A NAVRATNA CPSE

POLICY ON 'FIT & PROPER' CRITERIA OF DIRECTORS

OF

HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED (HUDCO)

Approved by the Board in Its 693rd Meeting held on 25.06.2026

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INTRODUCTION

Housing and Urban Development Corporation Limited (HUDCO) is a Government Company under the aegis of the Ministry of Housing and Urban Affairs (MoHUA), Government of India. HUDCO is registered with the Reserve Bank of India as a Non-Banking Financial Company, categorized as Infrastructure Finance Company. HUDCO's equity shares and other securities are listed on BSE Limited and National Stock Exchange of India Limited.

Pursuant to RBI's norms for NBFCs viz., Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025, Company has formulated Policy on 'fit & proper' criteria of Directors, with the approval of its Board of Directors.

This policy sets out the internal process of due diligence to determine the suitability of a person for appointment / renewal of appointment as a director on the Board, based upon qualification, technical expertise, track record, integrity and other 'fit and proper' criteria.

FIT & PROPER CRITERIA OF DIRECTORS

1. Being a Government Company and in terms of the Articles of Association, all Directors on the Board of HUDCO are appointed by the President of India acting through the Administrative Ministry i.e., Ministry of Housing and Urban Affairs, Government of India. The appointment of Directors and their eligibility criteria, qualifications, experience and selection procedure etc., is also subject to the prescribed norms of Department of Personnel & Training (DoPT), Department of Public Enterprises (DPE), Public Enterprises Selection Board (PESB) etc., as applicable from time to time, the compliance of which is taken care at the end of the Administrative Ministry.

2. However, the Company to ensure that any person who is appointed as Director on the Board shall provide the documents as may be applicable from time to time.

DUE DILIGENCE PROCESS

1. An NBFC shall undertake a process of due diligence to determine the suitability of a person for appointment / renewal of appointment as a director on the Board, based upon qualification, technical expertise, track record, integrity and other 'fit and proper' criteria, to the extent feasible.

2. The Company shall obtain necessary declaration and undertaking from the directors at the time of appointment in the format given at **Annexure-A**.

3. On an annual basis, the Company shall endeavor to obtain declaration from the Directors (reflecting position as on 31st March of the year), that declaration already provided has not undergone any change, or wherever there is any change, the

requisite details shall be furnished forthwith in the format given at **Annexure-B**.

4. The appointed Directors shall execute a 'Deed of Covenants' with the Company (in duplicate), at the time of appointment in the format given at **Annexure-C.**

5. The Nomination and Remuneration Committee shall scrutinize the information / declaration to carry out adequate due diligence and review 'fit & proper' status of proposed and existing directors. The Committee shall ensure that there is no conflict of interest in appointment of directors, KMP and senior management to the extent feasible.

PRIOR APPROVAL OF RBI

Pursuant to RBI regulations, an NBFC needs to obtain prior written permission of RBI for any change in the management, which would result in change in more than 30 percent of the directors, excluding independent directors. However, being a Government Company, all Directors on the Board of HUDCO are appointed by the President of India acting through the Administrative Ministry. Hence, the requirement of prior permission is not applicable, though any change in management will be informed on occurrence of event.

REPORTING TO RBI

The Company shall furnish a quarterly statement to RBI (within 15 days from the end of the quarter) about change(s) in the Directors of the Company.

REVIEW

1. This policy may be reviewed by the Board from time to time and amended if required, including in view of changes in the regulatory environment, if any.

2. The Chairman & Managing Director is authorized to carry out minor modifications in this policy and to approve such changes, as may be required in order to comply with the applicable / amended provisions of law or to comply with any direction, circular etc. issued by the Regulator(s); and to settle any issue with respect to interpretation of this policy.

