CONSOLIDATED FINVEST & HOLDINGS LIMITED

POLICY ON FIT AND PROPER CRITERIA

A. REGULATORY FRAMEWORK AND BACKGROUND

1. As per the Reserve Bank of India ("**RBI**") Circular, dated November 10, 2014, titled 'Revised Regulatory Framework for NBFC', bearing reference number DNBR (PD) CC No. 002/03.10.001/ 2014-15 ("**RBI Circular**"), every non-banking financial company is required to put into place a policy for ascertaining the fit and proper criteria to be adopted at the time of appointment of directors and on a continuing basis. Consolidated Finvest & Holdings Limited ("**Company**"), being an NBFC, is accordingly required to put such a policy in place.

2. This policy ("**Policy**") was recommended by Nomination and Remuneration Committee of the Company and was approved by the Board at its meeting held on 14th February 2017. The Policy has been created in line with the guidelines provided by the RBI in the RBI Circular and shall be reviewed by the NRC periodically including in the context of any additional guidelines or directions which may be issued by the RBI in this regard.

B. SCOPE AND APPLICATION

1. The Policy shall apply in respect of appointment of directors on the Board of Directors of the Company ("**Board**") as well as continuation of the appointment of the directors on the Board.

2. Subject to paragraph B 3 below, the Policy shall be applicable with effect from March 31, 2017.

C. PURPOSE

1. The objective of the Policy is to set out the 'fit and proper' criteria based on which new directors proposed to be appointed and existing directors whose appointment is intended to be continued can be evaluated.

2. The Company believes that this policy will aid the Company's constant Endeavour to ensure that only individual of high caliber and who possess the right blend of qualifications, expertise, track record and integrity are appointed to the Board.

D. EVALUATION OF FIT AND PROPER CRITERIA

1. Before appointing any person as a director on the Board or continuing the appointment of any such director, the NRC shall undertake adequate due diligence in respect of such individuals to ascertain suitability on the basis of the qualification, expertise, track record, integrity of such individual and also such other factors in respect of which information is obtained by the Company in the Declaration and Undertaking (as defined below).

2. The Company shall prior to the appointment of any person as a director on the Board obtain necessary information and declaration from the proposed / existing directors for the purpose in the format given at Annex- 2 to the RBI Circular or such other format (where applicable) which may prescribe for the purpose by the RBI from time to time ("**Declaration and Undertaking**").

3. The NRC shall scrutinize each Declaration and Undertaking received. The NRC shall after considering the result of its due diligence and the information provided in the

signed Declaration and Undertaking, decide on and recommend to the Board the acceptance or otherwise of the potential new directors or existing directors whose appointment is to be continued or renewed, as the case may be.

4. Without limiting the generality of the foregoing paragraphs:

   (a) for appointment of independent /non-executive directors only candidates between 35 to 70 years of age or age as prescribed by RBI regulation/ notification shall be considered;

   (b) no person will be considered for appointment as a director if such person is disqualified to act as director under applicable law.

5. In order to conclude that a person is 'fit and proper' to be appointed as a director on the Board or to continue in that capacity (as the case may be), the Board must be able to form a view that it would be prudent to conclude, on the basis of recommendations of the NRC, that:

   (a) the person meets the fit and proper criteria expressly set out by the RBI in the RBI Circular or such other or additional criteria (where applicable) which may prescribe for the purpose by the RBI from time to time

   (b) the person possesses the qualifications, competence, technical expertise, track record, integrity and judgement to perform properly the duties of a director on the Board;

   (c) the person possesses the educational or technical qualifications, knowledge and skills relevant to the duties and responsibilities as a director on the Board;

   (d) the person either:

   - has no conflict of interest in performing such person's duties as a director on the Board; or

   - if the person has a conflict of interest, it would be prudent to conclude that the conflict will not create a material risk that the person will fail to perform such person's duties properly and adequate disclosures are made by the person in this regard.

6. Any declarations which indicate a change in the information provided in the original Declaration and Undertaking shall also be scrutinized by the NRC and the NRC shall keep the Board apprised of any such changes.

7. The Board shall ensure that any person who is appointed as director on the Board shall, on or before the date on which such person's appointment becomes effective, execute a deed of covenant of the RBI Circular or such other format (where applicable) which may prescribe for the purpose by the RBI from time to time ("**Director Covenant**").

E. QUARTERLY REPORTING

The Company shall provide a statement to the RBI on a quarterly basis (no later than 15 days from the end of every financial quarter) setting out the change of directors of the Company, which statement shall be certified by the auditors of the Company and shall also be accompanied by a certificate of the Managing Director of the Company confirming that the fit and proper criteria in selection of such new directors has been followed.

F. RECORDING OF PROCEEDINGS

The company secretary of the Company shall be primarily responsible for recording proceedings of the NRC and the Board in connection wit