



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA



RBI/2022-23/128

DoR.SIG.FIN.REC.75/26.03.001/2022-23

October 11, 2022

All Asset Reconstruction Companies

Dear Sir/ Madam,

Review of Regulatory Framework for Asset Reconstruction Companies (ARCs)

ARCs play a vital role in the management of distressed financial assets of banks and financial institutions. Considering their critical role, a need was felt to review their functioning and operating framework. Accordingly, as part of the [Statement on Developmental and Regulatory Policies](#) released along with the [Monetary Policy Statement on April 7, 2021](#), the Reserve Bank of India had set up a Committee to undertake a comprehensive review of the working of ARCs and recommend suitable measures for enabling them to function in a more transparent and efficient manner.

2. Based on the Committee's recommendations and feedback from the stakeholders, the extant regulatory framework for ARCs has been amended as detailed in the [Annex](#).

3. These guidelines shall be effective immediately or as indicated otherwise in the [Annex](#).

Yours faithfully,

(J.P. Sharma)
Chief General Manager

Annex

Section I: Corporate Governance Framework

With a view to strengthen transparency in the ARC sector and to improve the corporate governance standards in ARCs, the following measures are being introduced:

1. Measures to Enhance Governance of ARCs

- (i) Chair and Meetings of the Board of Directors:** The Chair of the Board shall be an independent director. In the absence of the Chair of the Board, meetings of the Board shall be chaired by an independent director. The quorum for the Board meetings shall be one-third of the total strength of the Board or three directors, whichever is higher. Further, at least half of the directors attending the meetings of the Board shall be independent directors.
- (ii) Tenure of Managing Director (MD)/ Chief Executive Officer (CEO) and Whole - time Directors (WTDs):** Tenure of MD/ CEO or WTD shall not be for a period of more than five years at a time and the individual shall be eligible for re-appointment. However, the post of the MD/ CEO or WTD shall not be held by the same incumbent for more than fifteen years continuously. Thereafter, the individual shall be eligible for re-appointment as MD/ CEO or WTD in the same ARC, if considered necessary and desirable by the Board, after a minimum gap of three years, subject to meeting other conditions. During this three-year cooling period, the individual shall not be appointed or associated with the ARC in any capacity, either directly or indirectly. The ARCs shall put in place appropriate measures to ensure succession planning.
- (iii) Age of the MD/ CEO and WTDs:** No person shall continue as MD/ CEO or WTD beyond the age of 70 years. Within the overall limit of 70 years, as part of their internal policy, ARCs' Boards are free to prescribe a lower retirement age.
- (iv) Performance Review:** The performance of MD/ CEO and WTD shall be reviewed by the Board annually.

2. Committees of the Board

In order to strengthen the oversight by the Board, all ARCs shall constitute the following committees of the Board:

(i) Audit Committee: ARCs shall constitute an Audit Committee of the Board, which shall comprise of non-executive directors only. The Chair of the Board shall not be a member of the Audit Committee. The Audit Committee shall meet at least once in a quarter with a quorum of three members. The meetings of the Audit Committee shall be chaired by an independent director who shall not chair any other committee of the Board. Each of the members of the Audit Committee should have the ability to understand the financial statements as well as the notes/ reports attached thereto and at least one member should have requisite professional expertise/ qualification in financial accounting or financial management. The Audit Committee shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013. In addition, the Audit Committee shall periodically review and assess the effectiveness of internal control systems, especially with respect to the asset acquisition procedures and asset reconstruction measures followed by the ARC and matters related thereto. The Audit Committee shall also ensure that accounting of management fee/ incentives/ expenses is in compliance with the applicable regulations.

(ii) Nomination and Remuneration Committee: ARCs shall constitute a Nomination and Remuneration Committee of the Board, which shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013. In addition, the Committee shall ensure 'fit and proper' status of proposed/ existing directors and sponsors.

3. Transition Period

ARCs that currently do not comply with the guidelines prescribed at paragraphs 1 and 2 above, are required to comply with these guidelines within six months from the date of this circular.

4. Prior Approval for Change in Shareholding

In terms of [circular no. DNBR\(PD\)CC.No.01/SCRC/26.03.001/2014-2015 dated February 24, 2015](#) on 'Bank's prior approval for change in shareholding', ARCs are required to obtain prior approval of the Reserve Bank of India for change in shareholding on account of transfer¹ of shares. In addition to these requirements, any change in the sponsor/s of an ARC due to fresh issuance of shares shall also require prior approval of the Reserve Bank of India.

