



UC Inclusive Credit Private Limited (UCIC)

Fit and Proper Policy

(July 2023)

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FIT AND PROPER POLICY

PREAMBLE

The Reserve Bank of India (“RBI”) had, vide its master direction Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 mandated all Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (“NBFC Master Directions”), as updated from time to time to form and implement a Fit and Proper Policy.

UC Inclusive Credit Private Limited (“**Company**”), being a Systemically Important NBFC, is accordingly required to put such a Policy in place.

This **Policy** is recommended by the Nomination and Remuneration Committee (“NRC”) of the Company and has been approved by the Board at its meeting held on 4th July, 2023.


The Policy on Fit and Proper Criteria for Directors (‘Policy’) provides general guidance and is not intended to be comprehensive nor replaces or overrides any guidelines on fit and proper. This should be read in conjunction with the provisions of the applicable law, as well as written directions, notices, codes, and other guidelines that UCIC may issue from time to time pursuant to the applicable laws, for the time being in force.

A. ‘FIT AND PROPER’

In accordance with governing guideline a Director is considered to be ‘fit and proper’ if the person essentially is qualified, competent, has integrity, is honest, reputable, reliable and discharges and/ or is likely to discharge his/ her responsibilities diligently and fulfils the criteria set under this Policy or any other provisions, applicable to the Company, for the time being in force.

Who is a ‘Fit and Proper’ Person?

- I. For the purposes of this Policy, a Director will be deemed to be a ‘Fit & Proper’ person if he/she satisfies the following criteria:
 - Provide the necessary information and declaration as given in the RBI Directions.
 - Sign and submit to the Company the ‘Declaration and Undertaking’ giving additional information set out in the RBI Directions (‘Declaration’) and there is no credible information which contradicts the facts asserted in the Declaration. The Director shall also provide annually as on 31st March a simple declaration that the information already provided has not undergone any change and where there is any change, requisite details are furnished by them forthwith to the Company in accordance with the RBI Directions.
 - Continue to satisfy the requirements, as well as the spirit and intent, of this Policy.
 - Newly nominated/ elected Directors shall execute the deeds of covenants as per the format given in the RBI Directions.



It is pertinent to note here that if a person who has been appointed/ re-appointed/ proposed to be appointed/ re-appointed as Director of the Company cannot or does not sign the Declaration, then he/ she shall not be deemed to be a 'Fit and Proper' person.

II. Further, proposed person for the position of a Director of the Company shall not suffer any of the following disqualifications:

1. Proposed Director is of unsound mind and stands so declared by a competent court;
2. Proposed Director is an undischarged insolvent;
3. Proposed Director is an undischarged insolvent or has applied to be adjudicated as an insolvent and his/her application is pending or has at any time been adjudged as an insolvent;
4. Proposed Director has been convicted or found guilty by a court of any offence of a disciplinary or criminal nature, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a Director in any company;

5. An order disqualifying him for appointment as a Director has been passed by a court or Tribunal and the order is in force;
6. Proposed Directors has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
7. Proposed Director has been convicted of the offence dealing with related party transactions under section 188 of the Companies Act, 2013 at any time during the last preceding five years;
8. Proposed Director has not been allotted a Director Identification Number (DIN);
9. Proposed Director has not complied with the provisions of sub-section (1) of Section 165 of the Companies Act, 2013;
10. Proposed Director is below the age of twenty-one years;
11. Proposed Director has attained the age of seventy years and is appointed/ re-appointed/ continuing on the Board of the Company as a Managing Director or a Whole-time Director or a Manager without seeking prior approval of Members of the Company by getting a special resolution passed in this regard;

12. Proposed Director has at any time suspended payment to his creditors or makes, or has at any time made, a composition with them;
13. Proposed Director has acted in contravention to section 184 of the Companies Act, 2013 relating to entering into contracts and arrangements in which he/she is directly or indirectly interested or fails to disclose his/ her interest.
14. Proposed Director on the Board absents himself from all the meetings of the Board of Directors held during the period of 12 months with or without seeking leave of absence of the Board;
15. Proposed Director has acquired disqualification under section 164(2) of the Companies Act, 2013.
16. Proposed Director is an Independent Director or proposed to be appointed as an Independent Director. However, he/ she is not meeting the criteria of independence under section 149(6) of the Companies Act, 2013.
17. Proposed Director is in any manner associated with any unincorporated body that is accepting deposits;
18. Proposed Director has been subject to any adverse findings or any settlement in civil proceedings, particularly in connection with banking or other financial business, misconduct, or fraud;
19. Proposed Director has controlling interest or exercises significant influence, has been investigated and disciplined or suspended by a regulatory or professional body, a court or tribunal, whether publicly or privately;
20. Proposed Director has been a Director, partner, or otherwise involved in the management of a business that has gone into receivership, insolvency, or compulsory liquidation while the proposed Director was connected with that organization or within a reasonably short period (e.g. one year) after the proposed Director's departure from the institution;

B. SCOPE AND APPLICATION

1. The Policy shall apply in respect of appointment/ re-appointment of Directors on the Board of Directors of the Company ("**Board**") as well as continuation of a person on the Board as a Director of the Company.
2. Any person proposed to be appointed/ re-appointed as a Director of the Company shall be required to submit before their appointment/ re-appointment, a Declaration, an Undertaking and execute a Deed of Covenant as per the format provided in **Schedule I** of this Policy.

