



# Nestavia Home Finance Private Limited

(“Nestavia” or “Company”)



## Policy on Fit and Proper Criteria for Directors

**Name of the Policy: Policy on Fit and Proper Criteria for Directors**

**Policy Number: FPCD-03/2026**

**PREAMBLE**

Nestavia Home Finance Private Limited (hereinafter referred to as "Nestavia" or "the Company") recognizes that the success of the organization is built on a foundation of trust, integrity, and ethical behaviour. Nestavia expects all its directors to be competent, honest, and possess integrity with relevant expertise. This policy provides Nestavia with an assurance that the directors are willing and able to fulfill their obligations under any written law in the best interest of the Company.

The Policy has been designed in compliance with all the applicable regulations and shall be reviewed periodically by the Nomination and Remuneration Committee (NRC), including any additional guidelines or directions issued by the RBI, NHB or any other applicable regulations in this regard.

<b>Prepared and Proposed By</b>	Compliance Officer
<b>Reviewed and Recommended By</b>	Nomination and Remuneration Committee
<b>Approved By</b>	Board of Directors
<b>Date of Approval</b>	30-Apr-2026

**RESPONSIBILITY ASSIGNMENT MATRIX**

<b>Responsibility for Implementation</b>	Nomination and Remuneration Committee
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**VERSION CONTROL**

<b>Version No.</b>	<b>Date of Approval by Board of Directors</b>	<b>Key Highlights/Changes</b>
1.0	24-Nov-2024	Roll-out of policy
2.0	23-Apr-2025	Updated as part of annual review
3.0	30-Apr-2026	Updated as part of annual review

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## 1. PURPOSE, OBJECTIVE AND APPLICABILITY

The Purpose of this Policy is to develop a process of due diligence to evaluate the suitability of individuals for appointment or continued appointment as Directors on the Board, based on criteria such as their qualifications, expertise, track record, positive attributes, integrity, and other relevant "fit and proper" parameters.

This policy has been framed pursuant to as per the Reserve Bank of India (RBI) Master Direction on Non-Banking Financial Company Housing Finance Company (Reserve Bank) Directions, 2021 and Master Direction-RBI (NBFC-Scale Based Regulations) Directions, 2023, where every Housing Finance Company (HFC) is required to establish a policy for determining the fit and proper criteria of the directors at the time of appointment and on an ongoing basis and reviewed as per the provisions of RBI (NBFCs – Governance) Directions, 2025

This Policy shall apply to all the directors of the Company. The term 'Director' in this Policy shall have the same meaning as it is defined in Section 2(34) of the Companies Act, 2013, which states that a 'director' means a director appointed to the Board of Directors ('Board') of a company.

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## 2. DEFINITIONS

"Nomination and Remuneration Committee" 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 Policy on 'Fit and Proper' Criteria for Directors.

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## 3. RESPONSIBILITY FOR IMPLEMENTATION OF POLICY & SCOPE OF NOMINATION AND REMUNERATION COMMITTEE (NRC)

The **Nomination and Remuneration Committee (NRC)** of the Company will be responsible for the implementation of this Policy as per its Terms of Reference, which is approved by the Board. The NRC should ensure:

1. **Compliance** with the fit and proper criteria policy, in alignment with governing laws, at the time of appointment of directors and on a continuing basis.
2. **Documentation** of the process used to assess whether a person is fit and proper and the reasons for any decisions made.

3. **Identification** of ideal candidates for appointment to the Board, ensuring that they meet all required qualifications and competence criteria.
  4. Ensuring that **candidates considered for appointment or reappointment** as Directors pass the fit and proper test before such appointments are made.
  5. **Proper due diligence** should be undertaken at the time of appointment and reappointment, including reviewing declarations made by the candidates regarding their qualifications, integrity, and financial standing.
  6. Ensuring that there is no **conflict of interest** in the appointment of directors and that their **independence** is not subject to potential threats.
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#### 4. FIT AND PROPER CRITERIA FOR DIRECTORS

##### 1. General Eligibility Criteria:

- **Age Limit:** Directors should be at least 21 years of age and must not exceed the age limit prescribed by relevant laws or internal company policy.
- **Indian Nationality:** Directors must be Indian nationals and preferably residents as per FEMA regulations.
- **Fit and Proper Test:** Directors must meet the "fit and proper" test as specified by RBI and NHB from time to time, focusing on integrity, financial soundness, expertise, and competency.

##### 2. Educational Qualifications:

- A director should have at least a **bachelor's degree** or higher qualification in fields such as finance, law, economics, or business management.
- Preference may be given to directors with **specific expertise** in housing finance or financial services.

##### 3. Professional Experience:

- An Independent director should have adequate number of years of **professional experience**, as decided by the NRC, preferably in finance, banking, housing finance, law, or economics.
- Experience in senior **management roles** or **leadership positions** in housing finance or financial institutions is desirable.

##### 4. Financial Soundness:

- Directors must demonstrate a **sound financial background** with no history of bankruptcy, insolvency, or financial mismanagement.
- They must have no record of **fraudulent activities** or significant **default on loans**.
- If required, CIBIL or equivalent check can be carried out and reviewed as and when the NRC deems necessary.

#### 5. Integrity and Ethical Standards:

- Directors must have an impeccable record of **personal and professional integrity**.
- They must not have been convicted of any criminal offenses related to **fraud, financial mismanagement**, or any other serious crimes.

#### 6. Conflict of Interest:

- Directors must avoid any **conflict of interest** and must disclose any potential or actual conflicts.
- Directors should not hold any position in competing financial institutions or housing finance companies that could impair their ability to act impartially.

