

Muthoot Mercantile Limited

(A Unit of Muthoot Ninan Group)

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POLICY ON “FIT & PROPER CRITERIA” OF DIRECTORS

This Policy on Fit and Proper criteria of Directors (“Policy”) draws reference to the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 and the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015. (“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, Every non-deposit accepting Non-Banking Financial Company with asset size of Rs.500 crore and above (NBFCs-ND-SI), as per its last audited balance sheet, and all deposit accepting Non-Banking Financial Companies (NBFCs-D) should undertake due diligence on the directors before appointing them on the Boards of such companies. The Muthoot Mercantile Limited (“Company”) is an NBFC-ND-SI, and is accordingly covered by the Directions.

Scope

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

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:

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.

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 (Annexure-II) from time to time. Further, the NRC shall ensure furnishing of quarterly 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. The statement submitted by the Company for the quarter ending March 31, should be certified by the Auditors.

Fit and Proper Criteria listed below

- 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
- Also analysis the Criminal records, financial position, civil actions undertaken to pursue personal debts, refusal of admission to, or expulsion from professional bodies,

- 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 business repute and financial position, and whether such ownership would adversely affect the reputation of the Company
- Such other factors as the Committee may consider relevant to the appointment of the Director in question from time to time.

The Nomination & remuneration committee and the Board will consider, review and verify the documents such as Declarations, Form DIR-8, MBP-1, Kyc documents, Independent director declaration u/s 149(6) and other declarations and documents and other details available from public domain related to such persons, proposed to be appointed as director confirm that such person is fit and proper to the designation of director in the company.

Annual declaration

The Company will also obtain an annual declaration as on 31st March of every Financial year 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.

Review of policy

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

The Board meeting dated 11.07.2023 approved and adopt the policy on fit & proper criteria of directors.