

POLICY ON “FIT AND PROPER” CRITERIA OF THE DIRECTORS

1. CONTEXT

This policy on Fit and Proper criteria of Directors (“Policy”) draws reference to the Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 (“Directions”) issued by the Reserve Bank of India (“RBI”) and any amendment, revision in the directions made thereunder, issuance of any guidelines, notification, circular by the RBI in this regard from time to time.

As per the Directions, certain Non-Banking Financial Companies (“NBFCs”) should undertake due diligence on the directors before appointing them on the Boards of such companies. Authum Investment and Infrastructure Limited (“Company”) is classified as NBFC - Middle Layer and is accordingly covered by the Directions.

2. PURPOSE

The purpose of this Policy is to set a framework which should be used by the Company to determine whether a Director is fit and proper to hold such position in the Company.

3. DEFINITION

In this Policy, unless the context otherwise requires-

- a) “Board of Directors” or “Board” means the collective body of the Directors of the Company;
- b) “Company” means Authum Investment and Infrastructure Limited;
- c) “Directions” means Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 and shall include any amendment thereto;
- d) “Director” means a Director appointed to the Board of a company;
- e) “Managing Director” means the Managing Director as defined in Section 2(54) of Companies Act, 2013 or any modification or re-enactment made thereunder for the time being in force;
- f) “Nomination Committee” or “NRC” means the Nomination and Remuneration Committee formed under Section 178 of the Companies Act, 2013 and under Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. SCOPE OF APPLICATION

This Policy will apply to at appointment / reappointment/ continuing to hold appointment of any person as the Director of the Company.

5. AUTHORITY TO ASSESS FIT AND PROPER STATUS

The Nomination and Remuneration Committee (“NRC”) must ensure fit and proper status of proposed / existing directors. It shall obtain a declaration and undertaking from the directors giving certain information on the directors. The declaration and undertaking shall be on the lines of the format as prescribed by the RBI from time to time.

Based on the declaration and undertaking, the methodology to be adopted by the Committee will be as follows:

a) In case of a new appointment/re-appointment:

The NRC will, after considering the Fit and Proper Criteria listed below make its recommendations to the Board for taking forward the appointment of the Director.

b) In case of an existing Director:

If, in case of an existing Director, based on review of Declaration given by the Director or otherwise, if the Committee is of the view that there is a substantial change in the Fit and Proper situation of a Director, the Committee may carry out appropriate discussions with the Director, and thereafter, the Committee may make such further recommendations to the Board as it may deem appropriate in the circumstances.

In addition to the declaration referred to above, Committee shall ensure that a Deed of Covenant, as approved by the Board, is executed by the Company with all current members of the Board and every Director nominated or elected to the Board from time to time. The Deed of Covenant shall be in the format as prescribed by the RBI from time to time.

Further, the NRC shall ensure furnishing of yearly statement to the Regional Office of the RBI within 15 days of the close of the respective quarter on change of directors, and a certificate from the Managing Director of the Company that fit and proper criteria in selection of the directors has been followed.

6. FIT AND PROPER CRITERIA

While detailed criteria to ascertain if the Director to be appointed is fit & proper is laid below, main considerations to ascertain the same would be:

a) Competence - Competence of the individual Directors as assessed in terms of formal qualifications, previous experience and track record; specifically, the Committee shall

consider the relevance of the qualifications, experience and track record of the Director to the business of the Company;

- b) Integrity - to be assessed based on factors such as criminal records, financial position, civil actions undertaken to pursue personal debts, refusal of admission to, or expulsion from professional bodies, sanctions applied by regulators or similar bodies, and previous questionable business practices; etc.
- c) Other factors - business repute and financial position, and whether such ownership would adversely affect the reputation of the Company;
- d) Association of the Director with any other business / NBFC or entity where the Director has substantial interest, and whether in any manner, such association conflicts with the interest of the Company; and
- e) Such other factors as the Committee may consider relevant to the appointment of the Director in question.

7. PROCESS

As mentioned in aforesaid provision 6, the fit & proper person criteria will be assessed through following documents.

- a) Career profile of the Director;
- b) The declaration and affidavit given by the Director of various laws including RBI Directions;
- c) Where considered necessary by the Committee, personal Interaction;
- d) Information available in the public domain.

8. ANNUAL DECLARATION

The Company will also obtain an annual declaration as on 31st March from all the Directors with respect to change in any material information that has been provided at the time of induction as the Board member.

9. REVIEW OF POLICY

The NRC may review the policy from time to time as may be required. The same shall thereafter be placed before the Board for noting.
