



**IKF HOME FINANCE LIMITED**

<b>Name of Policy</b>	Fit and Proper Criteria of Directors
<b>Date of Last Approval/Review</b>	May 21, 2025
<b>Prepared by</b>	Secretarial Department
<b>Approving Authority</b>	Board of Directors
<b>Version</b>	2025

## **A. REGULATORY FRAMEWORK AND BACKGROUND**

As per the Reserve Bank of India (“RBI”) Notification, dated February 17, 2021, titled ‘Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021’, bearing reference number RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020- “RBI Master Direction”), every Housing Finance Company (HFC) is required to put into place a policy for ascertaining the fit and proper criteria to be adopted at the time of appointment of directors and on a continuing basis. IKF Home Finance Limited (“Company”), being an HFC, is accordingly required to put such a policy in place.

## **B. SCOPE AND APPLICATION**

1. The Policy shall apply in respect to fit and proper criteria for the 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. Subject to paragraph B 3 below, the Policy shall be applicable with effect from the 4.11.2021.
3. All existing directors on the Board will be required to submit the Declaration and Undertaking as defined below) and execute the Deed of Covenants with Director (as defined below).

## **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 individual of high caliber 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) 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 (as defined below).
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 at Annex-VIII to the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 or such other format (where applicable) which may prescribe for the purpose by the RBI from time to time (“Declaration and Undertaking”). The Declaration and Undertaking in respect of the directors on the Board as on the Effective Date shall be obtained from the directors.

3. The NRC shall scrutinize each Declaration and Undertaking received. The NRC shall after considering the result of its due diligence (mentioned in D1 above) and the information provided in the signed Declaration and Undertaking, 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. 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 RBI Notification 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 Board shall ensure that any person who is appointed as director on the Board shall, on or before the date on which such person's appointment becomes effective, execute a deed of covenant in the format given in Annex-IX of the RBI 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 shall be executed between the Company and such directors.

#### **E. ANNUAL AFFIRMATIONS FOR CONTINUING DIRECTORS**

The Company shall require every director on the Board to annually provide 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/Board and the NRC shall keep the Board apprised of any such changes.

**F. POLICY REVIEW:**

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to any notifications and directions issued by National Housing Bank or under any other law applicable to the Company, from time to time.

The Nomination and Remuneration Committee may issue /implement such guidelines, procedures, formats and/or reporting mechanisms to enforce this Policy as it may deem fit.

**G. LAWS TO TAKE PRECEDENCE:**

If any of the provisions of this Policy are inconsistent with the Applicable Laws, then the provisions of Applicable Laws shall prevail over the Policy to that extent and the Policy shall be deemed to have been amended so as to be read in consonance with Applicable Laws. If any change to Applicable Laws or interpretation thereof necessitates any change to the Policy, then this Policy shall be read so as to accommodate the changes.

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

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