5. Fit and Proper Criteria for Directors and CEO

- (i) In terms of the provisions of the SARFAESI Act, prior approval of the Reserve Bank of India is required for appointment/ re-appointment of a director or MD/ CEO. ARCs shall undertake due diligence to determine the suitability of the person for the post, based upon track record, integrity and other 'fit and proper' criteria. For this purpose, ARCs shall obtain necessary information and declaration from the appointed/ existing directors and MD/ CEO in the format enclosed in [Appendix I](#). The Nomination and Remuneration Committee shall scrutinise the declarations for this purpose.
- (ii) The declaration in [Appendix I](#) with updated information shall be obtained from the directors/ MD/ CEO on an annual basis, as on March 31 of each year. Any change in position with reference to items in paragraphs 3 and 4 of [Appendix I](#) shall be communicated to the Department of Regulation of the Reserve Bank of India for its consideration.
- (iii) The ARC shall require the directors to execute a covenant in the format enclosed at [Appendix II](#), at the time of their joining the ARC, binding them to discharge their responsibilities to the best of their abilities, individually and collectively. This deed shall be preserved by the ARC and should be made available to the Reserve Bank of India as and when called for.

¹ Any transfer of shares by which the transferee becomes a sponsor; any transfer of shares by which the transferor ceases to be a sponsor; an aggregate transfer of ten percent or more of the total paid up share capital of the ARC by a sponsor during the period of five years commencing from the date of certificate of registration.

6. Enhanced Disclosures

In order to enable ARCs to garner investments from a broader set of Qualified Buyers (QBs) and foster healthy competition among ARCs, the following additional disclosures shall be made in the offer document:

- (i) Summary of financial information of the ARC for last 5 years or since commencement of business of the ARC, whichever is shorter.
- (ii) Track record of returns generated for all Security Receipt (SR) investors on the schemes floated in the last 8 years.
- (iii) Track record of recovery rating migration and engagement with rating agency of schemes floated in the last 8 years.

7. Engagement with Credit Rating Agencies (CRAs) and Rating of SRs

- (i) ARCs shall mandatorily obtain recovery rating of the SRs from CRAs and disclose the assumptions and rationale behind such rating to SR holders.
- (ii) ARCs shall retain a CRA for at least 6 rating cycles (of half year each). If a CRA is changed mid-way through these 6 rating cycles, the ARC shall disclose the reason for such change.

Section II: Other Measures

8. Settlement of Dues Payable by the Borrowers under One-time Settlement

- (i) Under earlier guidelines², each ARC was required to frame a Board-approved policy laying down the broad parameters for settlement of debts due from the borrowers. Further, the Board was permitted to delegate powers to a committee comprising any

² (a) Every ARC shall frame a policy duly approved by the Board of Directors laying down the broad parameters for settlement of debts due from borrowers; (b) The policy may, inter alia, cover aspects such as cut-off date, formula for computation of realisable amount and settlement of account, payment terms and conditions, and borrower's capability to pay the amount settled; (c) Where the settlement does not envisage payment of the entire amount agreed upon in one instalment, the proposals should be in line with and supported by an acceptable business plan, projected earnings and cash flows of the borrower; (d) The proposal should not materially affect the asset liability management of the ARC or the commitments given to investors; (e) The Board of Directors may delegate powers to a committee comprising any director and/ or any functionaries of the company for taking decisions on proposals for settlement of dues; (f) Deviation from the policy should be made only with the approval of the Board of Directors.

director and/ or any functionaries of the ARC for taking decisions on the proposals for settlement of dues. On a review, the guidelines for the reconstruction of financial assets through settlement of dues payable by the borrowers have been modified as follows:

- a) Settlement of dues with the borrower shall be done only after the proposal is examined by an Independent Advisory Committee (IAC)³ which shall consist of professionals having technical/ finance/ legal background. IAC, after assessing the financial position of the borrower, the time frame available for recovery of the dues from the borrower, projected earnings & cash flows of the borrower and other relevant aspects, shall give its recommendations to the ARC regarding settlement of dues with the borrower.
- b) The Board of Directors including at least two independent directors shall deliberate on the recommendations of IAC and consider the various options available for recovery of dues before deciding whether the option of settlement of dues with the borrower is the best option available under the existing circumstances and the decision, along with detailed rationale, shall be specifically recorded in the minutes of the Board meeting.
- c) Settlement with the borrower should be done only after all possible steps to recover the dues have been taken and there are no further prospects of recovering the debt.
- d) The Net Present Value (NPV) of the settlement amount should generally be not less than the realizable value of securities. If there is a significant variation between the valuation of securities recorded at the time of acquisition of financial assets and the realisable value assessed at the time of entering into a settlement, reasons thereof shall be duly recorded.

