

TATA CAPITAL LIMITED 'FIT AND PROPER' POLICY

A. REGULATORY FRAMEWORK AND BACKGROUND

1. The Reserve Bank of India (“RBI”) had, vide its notification no. RBI/2020-21/24 DoR (NBFC) (PD) CC. No.117/03.10.001/2020-21 dated August 13, 2020 captioned ‘Review of Guidelines for Core Investment Companies’ (“Circular”) mandated all Core Investment Companies (“CIC”) to put in place a Policy, duly approved by the Board of Directors, for ascertaining the ‘fit and proper’ status of Directors at the time of their appointment and also on a continuous basis (hereinafter referred to as the “Fit and Proper Policy” / “Policy”). Further, the Circular also prescribed that the Guidelines as applicable to NBFCs as per Para 72 on Fit and Proper Criteria of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (“NBFC Master Directions”) as updated from time to time, shall be also applicable to CICs. The Master Direction – Core Investment Companies (Reserve Bank) Directions, 2016 (“CIC Directions”) was subsequently amended to give effect to the above Circular.
2. Tata Capital Limited (“**Company**”), being a CIC, is accordingly required to put such a Policy in place.
3. 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 November 12, 2020.

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 a Declaration and Undertaking and execute the Deed of Covenant.

C. PURPOSE

1. The objective 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 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.

2. The Company shall 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 in Annex - VII to the CIC Directions 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 the CIC 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 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 Annex VIII of the CIC Directions or such other format (where applicable) which may prescribed for the purpose by the RBI from time to time (“Deed of Covenant”).

E. QUARTERLY REPORTING

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, which statement 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.