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Annexure-A

Declaration and Undertaking by Director

I	**Personal Details of Director**	
a.	Full name	
b.	DIN	
c.	Nationality	
d.	Date of Birth and Age	
e.	Educational Qualifications	
f.	Relevant Background and Experience	
g.	Permanent Address	
h.	Present Address	
i.	E-mail Address / Telephone Number	
j.	Permanent Account Number under the Income Tax Act and Name and Address of Income Tax Circle	
k.	Passport No.	
l.	Relevant Knowledge and Experience	
m.	Experience in the business of NBFC (number of years)	
n.	No. of Equity shares of HUDCO	
o.	Any other information relevant to Directorship of HUDCO.	
II	**Relevant Relationships of Director**	
a.	List of Relatives if any who are connected with HUDCO (Refer Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014), as amended.	
b.	List of entities if any in which he/she is considered as being interested (Refer Section 184 of the Companies Act, 2013)	
c.	List of entities (including companies, firms and proprietary concerns) in which he/she is considered as holding substantial interest within the meaning of norms as prescribed in Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025	
d.	Name/s of other companies in which the person has held the post of Chairman / Managing Director / Director /Chief Executive Officer	
e.	Name/s of NBFC in which he/she is or has been a member of the Board (giving details of period during which such office was held)	
f.	Whether number of directorships held by the person exceeds the limits prescribed under Section 165 of the Companies Act, 2013.	
g.	Fund and Non-fund facilities, if any, presently availed of by him/her and/or by entities listed in II (b) and (c) above from HUDCO.	

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h.	Cases, if any, where the Director, his / her relatives or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from HUDCO or any other entity / NBFC / Bank.	
III	**Records of professional achievements**	
	Relevant professional achievements	
IV	**Proceedings, if any, against the Director**	
a.	If the Director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/occupation at any time.	
b.	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the Director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations.	
c.	Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the Director.	
d.	Whether the Director attracts any of the disqualifications envisaged under Section 164 of the Companies Act, 2013?	
e.	Has the Director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?	
f.	Has the Director at any time been found guilty of violation of rules / regulations / legislative requirements by customs / excise / income tax / foreign exchange / other revenue authorities, if so give particulars.	
g.	Whether the Director has at any time come to the adverse notice of a regulator such as SEBI, IRDA and MCA. (*Though it shall not be necessary for a candidate to mention in the column about orders and findings made by the regulators which have been later on reversed/set aside in to, it would be necessary to make a mention of the same, in case the reversal/setting aside is on technical reasons like limitation or lack of jurisdiction, etc. and not on merit. If the order of the regulator is temporarily stayed and the appellate / court proceedings are pending, the same also*	

	should be mentioned.)	
V	**Any other explanation / information in regard to items I to III and other information considered relevant for judging fit & proper.**	
	<u>Undertaking</u> I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep HUDCO fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above. I also undertake to execute the deed of covenants required to be executed by all Directors of HUDCO. Place: Signature.............. Date:	
	Remarks of Nomination & Remuneration Committee/ Board of Directors	
	Place: Date:	Signature.............

Annexure-B

Annual Disclosure

This is in reference to my Declaration and Undertaking dated __________ (copy enclosed).

I hereby confirm as under (please strike out whichever is not applicable):

(a) There have been no changes since my previous disclosure.

(b) The following changes have occurred since my previous disclosure:

1. ____
2. ____

Signature:

Place:
Date:

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Annexure-C

DEED OF COVENANTS WITH A DIRECTOR

THIS DEED OF COVENANTS is made this -----------------day of ---------, BETWEEN Housing and Urban Development Corporation Limited (CIN:L74899DL1970GOI005276), having its Registered Office at HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi-110003 (hereinafter called 'HUDCO') of the one part and Shri/Smt./Ms.------------------ ------------------------------------ (hereinafter called the "Director") of the other part.

WHEREAS

A. The Director has been appointed as a Director on the Board of Directors of HUDCO (hereinafter called "the Board") and is required as a term of his / her appointment to enter into a Deed of Covenants with HUDCO.

B. The Director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his / her said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS:

1. The Director acknowledges that his / her appointment as Director on the Board of HUDCO is subject to applicable laws and regulations including the Memorandum and Articles of Association of HUDCO and the provisions of this Deed of Covenants.