³ Under extant guidelines, an ARC is required to constitute an IAC for examining the proposals related to change in or takeover of management of business of the borrower. This IAC shall also now examine the proposals of settlement of dues with the borrower.

- e) The settlement amount should preferably be paid in lump sum. In cases where the borrower is unable to pay the entire amount in lump sum, IAC shall make specific recommendations about minimum upfront lump-sum payment and maximum repayment period.
 - f) ARCs shall frame a Board-approved policy based on the above-mentioned framework.
- (ii) Instructions given under paragraph 2(B)⁴ of the [circular DNBS.\(PD\).CC.No.37/ SCRC/ 26.03.001/ 2013-2014 dated March 19, 2014](#) on 'Buyback of assets from ARCs by the defaulters and acquisition of assets by ARCs from sponsor banks' are hereby withdrawn and ARCs shall ensure compliance with Section 29A of Insolvency and Bankruptcy Code, 2016 in dealing with the prospective buyers.

9. Policy on Management Fees

The [circular DOR.NBFC\(ARC\) CC. No. 9/26.03.001/2020-21 dated July 16, 2020](#) on Fair Practices Code (FPC) requires ARCs to put in place a Board-approved policy on the management fee, expenses and incentives. In order to ensure that management fee/ incentives charged by ARCs are reasonable and transparent, the following additional measures shall be adopted:

⁴ Promoters of the defaulting company/ borrowers or guarantors are allowed to buy back their assets from the ARCs provided the following conditions are met:

I. Such a settlement is considered helpful in (i) minimizing or eliminating the cost of litigation and the attendant loss of time;(ii) arresting the negative impact of diminution in the value of secured assets which are likely to rapidly lose value once a unit becomes non-operational;(iii) where the recovery/ resolution process would appear to be rather uncertain; and iv) where such settlement will be beneficial for restructuring purposes.

II. The valuation of the asset is worked out by the ARCs after factoring in the following components: The current value of the proposed settlement (valuation of the asset not more than six months old) vis-à-vis the net present value of the recoveries under the alternative mode of resolution taking into consideration the timelines involved therein; Likely positive or negative changes in the value of the secured asset on account of passage of time; Likely diminution in realisation due to accumulation of statutory dues, liability to employees, etc.; Other factors, if any, which may affect recoveries.

III. ARCs shall frame a Policy duly approved by the Board of Directors, which should include the above aspects besides those already contained in clause 7 (5) of the ARC (Reserve Bank) Guidelines and Directions, 2003, as updated from time to time.

- (i) Any management fee/ incentives charged towards the asset reconstruction or securitisation activity shall come only from the recovery effected from the underlying financial assets.
- (ii) The Board-approved policy shall indicate the quantitative cap/ limit on the management fee/ incentives under various scenarios, any deviation from which shall require approval of the Board.

10. Minimum Net Owned Fund (NOF) Requirement

The minimum NOF (as required under para 4 of the [circular DNBR. PD \(ARC\) CC. No. 03/26.03.001/2016-17 dated April 28, 2017](#) on Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002- Section 3(1)(b) - Requirement of NOF for ARCs) is hereby increased to ₹300 crore on an ongoing basis from the existing requirement of ₹100 crore. Consequently, any ARC obtaining the certificate of registration on or after the date of this circular shall not commence the business of securitisation or asset reconstruction without having minimum NOF of ₹300 crore. The following glide path is provided for the existing ARCs to achieve the minimum required NOF of ₹300 crore:

Current Minimum NOF	By March 31, 2024	By March 31, 2026
₹100 crore	₹200 crore	₹300 crore

In case of non-compliance at any of the above stages, the non-complying ARC shall be subject to supervisory action, including prohibition on undertaking incremental business till it reaches the required minimum NOF applicable at that time.

