

Adani Housing Finance Private Limited (AHFPL)

FIT & PROPER CRITERIA OF THE DIRECTORS

A. REGULATORY FRAMEWORK AND BACKGROUND

1. As per the National Housing Bank (“**NHB**”) Notification, dated February 09, 2017, titled “Housing Finance Companies –Corporate Governance (National Housing Bank) Directions, 2016”, bearing reference number **NHB.HFC.CG-DIR.1/MD&CEO/2016** (“**NHB Notification**”), 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. Adani Housing Finance Private 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 fir 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 Board Meeting in which same has approved i.e. 07th May, 2019.
3. All existing directors on the Board will be required to submit the Declaration and Undertaking (as defined below) and execute the Director Covenant (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**)/ Board 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- 2 to the NHB Notification or such other format (where applicable) which may prescribe for the purpose by the NHB 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/ Board 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/ Board, that:
 - (a) the person meets the fit and proper criteria expressly set out by the NHB in the NHB Notification or such other or additional criteria (where applicable) which may prescribe for the purpose by the NHB 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 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.

7. 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-3 of the NHB Circular or such other format (where applicable) which may prescribe for the purpose by the NHB 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. QUARTERLY REPORTING

The Company shall provide a statement to the NHB on a quarterly basis (no later than 15 days from the end of every financial quarter) setting out the change of directors of the Company, if any, which statement shall be certified by the auditors of the Company 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.