

## **Director's Fit and Proper Policy**

## 1. Preamble

The Board of Directors (**the “Board”**) of Hero Housing Finance Limited (**the “Company” or “HHFL”**), has adopted the following policy with regard to ascertaining the Fit and Proper criteria of Directors at the time of their appointment and on continuing basis as defined below.

This Policy will be applicable to the Company. This Policy is to ensure that the Directors of the Company who are responsible for steering the affairs of the Company are fit and proper, besides having the necessary qualifications.

## 2. Purpose

This Policy has been framed as required under “Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016” issued by the National Housing Bank (**“NHB”**) vide its notification no. Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 09<sup>th</sup> February, 2017 as amended by NHB from time to time (**hereinafter referred to as “NHB CG Directions”**). This Policy intends to establish a system/process in place for undertaking due diligence of persons before appointing them on the Board and on continuing basis by ascertaining their suitability for the post on basis their qualifications, technical expertise, track record, integrity etc.

## 3. Definitions

**“Nomination and Remuneration Committee or NRC”** means the Nomination and Remuneration Committee of the Board of Directors of the Company constituted under provisions of Companies Act, 2013.

**“Directors”** mean individual Director or Directors on the Board of the Company.

**“Board”** means Board of Directors of the Company.

**“Policy”** means Director’s Fit and Proper Policy.

**“Company”** means the Hero Housing Finance Limited.

## 4. Policy

4.1 The Company, while appointing directors, shall ensure that the procedures mentioned below are followed:

- (a) The Company shall undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other ‘fit and proper’ criteria.
- (b) To comply with the above, the necessary information and declaration from the proposed/ existing Directors for ensuring shall be obtain in the prescribed format given in Annex-2 of NHB Circular or any other format as which may prescribe for the purpose by the NHB from time to time.
- (c) The process of due diligence along with scrutiny of the declarations shall be undertaken by the Nomination and Remuneration Committee at the time

of appointment/ renewal of appointment. Accordingly, the Nomination and Remuneration Committee shall decide on the acceptance or otherwise of the Directors.

- (d) Every year as on 31<sup>st</sup> March, a simple declaration from the directors shall be obtained that the information already provided has not undergone change and wherever there is any change, requisite details are furnished by them forthwith.
- (e) It shall be ensured that a 'Deed of Covenant' is executed with the nominated/ elected directors execute as per the prescribed format given in Annex-3 of RBI Circular or any other format as which may prescribe for the purpose by the RBI from time to time.

**4.2** The Nomination and Remuneration Committee shall be authorized to undertake any action/ step required to be taken to comply with the requirements prescribed under the NHB Directions or any amendments thereof.

**4.3** The Nomination and Remuneration Committee shall determine the criteria of appointment to the Board and shall be vested with the authority to identify candidates for appointment to the Board of Directors. In evaluating the suitability of a person for appointment / continuing to hold appointment as a Director, the NRC will take into account apart from others his eligibility, qualification, expertise, track record, integrity and other 'fit and proper' criteria as may be determined from time to time.

**4.4** The various '**Fit and Proper**' criteria which need to be reviewed by the Nomination and Remuneration Committee before an appointment of a person as Director or after a person is appointed as Director on continuing basis shall include the following:

- (a) Whether the Person is qualified to be appointed as Director or not attracting any disqualifications as prescribed under various provisions of Companies Act, 2013 or any other statutory law applicable from time to time;
- (b) Whether any Proceedings have been initiated against the person in the past and /or pending as on date involving any civil, criminal, economic offence, taxation authorities or relating to any other regulatory body such as SEBI, IRDA, MCA etc.;
- (c) Whether the person or the entities in which he is interested have been subject to any investigation at the instance of any Government Department or Agency;
- (d) Whether the person or the entities in which the person is interested have been prosecuted / convicted for the violation of any economic laws and regulations.

**4.5** The Nomination and Remuneration Committee will assess and evaluate the eligibility of the person based on the above mentioned Fit and Proper criteria before the appointment or any renewal of appointment of director and subsequently the aforesaid criteria's will be reviewed /evaluated by the NRC on continuing basis.