11. Deployment of Surplus Funds

Para (e) of the [circular DNBS\(PD\) CC.No.18/SCRC/26.03.001/2009-2010 dated April 21, 2010](#) on the subject has been amended. In order to allow ARCs to manage their surplus funds efficiently, in addition to the avenues already permitted, they are now permitted to deploy the available surplus funds in short-term instruments viz., money market mutual funds, certificates of deposit and corporate bonds/ commercial papers which have a short-term rating equivalent to the long-term rating of AA- or above by an eligible CRA, subject to the following conditions:

- (i) Maximum investment in such instruments is capped at 10% of the NOF of the ARC.
- (ii) The ARC shall have a Board-approved policy in this regard.

12. Investment in SRs issued by the ARCs

Para 2(a) of [circular DNBS.\(PD\).CC.No.41/ SCRC/26.03.001/2014-2015 dated August 05, 2014](#) on 'Regulatory Framework for ARCs – Certain Amendments' has been modified. Henceforth, ARCs shall, by transferring funds, invest in the SRs at a minimum of either 15% of the transferors' investment in the SRs or 2.5% of the total SRs issued, whichever is higher, of each class of SRs issued by them under each scheme on an ongoing basis till the redemption of all the SRs issued under such scheme.

13. Allowing ARCs to act as Resolution Applicant under Insolvency and Bankruptcy Code, 2016 (IBC)

ARCs are currently not permitted to commence or carry on any business other than that of securitisation or asset reconstruction or the business referred to in Section 10(1) of the SARFAESI Act without prior approval of the Reserve Bank of India. It has now been decided under the provision of Section 10(2) of the SARFAESI Act to permit ARCs to undertake those activities as a Resolution Applicant (RA) under IBC which are not specifically allowed under the SARFAESI Act. This permission shall be subject to the following conditions:

- (i) The ARC has a minimum NOF of ₹1,000 crore.
- (ii) The ARC shall have a Board-approved policy regarding taking up the role of RA which may inter alia include the scope of activities, internal limit for sectoral exposures, etc.
- (iii) A committee comprising of a majority of independent directors shall be constituted to take decisions on the proposals of submission of resolution plan under IBC.
- (iv) The ARC shall explore the possibility of preparing a panel of sector-specific management firms/ individuals having expertise in running firms/ companies which may be considered for managing the firms/ companies, if needed.

- (v) In respect of a specific corporate insolvency resolution process (CIRP), the ARCs shall not retain any significant influence or control over the corporate debtor after five years from the date of approval of the resolution plan by the Adjudicating Authority under IBC. In case of non-compliance with this condition, the ARCs shall not be allowed to submit any fresh resolution plans under IBC either as a resolution applicant or a resolution co-applicant.
- (vi) The ARC shall make additional disclosures in the financial statements with respect to assets acquired under IBC in addition to the existing disclosure requirements. These would include the type and value of assets acquired under IBC, the sector-wise distribution based on business of the corporate debtor, etc.
- (vii) The ARC shall disclose the implementation status of the resolution plans approved by the Adjudicating Authority on a quarterly basis in their financial statements.

14. Transfer of Stressed Loans to ARCs

Subject to the provisions of the [circulars DNBR.PD \(ARC\) CC.No.07/26.03.001/2018-19 dated June 28, 2019](#) and [DOR.NBFC\(ARC\) CC. No. 8/26.03.001/2019-20 dated December 6, 2019](#), stressed loans which are in default in the books of the transferors are permitted to be transferred to ARCs. The [Master Direction – Reserve Bank of India \(Transfer of Loan Exposures\) Directions, 2021](#), is being suitably updated.

Declaration and Undertaking by Director/ MD/ CEO as on -----

Name :

1. Relevant Relationships of Director/ MD/ CEO

- (i) List of relatives, if any, who are connected with the ARC (please refer to sub-section 77 of Section 2 of the Companies Act, 2013)
- (ii) List of entities, if any, in which he/ she is considered as being interested (please refer to sub-section 49 of Section 2 and Section 184 of the Companies Act, 2013)
- (iii) List of entities in which he/ she is considered as holding substantial interest (substantial interest means the beneficial interest held by an individual or any of his/ her relatives, whether singly or taken together, in the shares of a company/ firm, the aggregate amount paid-up on which exceeds ten percent of the paid-up share capital/ capital of the company/ firm)
- (iv) Name of the financial institutions including NBFCs/ ARCs in which he/ she is or has been a member of the Board (also give details of period during which such office was held)
- (v) Fund and non-fund facilities, if any, presently availed of by him/ her and/ or by entities listed at 1(ii) and (iii) above from the financial institutions including NBFCs/ ARCs
- (vi) Cases, if any, where the director or entities at 1(ii) and (iii) above are in default or have been in default in the past in respect of credit facilities obtained from financial institutions including NBFCs/ ARCs