2. **The Director covenants with HUDCO that:**

   i. The Director shall disclose to the Board the nature of his / her interest, direct or indirect, if he / she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between HUDCO and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the Director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he/she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.

   ii. The Director shall disclose by general notice to the Board his/her other Directorships, his/her memberships of bodies corporate, his/her interest in other entities and his/her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.

   iii. The Director shall provide to HUDCO a list of his/her relatives as defined in the Companies Act, 2013 and to the extent the Director is aware of Directorships and interests of such relatives in other bodies corporate, firms and other entities.

   iv. The Director shall in carrying on his / her duties as Director of HUDCO:

      a) use such degree of skill as may be reasonable to expect from a person with his / her knowledge or experience;

      b) in the performance of his / her duties take such care as he / she might be reasonably expected to take on his / her own behalf and exercise any power vested in him / her in good faith and in the interests of HUDCO;

c) shall keep himself / herself informed about the business, activities and financial status of HUDCO to the extent disclosed to him / her;

d) attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his / her obligations as Director of HUDCO;

e) shall not seek to influence any decision of the Board for any consideration other than in the interests of HUDCO;

f) shall bring independent judgment to bear on all matters affecting HUDCO brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;

g) shall in exercise of his / her judgement in matters brought before the Board or entrusted to him / her by the Board be free from any business or other relationship which could materially interfere with the exercise of his / her independent judgement; and

h) shall express his / her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his / her independent judgement.

v. The Director shall have:

a) fiduciary duty to act in good faith and in the interests of HUDCO and not for any collateral purpose;

b) duty to act only within the powers as laid down by HUDCO's Memorandum and Articles of Association and by applicable laws and regulations; and

c) duty to acquire proper understanding of the business of HUDCO.

vi. The Director shall:

a) not evade responsibility in regard to matters entrusted to him / her by the Board;

b) not interfere in the performance of their duties by the Whole-time Directors and other Officers of HUDCO and wherever the Director has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board; and

c) not make improper use of information disclosed to him / her as a member of the Board for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by HUDCO in his / her capacity as Director of HUDCO only for the purposes of performance of his / her duties as a Director and not for any other purpose.

3. HUDCO covenants with the Director that:

i. HUDCO shall apprise the Director about:

a) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;

b) control systems and procedures;

c) voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;

d) qualification requirements and provide copies of Memorandum and Articles of Association;

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e) corporate policies and procedures;
f) insider dealing restrictions;
g) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
h) appointments of senior executives and their authority;
i) remuneration policy;
j) deliberations of committees of the Board; and
k) communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of HUDCO, delegation of authority, senior executives, etc. and appoint the Compliance Officer who shall be responsible for all statutory and legal compliance.

ii. HUDCO shall disclose and provide to the Board including the Director all information which is reasonably required for them to carry out their functions and duties as a Director of HUDCO and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the Director by the Board or any committee thereof;

iii. The disclosures to be made by HUDCO to the Directors shall include but not be limited to the following:
a. all relevant information for taking informed decisions in respect of matters brought before the Board;
b. HUDCO's strategic and business plans and forecasts;
c. organizational structure of HUDCO and delegation of authority;
d. corporate and management controls and systems including procedures;
e. economic features and marketing environment;
f. information and updates as appropriate on HUDCO's products;
g. information and updates on major expenditure;
h. periodic reviews of performance of HUDCO; and
i. report periodically about implementation of strategic initiatives and plans;

iv. HUDCO shall communicate outcome of Board deliberations to Directors and concerned personnel and prepare and circulate minutes of the meeting of Board to Directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and

v. advise the Director about the levels of authority delegated in matters placed before the Board.

2. HUDCO shall provide to the Director periodic reports on the functioning of internal control system including effectiveness thereof.

3. HUDCO shall appoint a Compliance Officer who shall be a senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and Governmental authorities.

4. The Director shall not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as Director of HUDCO to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws

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and regulations including Memorandum and Articles of Association of HUDCO.

5. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.

6. Any and all amendments and/or supplements and/or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the Director and the duly authorized representative of HUDCO.

7. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

For Housing and Urban Development Corporation Limited	**Director**
By …………………………………………………	………………………………
Name:	Name:
Title:	

In the presence of:

1--- 2.----------------------------------