

MAHINDRA RURAL HOUSING FINANCE LIMITED

(MRHFL)

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

Document History

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Version History

Version	Date of Adoption / Revision *	Change reference
1.	2 th March 2017	First time approval
2.	20 th April 2021	Added details of IT Strategy Committee in the document, it being a statutory committee. The amended guidelines on CG enclosed for Perusal and reference changed to RBI guideline for NHB guideline.
3.	21 st January 2022	Changes in the directorships and consequential changes in the constitution of various committees of the Board as well as changes in the terms of reference of certain committees of the Board due to applicability of corporate governance related provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
4.	19 th April 2024	Changes made in the Policy to align with the regulatory requirements and corresponding Policy changes with the holding company.

* The Policy version controls are considered from ____ onwards.

If at any point a conflict of interpretation / information between this Policy and any Regulations, Rules, Guidelines, Notification, Clarifications, Circulars, Master Circulars / Directions issued by RBI/NHB or any other Regulator arise, then interpretation of latter shall prevail.

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CORPORATE GOVERNANCE PHILOSOPHY

The Company practices a culture that is built on core values and ethical governance practices and is committed to transparency in all its dealings.

The Company believes that sound Corporate Governance is essential for enhancing long-term shareholder value and retaining investor trust.

The Company manages its affairs with diligence, transparency, responsibility and accountability to generate long term value for its stakeholders on a continuous and sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels.

The Company's Governance processes and practices ensure that the interest of all stakeholders are taken into account in a balanced and transparent manner and are firmly embedded into the culture and ethos of the organization.

The Company has an active, experienced and a well-informed Board. The Board along with its committees undertakes its fiduciary duties towards all its stakeholders with the Corporate Governance mechanism in place.

NATIONAL HOUSING BANK / THE RESERVE BANK OF INDIA GUIDELINES ON CORPORATE GOVERNANCE

These Guidelines on Corporate Governance are applicable to Mahindra Rural Housing Finance Limited ("the Company") and are formulated to comply with the "Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016" notified by the National Housing Bank (NHB) vide Notification No. NHB. HFC. CG - DIR.1/MD&CEO/2016 dated 9th February, 2017 and The Reserve Bank of India Master Direction no . RBI / 2020-21 / 73 DOR. FIN. HFC. CC. No. 120 / 03.10.136 / 2020-21 dated February 17, 2021.

The Internal Guidelines on Corporate Governance will be reviewed, as and when necessary, by the Board in the context of changing regulations and emerging best practices with a view to improving the Company's governance standards on an ongoing basis.

BOARD OF DIRECTORS

As per Article 142 of the Articles of Association of the Company, the Board of Directors shall comprise of minimum of three Directors and a maximum of fifteen Directors.

The Board of Directors of the Company shall have an optimum combination of Executive, Non-Executive, Independent and Woman Directors, as per the Guidelines/ Regulations applicable to the Company.

The Directors shall possess the requisite qualifications and experience in general corporate management, banking, finance, marketing and other allied fields which enable them to enhance their contribution effectively to the Company in their capacity as Directors of the Company.

A Director shall not hold the office of Director in more than 20 companies and the maximum number of directorships in public companies shall not be more than 10. Board Committees and Chairperson of more than 5 Board Committees (Committees being Audit Committee and Stakeholders Relationship Committee) across all companies in which they are Directors. All the Directors shall make the necessary annual disclosure regarding their change in concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including shareholding, directorships and committee positions and shall intimate changes as and when they take place.

The Directors shall act in accordance with the duties as provided under the Companies Act, 2013 (“the Act”) and the Independent Directors shall abide by the Code for Independent Directors under Schedule IV of the Act.

The Board shall provide the overall strategic direction and periodically review strategy and business plans, annual operating and capital expenditure budgets and oversee the actions and results of the management to ensure that the long-term objectives of enhancing stakeholders’ value are met. The Board shall also, inter-alia, review and consider the investment and exposure limits, compliance report(s) of all laws applicable to the Company, as well as steps taken to rectify instances of non-compliances if any, review major legal issues, approval and adoption of quarterly/half-yearly/annual results, transactions pertaining to purchase/disposal of property, major accounting provisions and write-offs, corporate restructuring, minutes of Meetings of the Committees of the Board and information on recruitment of Officers just below the Board level including the Company Secretary and Compliance Officer.

The Board shall satisfy itself that plans are in place for orderly succession for appointment to the Board of Directors and Senior Management.

BOARD MEETINGS

At least four Board Meetings shall be held in a year. The maximum time gap between any two meetings shall not be more than one hundred and twenty days. The minimum information to be statutorily made available to the Board pursuant to the applicable provisions and relevant mandatory Secretarial Standards shall be furnished to the Directors before or at the Board Meeting.

The minimum information to be statutorily made available to the Board pursuant to the applicable Guidelines and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“the Listing Regulations”] shall be furnished to the Directors before or at the Board Meeting.

CODE OF CONDUCT

The Board has laid down Code of Conduct for Board Members and for Senior Management and Employees of the Company (“Codes”).