2. Records of Professional Achievements

Relevant professional achievements

3. Proceedings, if any, against the Director/ MD/ CEO

- (i) Whether 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

- (ii) 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 at 1(ii) and (iii) above for violation of economic laws and regulations
- (iii) Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director
- (iv) Whether the director attracts any of the disqualifications envisaged under the Section 164 of the Companies Act, 2013? If so, details of the same.
- (v) Has the director or any of the entities at 1(ii) and 1(iii) above been subject to any investigation at the instance of any Government department or agency? If so, details of the same.
- (vi) 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, details of the same.
- (vii) Whether the director has at any time come to the adverse notice of a regulator such as RBI, SEBI, IRDA, MCA, etc.?
- (viii) Whether the director has been declared as a wilful defaulter at any time in the preceding five years?
- (ix) Whether the director is continuing as a wilful defaulter?

4. Any other explanation/ information considered relevant for judging the Director/ MD/ CEO, 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 Board of the ARC 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 the directors of the ARC.

Place :

Signature :

Date :

Name :

* Applicable only for directors

Remarks of Nomination and Remuneration Committee(NRC) of having satisfied itself that the above information is true and complete.

Place :

Signature of the Chair of the NRC:

Date :

Name :

Form of Deed of Covenants with a Director

THIS DEED OF COVENANTS is made this _____ day of _____ Two thousand _____ BETWEEN _____, having its registered office at _____ (hereinafter called the 'ARC') 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 ARC (hereinafter called 'the Board') and as a term of his/ her appointment, is required to enter into a Deed of Covenants with the ARC.

B. The Director has agreed to enter into this Deed of Covenants pursuant to his/ her said terms of appointment which has been approved by the Board.

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 ARC is subject to applicable laws and regulations including the Memorandum and Articles of Association of the ARC and the provisions of this Deed of Covenants.

2. The Director covenants with the ARC 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 ARC 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 ARC a list of his/ her relatives as defined in the Companies Act, 2013 and to the extent the Director is aware of directorships and interests of such relatives in other body corporate, firms and other entities.
- (iv) The Director shall in carrying on his/ her duties as director of the ARC:
 - 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 ARC
 - c) keep himself/ herself informed about the business, activities and financial status of the ARC 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 the 'Board') with fair regularity and conscientiously fulfil his/ her obligations as director of the ARC
 - e) not seek to influence any decision of the Board for any consideration other than in the interests of the ARC
 - f) bring independent judgment to bear on all matters affecting the ARC 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) 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

h) express his/ her views and opinions at the 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 ARC and not for any collateral purpose
- b) duty to act only within the powers as laid down by the ARC's Memorandum and Articles of Association and by applicable laws and regulations; and
- c) duty to acquire proper understanding of the business of the ARC

(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 ARC 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 ARC in his/ her capacity as director of the ARC only for the purposes of performance of his/ her duties as a director and not for any other purpose

3. The ARC covenants with the Director that:

(i) the ARC shall apprise the Director about the:

- a) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations
- b) control systems and procedures
- c) 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
 - k) changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the ARC, delegation of authority, Senior Executives, etc.
- (ii) the ARC 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 ARC 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 ARC 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) ARC's strategic and business plans and forecasts
 - c) organisational structure of the ARC and delegation of authority
 - d) corporate and management controls and systems including procedures
 - e) economic features and marketing environment
 - f) information and updates on major expenditure
 - g) periodic reviews of performance of the ARC
 - h) periodic reports about implementation of strategic initiatives and plans
- (iv) the ARC shall communicate the outcome of Board deliberations to directors and concerned personnel and prepare and circulate minutes of meetings of the 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

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

4. The ARC shall provide to the Director periodic reports on the functioning of internal control systems including effectiveness thereof.

5. The Director shall not assign, transfer, sublet or encumber his/ her office and his/ her rights and obligations as director of the ARC 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 ARC.

6. 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.

7. 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 ARC.

8. 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 ARC

Signature:

Name:

Title:

Date:

In the presence of:

1.

2.

Director

Signature:

Name: