

FIT & PROPER CRITERIA POLICY

(Approved in the Board dated 3rd October, 2022 and reviewed on 18th March, 2024)

HCL Corporation Private Limited was granted registration vide Certificate of Registration No.14.03318 dated 6th August, 2015 to commence/carry on the business of nonbanking financial institution without accepting public deposits.

Applicability This Policy shall be applicable to all the directors of the Company. The term 'Director' in this Policy has been defined as per 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.

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.

Responsibility for execution of the Policy The Nomination Committee of the Company will be responsible for execution of this Policy as per its charter approved by the Board. The Nomination Committee should ensure:

- To set criteria for determining qualifications, positive attributes and independence of a director, and remuneration of the Executives.
- To enable the Company to attract, retain and motivate highly qualified members for the Board and other executive level to run the Company successfully.
- To enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
- To ensure that the interests of Board members & senior executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for performance" principle.
- To ensure that remuneration to directors, KMP and senior management employees of the Company involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

- 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.

For the purposes of this Policy, a Director will be deemed to be a 'Fit & Proper' person if they satisfy 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'). 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.
- Directors nominated by Nomination Committee shall execute the deeds of covenants as per the format given in the RBI Directions. If a person who has been proposed to be appointed as Director of the Company cannot or does not sign the Declaration, then he shall not be deemed to be a 'Fit and Proper' person.

Disqualification

(1) A person shall not be eligible for appointment as a director of a company, if —

- (a) he is of unsound mind and stands so declared by a competent court;
- (b) he is an undischarged insolvent;
- (c) he has applied to be adjudicated as an insolvent and his application is pending;
- (d) he has been convicted by a court of any offence, 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;

- (e) an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
- (f) he 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;
- (g) he has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
- (h) he has not complied with sub-section (3) of section 152.
- (i) he has not complied with the provisions of sub-section (1) of section 165.

The Nomination Committee will ensure that the Company has Board approved Nomination Policy and the person proposed to be appointed as Director shall be guided by the said Nomination Policy. In addition to this Nomination Committee shall also ensure:-

- ‘Fit and Proper Person’ assessments and the process of due diligence along with scrutiny of the information, declarations and undertakings are conducted at the time of appointment of the Directors and on continuing basis;
- Revise and recommend to the Board “Criteria for Director’s Appointment”, in line with applicable law from time to time;
- Undertake any action/ step required to be taken to comply with the requirements prescribed under the applicable RBI regulations or any amendments thereof in this regard. Further, the Nomination Committee shall, based on the information provided by the proposed director, in the signed Declaration, decide on the acceptance or otherwise of the Directors.

Review of the Policy The Board will oversee the implementation of this Policy and review its functioning periodically.