

Avanti Microfinance Private Limited

## Policy on Fit and Proper Criteria of Directors

**This document was:**

Version	Drafted by	Reviewed by	Board approval and adoption date
Version 1	Mr. Manish Thakkar, Director	Mr. Rahul Gupta, Director	April 09, 2025

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## **POLICY ON FIT AND PROPER CRITERIA OF THE DIRECTORS**

### **1. INTRODUCTION**

- 1.1. Avanti Microfinance Private Limited ("**Company**") is a registered non-deposit taking non-banking financial company- investment and credit company classified in the "middle layer" and it is engaged in the business of, inter alia, providing credit facilities to eligible borrowers.
- 1.2. As per the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (DoR.FIN.REC.No.45/03.10.119/2023-24) ("**SBR Guidelines**"), Company is required to adopt a policy on fit and proper criteria of the directors ("**Policy**").
- 1.3. In accordance with the above regulations, the board of directors of Avanti Microfinance Private Limited ("**Board**") has approved and adopted this Policy for the appointment of new and for existing directors.

### **2. SCOPE**

- 2.1. The objective of this Policy is to govern fit and proper criteria for the Directors as required under regulations/guidelines. This Policy shall apply with respect to the appointment of new directors as well as on the existing directors on the Board.

### **3. FIT AND PROPER CRITERIA FOR DIRECTORS**

- 3.1. Before appointing any person as Director or continuing the appointment of any Director, the Company shall undertake the process of due diligence to determine the suitability of the person based on the qualification, expertise, track record, integrity of such individual for appointment/continuing to hold appointment as a director on the Board.
- 3.2. The Company shall before appointing any person as a director on the Board obtain necessary information and declaration from the proposed director/existing directors for the purpose in the format given in the SBR Guidelines or such other format as may be prescribed by the RBI.
- 3.3. The Nomination and Remuneration Committee ("NRC"), administered and complied at the consolidated group level by Avanti Finance Private Limited, the holding company, shall scrutinize the information received in the declaration and undertaking. After scrutinizing the information and due diligence, NRC shall decide on and recommend appointment of the proposed director and in case of reappointment of a director, validate the appointment.
- 3.4. The Company shall obtain a covenant deed signed by the directors, which shall be in the format given in the SBR Guidelines.
- 3.5. The Company shall require every director on the Board to annually sign a 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 are furnished to them forthwith.

### **4. QUARTERLY REPORTING**

The Company shall provide a quarterly statement to RBI on change of Directors, and a certificate from the managing director of the Company that fit and proper criteria in selection of the directors has been followed. The statement submitted by the Company for the quarter ending March 31, shall be certified by the auditors as well.

## **5. POLICY REVIEW**

- 5.1. The implementation of this policy shall be monitored and reviewed periodically by the Board of the Company.
- 5.2. This Policy comes into effect from the date of approval by the Board.