
Save Microfinance Private Limited
Policy on fit & proper criteria of Appointment of Directors

Ownership – Secretarial Department

SAVE MICROFINANCE PRIVATE LIMITED

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Policy on Fit & Proper Criteria of Appointment of Directors

A. REGULATORY FRAMEWORK AND BACKGROUND

As per Reserve Bank of India ("RBI") Master Circular, dated July 01, 2015, titled "Master Circular – "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015", bearing reference number DNBR (PD) CC.No.053/03.10.119/2015-16 July 01, 2015 ("RBI Master Circular") and Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 vide its Master Direction no. DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016, every non-deposit accepting non-banking financial company with asset size of Rs. 500 crore and above as per its last audited balance sheet is required to put into place a policy for ascertaining the fit and proper criteria of director to be adopted at the time of appointment of directors and to be carried on a continuing basis. Save Microfinance Private Limited ("Company"), being an NBFCs-ND-SI, is accordingly required to put such a policy in place.

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. All existing directors on the Board will be required to submit the Declaration and Undertaking and execute the deed of covenant.

C. PURPOSE

The purpose of this Policy is to;

1. The purpose 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 individuals of high calibre 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 Nomination and Remuneration Committee (NRC) would 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 aforesaid Declaration and Undertaking.

2. The Company would 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 Annexure - 2 of the RBI master 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 would review each Declaration and Undertaking received. The NRC after considering the result of its due diligence and the information provided in the signed Declaration and Undertaking, would 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. No person will be considered for appointment/reappointment as a director if such person is disqualified to act as director under the Companies Act, 2013 or any other 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 would 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 Master 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. The Company would require every director on the Board to annually provide a simple declaration 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 would also be reviewed by the NRC and would keep the Board apprised of any such changes.

7. The Board would ensure that any person who is appointed as director on the Board would, on or before the date on which such person's appointment becomes effective, execute a

deed of covenant in the format given in Annexure -3 of the RBI Master Circular or such other format (where applicable) which may prescribe for the purpose by the RBI from time to time ("Director Covenant"). The Director Covenant in respect of the directors on the Board as on the Effective Date would be executed between the Company and such directors.

E. QUARTERLY REPORTING

The Company will provide a statement to the RBI on a quarterly basis setting out the change of directors of the Company, if any, the statement of change for the last quarter of every years i.e. of 31st March of every year will be certified by the auditors of the Company and will 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.

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