Furthermore, all existing Directors on the Board shall provide the declaration and undertaking in the every first Board Meeting of the Company of a financial year.

Whereas the Deed of Covenant shall be provided by existing Directors within 30 days of implementation of this policy.

C. PURPOSE

- The objective of the Policy is to set out the 'fit and proper' criteria based on which Directors proposed to be appointed/ re-appointed and existing Directors whose occupancy on the Board is intended to be continued can be evaluated.
- The Company believes that this Policy will aid the Company's constant endeavor to ensure that only appropriate individuals of relevant qualifications and expertise and who possess the right blend of qualifications, track record and integrity are appointed/ re-appointed to the Board.

C. APPLICABILITY

This Policy shall be applicable to all the Directors of the Company. The term 'Director' in this Policy shall have the same meaning as it has been defined in Section 2(34) of the Companies Act, 2013 which states that 'Director' means a Director appointed to the Board of Directors ('Board') of a company. The Company shall evaluate "fit and proper" criteria for the Directors of the Company at the time of appointment and on a continuing basis.

D. RESPONSIBILITY FOR EXECUTION OF THE POLICY

The Nomination and Remuneration Committee (NRC) of the Company will be responsible for execution of this Policy. The NRC should ensure:

- i. To establish a fit and proper criteria policy, taking into account the fit and proper criteria stated in governing law and to amend the same from time to time, as and when necessary.
- ii. To have documented the process used to assess whether a person is fit and proper and reasons for any decisions made;
- iii. To identify candidates for appointment to the Board;
- iv. That the candidates who are being considered for appointment/ re-appointment/ continuing to hold the position of Director meet the fit and proper test;
- v. To undertake proper due diligence at the time of appointment/ re-appointment of Directors including reviewing the declarations made by them. This will enable to ascertain suitability for the position of Directorship by way of qualifications, technical expertise, track record, integrity, etc.

E. EVALUATION OF 'FIT AND PROPER' CRITERIA

1. Before appointing/ re-appointing any person as a Director on the Board or continuing of any person as a Director on the Board, 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 and in any other manner, the NRC thinks proper.

2. The Company shall prior to the appointment/ re-appointment of any person as a Director on the Board and every year as on 31st March, obtain necessary information and declaration from the proposed / existing Directors for the purpose in the format given in **Schedule I** to the Policy or such other format (where applicable) which may be prescribed 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, recommend to the Board, the acceptance or otherwise of the prospective 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, 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 its aforesaid Directions or such other or additional criteria (where applicable) which may be prescribed for the purpose by 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 as per applicable laws are made by the person in this regard.
6. The Company shall require every Director on the Board to annually sign a simple declaration (reflecting the position as on 31st March) which either confirms that the information already provided to the Board, in the Declaration and Undertaking, has not undergone any change or where there is any change, specifies the requisite details of

such change. 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, execute a Deed of Covenant in the format given in Schedule I of the Policy or such other format (where applicable) which may prescribed for the purpose by the RBI from time to time ("Deed of Covenant").

F. QUARTERLY REPORTING TO RBI

The Company shall provide a statement to RBI on a quarterly basis (not later than 15 days from the end of every financial quarter) setting out the change of Directors of the Company, and that the same shall be certified by the Statutory Auditors of the Company (for the statement of quarter ended March 31) 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.

G. AMENDMENT TO THE POLICY

Any proposed amendment to the policy shall be recommended by the Nomination and Remuneration Committee of the Company to the Board of Directors for their approval. The Board may approve/ modify/ annul/ set aside the recommendations, as it may deem appropriate. The modifications once approved by the Board, shall be incorporated into the policy accordingly, as per the Directions of the Board.

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Schedule - IA

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 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 prudential norms as prescribed in 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 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:

Date:

Signature

Remarks of Chairman of Nomination Committee/Board of Directors of NBFC

Place :

Date:

Signature

Schedule - IB

Form of Deed of Covenants with a Director of an NBFC

THIS DEED OF COVENANTS is made this _____ day of _____ Two thousand _____

BETWEEN

_____, having its registered office at _____ (hereinafter a deposit taking NBFC and a non-deposit taking NBFC with asset size of ₹500 crore and above being called the "NBFC") 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 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.

B. 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:
 - (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 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.
 - (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 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.

- (iv) The Director shall in carrying on his / her duties as Director of the NBFC:
 - 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 NBFC;
 - c. shall keep himself / herself informed about the business, activities and financial status of the NBFC 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 "Board") with fair regularity and conscientiously fulfil his / 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 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
 - h. 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;

- (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 him / 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, 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 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:
- (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 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, 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) organizational 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 Board including 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 UC Inclusive Credit Private Limited
Signature:

(Director)
Signature:

Name:

Name:

Title:

In the presence of following witnesses:

1.

2.