#### 7. Compliance with Regulatory Requirements:

- Directors must comply with applicable laws, regulations, and guidelines issued by the **National Housing Bank (NHB), Reserve Bank of India (RBI)**, and other relevant authorities.
- They should also ensure adherence to **corporate governance norms** and **financial reporting standards**.

#### 8. Professional Reputation and Character:

- Directors should have a **good professional reputation** and should be well-regarded in their respective fields of expertise.
- They must adhere to the highest standards of **professional conduct**, avoiding any involvement in **disreputable practices**.

#### 9. Non-Disqualification Criteria:

- Directors must not be disqualified under the provisions of the **Companies Act, 2013** or Companies (Appointment and Qualification of Directors) Rules, 2014 or any other relevant laws for the time being in force.
- All the existing directors should file DIR-3 KYC WEB form as per the directions of the Ministry of Corporate Affairs (MCA) to maintain the validity of their DIN.

- They should not be listed as defaulters by regulatory bodies such as RBI, SEBI, or NHB.

#### **10. Independent Directors:**

- For **independent directors**, additional criteria as per the **Companies Act, 2013**, Schedule IV to the Act, RBI (NBFCs – Governance) Directions, 2025 and **SEBI** regulations (when applicable), as amended from time to time will apply.
- Independent directors shall not be on the Board of more than three NBFCs/HFCs excluding NBFCs Base Layer Companies subject to the limitations of Section 165 (Number of Directorships) of the Companies Act, 2013.
- Independent directors should have registered themselves with the data bank of Independent Directors created and maintained by the Indian Institute of Corporate Affairs (IICA).
- Independent directors must be free from any material relationship with the company that could affect their independence.

#### **11. Commitment and Availability:**

- Directors must be able to devote sufficient time and attention to the responsibilities of the Board.
- Regular **attendance** at Board & Committee meetings and active participation in **decision-making** are essential.

#### **12. Term/Tenure:**

- Managing Director/Whole-time Director: The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- Independent Director:
  - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
  - No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

## 5. DUE DILIGENCE, AND FIT & PROPER CRITERIA ASSESSMENT PROCESS

### a. Due Diligence by NRC:

Before appointing any person as a director on the Board or continuing the appointment of any such director, the **Nomination & Remuneration Committee (NRC)** shall undertake adequate due diligence in respect of such individuals to ascertain their suitability based on qualifications, expertise, track record, fit & proper criteria detailed in Clause 4 above and integrity. The NRC will also assess other factors based on the information obtained in the **Declaration and Undertaking** required under RBI (NBFCs-Governance) Regulations, 2025, as amended from time to time, **Notice of Interest & Intimation** provided by the Directors under the provisions of Companies Act, 2013 and Rules made thereunder, as amended from time to time.

#### i. Declaration and Undertaking:

Prior to the appointment of any person as a director on the Board, the Company shall obtain necessary information and a signed declaration from the proposed or existing directors in the prescribed format (as outlined in the RBI Master Directions or such other format that may be prescribed by RBI from time to time). This is known as the **Declaration and Undertaking**.

#### ii. Notice of Interest & Intimation under the Company's Act, 2013:

Every director shall at the first meeting of the Board as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures/notice already made, then at the first Board meeting held after such change shall provide Notice of Interest in Form MBP-1 pursuant to Section 184(1) and intimation in Form DIR-8 pursuant to Section 164.

#### iii. Declaration of Independent Directors under the Company's Act, 2013:

Every independent director shall at the first meeting of the Board as an independent director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence as per Section 149(6) of the Act.

### b. Scrutiny by NRC:

The NRC shall scrutinize each **Declaration and Undertaking, Notice of Interest and Intimations** received. After considering the results of its due diligence and the information provided in the signed declaration, the NRC shall decide and recommend to the Board whether to accept or reject the appointment of new directors or the reappointment of existing directors and in case of due diligence on a continuing basis, recommend to the Board to record satisfaction or otherwise with respect to the compliance with the fit & proper criteria

### c. Disqualification Criteria:

No person will be considered for appointment as a director if they are disqualified under applicable laws.

#### d. Fit and Proper Conclusion:

To conclude that a person is 'fit and proper' to be appointed as a director on the Board or to continue in that capacity, the Board must form the view, based on the recommendations of the NRC, that:

- The person meets the fit and proper criteria expressly set out by the RBI or other applicable criteria prescribed by the RBI from time to time.
- The person possesses the qualifications, competence, technical expertise, knowledge, positive attributes and skills, along with a strong track record, integrity, and judgment to perform the duties of a director on the Board.
- The person has no **conflict of interest** in performing their duties as a director, or if there is a conflict, it would not materially affect their ability to perform their duties, and adequate disclosures are made.

#### e. Director Covenant:

Post appointment as Director, every director must execute a **Deed of Covenant** in the format prescribed in **Annex III** of the RBI Master Directions, or in such other format as may be prescribed by RBI from time to time. If a person cannot or does not sign the Declaration and Undertaking, they will not be considered a "fit and proper" person for appointment.

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## 6. REVIEW

This Policy shall be reviewed as and when considered necessary by the Nomination & Remuneration Committee and modified in accordance with the statutory, Regulatory and other guidelines issued from time to time. Any recommendations/ modifications shall be approved by the Board of Directors of the Company.

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The "Fit and Proper" criteria for directors of **Nestavia Home Finance Private Limited** are designed to ensure that only individuals with the requisite experience, integrity, and capability are appointed to the Board. These criteria, as outlined in this policy, align with regulatory guidelines issued by the RBI and NHB, and are essential for maintaining the highest standards of governance, compliance, and stakeholder trust.

By adhering to these criteria, **Nestavia Home Finance Private Limited** can ensure that its governance structures are robust, transparent, and conducive to long-term success.

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