finance;

(vii) *Potential conflicts of interest* – to determine any potential conflict of interest in relation to the directorship of the individual in PayU Finance;

(viii) *Documentation* – to verify and assess the individual based on the documentation provided by such individual as per paragraph 11 below;

(ix) *Independent directors* – in case the individual is proposed to be appointed as an independent director to the Board, to ensure that the individual meets the criteria set out under sections 149 and 150 of the Companies Act;

(x) *Age* limit – to consider any age limit prescribed under Applicable Laws and/or determined by the Board from time to time;

(xi) *Interpersonal skills* – to evaluate if the individual has the ability to work collaboratively, communicate effectively and display the commitment and work ethic and contribute to the Board's working relationship with the senior management of PayU Finance;

(xii) Compliance *with Applicable Laws* – to determine and ensure that the individual meets the criteria to become a director set out under Applicable Laws (including but not limited to the criteria set out under the Companies Act) and does not attract any disqualifications thereunder (including but not limited to the disqualifications set out under section 164 of the Companies Act); and

(xiii) such other act, deed or thing as deemed appropriate by the NRC (including conducting verifications and background checks on the individual, as necessary).

10 Due Diligence

10.1 PayU Finance will undertake a due diligence exercise *inter alia* based on the factors set out in paragraph 9 above to ascertain the suitability of the individual to be appointed and/or reappointed (as the case may be) as a Director.

10.2 PayU Finance will conduct the due diligence exercise at the time of appointment (for new directors to the Board) and at the time of renewal of appointment (for existing Directors)[6].

10.3 The NRC will take into account the declaration obtained from the Directors (as set out in paragraph 11 below) for the purposes of conducting the due diligence and accepting the appointment and/or reappointment of the Directors[7].

11 Documentation

PayU Finance will obtain the following documents from the proposed / existing Directors for the purposes of their appointment and/or re-appointment as the case may be:

(i) *Declaration and Undertaking* – A declaration and undertaking in the format set out in Annexure 1 of this Nomination Policy for the purpose of due diligence[8]; and

(ii) *Deed of Covenant* – A duly signed deed of covenant in the format set out in Annexure 2 to this Nomination Policy[9].

(iii) *Annual Declaration* – A declaration from the existing Directors stating that the information provided by the Director has not undergone any change and if there is a change, obtain all necessary information about such changes along with the declaration. This declaration should be as on 31 March and is required to be obtained on an annual basis.[10]

[6]Paragraph 13(1) and Annex II of the RBI Governance Directions.
[7]Paragraphs 13(2) and 13(4) of the RBI Governance Directions.
[8]Paragraph 13(1) of the RBI Governance Directions.
[9]Paragraph 13(4) and Annex III of the RBI Governance Directions.
[10]Paragraph 13(3) of the RBI Governance Directions.

12 Disclosures[11]

12.1 PayU Finance will submit a quarterly statement to the regional office of the Department of Non-Banking Supervision of the RBI where PayU Finance is registered, along with the following details:

12.1.1 information about any change in the Board of Directors; and

12.1.2 certificate from the managing director/chief executive officer of PayU Finance stating that the fit and proper criteria has been followed for the appointment and/or reappointment of the Directors.

12.2 The quarterly statement referred to in paragraph 12.1 above will be filed within 15 days of completion of each quarter.

12.3 The statement in relation to the quarter ending 31 March will be certified by the auditors of PayU Finance.

[11] Paragraph 14 of the RBI Governance Directions.

PART 4
REVIEW AND OVERSIGHT

13 Board Approval

The Board has reviewed, approved and adopted this document as the Nomination Policy of PayU Finance.

14 Periodicity of Review

This Nomination Policy will be reviewed by the Board and/or the NRC on an annual basis or such other time as may be deemed appropriate by the Board and/or the NRC to ensure compliance with any modification, amendment or supplementation to the Companies Act, the RBI Governance Directions, the RBI Registration and SBR Directions, the RBI Act and the rules made thereunder.

15 Amendments

15.1 Any amendments to this Nomination Policy will be reviewed and approved by the Board and the NRC.

15.2 Provisions of this Nomination Policy are subject to amendment in accordance with Applicable Laws (including rules, regulations, notifications) on the subject as may be issued from time to time. In case any provisions of this Nomination Policy are inconsistent with Applicable Laws (including any subsequent amendment(s), clarification(s), circular(s), etc.) then such provisions of Applicable Laws shall prevail over the provisions hereunder and this Nomination Policy shall stand amended so that it complies with Applicable Laws from the effective date of the change in Applicable Laws.

16 Publication

This Nomination Policy shall be made available on the website of PayU Finance and the salient features of this Nomination Policy and changes therein, along with the web address (if any) shall be disclosed in the Board's report[12].

[12] Proviso to Section 178(4) of the Companies Act.

ANNEXURE 1
DECLARATION AND UNDERTAKING

Name of NBFC: PayU Finance India Private Limited

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 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 Companies Act, 2013)	
	(c)	List of entities in which he/she is considered as holding substantial interest as contained in Definitions in Chapter I of RBI Governance 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 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 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.)	
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**	
	Place:	Signature
	Date:	

ANNEXURE 2
FORM OF DEED OF COVENANT

THIS DEED OF COVENANT is made on this_____ day of_____ Two thousand_____

BETWEEN -

PayU Finance India Private Limited, 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

(1) 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.

(2) 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:

(a) 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.

(b) 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.

(c) 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.

(d) The director shall in carrying on his / her duties as director of the NBFC:

(i) use such degree of skill as may be reasonable to expect from a person with his/her knowledge or experience;

(ii) 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;

(iii) shall keep himself / herself informed about the business, activities and financial

status of the NBFC to the extent disclosed to him / her;

(iv) 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;

(v) shall not seek to influence any decision of the Board for any consideration other than in the interests of the NBFC;

(vi) 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;

(vii) 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

(viii) 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;

(e) The director shall have:

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

(ii) 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

(iii) duty to acquire proper understanding of the business of the NBFC.

(f) The director shall:

(i) not evade responsibility in regard to matters entrusted to him / her by the Board;

(ii) 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

(iii) 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:

(a) the NBFC shall apprise the director about:

(i) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;

(ii) control systems and procedures;

(iii) voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;

(iv) qualification requirements and provide copies of Memorandum and Articles

of Association;

(v) corporate policies and procedures;

(vi) insider dealing restrictions;

(vii) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;

(viii) appointments of Senior Executives and their authority;

(ix) remuneration policy,

(x) deliberations of committees of the Board, and

(xi) 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.

(b) 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;

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

(i) all relevant information for taking informed decisions in respect of matters brought before the Board;

(ii) NBFC's strategic and business plans and forecasts;

(iii) organisational structure of the NBFC and delegation of authority;

(iv) corporate and management controls and systems including procedures;

(v) economic features and marketing environment;

(vi) information and updates as appropriate on NBFC's products;

(vii) information and updates on major expenditure;

(viii) periodic reviews of performance of the NBFC; and

(ix) report periodically about implementation of strategic initiatives and plans;

(d) 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 of conclusion of the Board meeting; and

(e) 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 *[insert signature here]*
Name:
Title:
In the presence of:
a. *[insert name and signature of witness]*
2. *[insert name and signature of witness]*

Director
Name:
In the presence of:
1. [insert name and signature of witness]
2. *[insert name and signature of witness]*