The Code of Conduct for Independent Directors pursuant to section 149(8) read with Schedule IV of the Act, which is a guide to professional conduct for Independent Directors of the Company, is also applicable to Independent Directors of the Company.

COMMITTEES OF THE BOARD

For operational convenience and to focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted various Committees with specific terms of reference.

The Committees shall operate as empowered agents of the Board as per their terms of reference. The minutes of the meetings of all Committees of the Board shall be placed before the Board for noting.

All decisions pertaining to the constitution/re-constitution/dissolution of Committees, appointment of members and fixing/modification of terms of reference of the various Committees shall be made by the Board of Directors.

The Committees shall periodically report to the Board on various matters that have been referred to the respective Committees.

The Board and its Committees shall perform such role / function as may be as mandated by the RBI / Listing Regulations / the Companies Act, 2013 (“Act”) and Rules made thereunder, as amended from time to time, whether or not the same are incorporated in these Guidelines.

DETAILS OF THE VARIOUS COMMITTEES ARE AS UNDER:**1. Audit Committee**

The Company has in place an Audit Committee in accordance with the provisions of Section 177 of the Companies Act, 2013 and the Rules framed thereunder, as envisaged in clause 3 (l) of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 and clause 40 of the Master Circular - The Housing Finance Companies (NHB) Directions, 2010.

- a) The Constitution of the Audit Committee shall be in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- b) All the Members of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
- c) The Chairperson of the Audit Committee shall be an Independent Director.
- d) The Company Secretary shall act as the Secretary to the Audit Committee.

e) Meetings:

- i) The Audit Committee shall meet periodically, but at least four times in a year and not more than one hundred and twenty days shall elapse between two successive meetings.
- ii) The quorum for the Audit Committee Meetings shall be either two Members or one third of the Members of the Audit Committee, whichever is greater, with at least two Independent Directors.
- iii) The Audit Committee may invite such of the executives, as it considers appropriate to be present at the meetings of the Committees.

f) Role and responsibilities:**(A) Appointment and re-appointment of Statutory Auditors**

1. To recommend to the Board the appointment/ reappointment, remuneration and terms of appointment/ reappointment of Statutory Auditors (“Auditor/Auditors”) of the Company including filling of any casual vacancy thereof and if required, the replacement or removal of the Auditor.
2. To recommend to the Board, the name of individual auditor or the audit firm who may be rotated in the place of the present incumbent.
3. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
4. To approve and recommend to the Board availing of such other services from the Auditor as may be deemed necessary from time to time excluding such services as may be prohibited from time to time and payment for the same.

(B) Functions, Role and duties:

1. Review and monitor the Auditor's independence and performance, and effectiveness of audit process.
2. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
3. Examination of and reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by Management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. The going concern assumption;
 - vi. Compliance with accounting standards;
 - vii. Compliance with listing and other legal requirements relating to financial statements;
 - viii. Disclosure of any related party transactions;
 - ix. Modified Opinions in the draft audit report.
4. Providing comments/explanation on observations made by the auditors in the auditors' report/modified opinion(s) in the draft audit report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
6. Scrutiny of inter-corporate loans and investments.
7. Valuation of undertakings or assets of the Company, wherever it is necessary.
8. Evaluation of internal financial controls and risk management systems.
9. Monitoring the end use of funds raised through public offers/any issue and related matters and reviewing, with the Management:
 - i) the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.);
 - ii) the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue.
 - iii) Making appropriate recommendations to the Board to take up steps in this matter.

10. To look into reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
11. Calling for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board for its approval and discussion with the Internal and Statutory Auditors and the Management of the Company on any related issues.
12. Monitoring and Reviewing, with the Management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
13. Reviewing the financial statements, in particular, the investments made by the unlisted subsidiary companies.
14. To review the instances of fraud reported by auditor and provide comments thereon.
15. To investigate into any matter within its terms of reference or referred to it by the Board.
16. To obtain outside legal or other professional advice.
17. To seek information from any employee and shall have full access to information contained in the records of the Company.
18. To secure attendance of outsiders with relevant expertise, if it considers necessary.
19. Approval of system for storage, retrieval, display or printout of the electronic records for accounts.
20. To appoint valuers for the valuation of any property, stocks, shares, debentures, securities or goodwill or any other asset or net worth of the Company or liability of the Company under the provisions of the Companies Act, 2013.
21. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding Rs. 100 crores or 10% of the asset size of the subsidiary, whichever is lower, including existing loans / advances/ investments.

(C) Internal Audit:

1. To recommend the appointment, removal and terms of remuneration of the Chief internal auditor and review the same.
2. In consultation with the Internal Auditor, formulate the scope, functioning, periodicity and methodology for conducting the internal audit.
3. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
4. Discussion with Internal Auditors of any significant findings and follow-up thereon.
5. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

6. To ensure that an Information Systems Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

(D) Review

1. Management discussion and analysis of financial condition and results of operations.
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the Management.
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors.
4. Internal audit reports relating to internal control weaknesses.
5. Statement of deviations in the use of proceeds of Non Convertible debentures / Subordinated Debt issued from the objects stated in the offer document.
6. Reviewing compliance with the Insider Trading Regulations at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively.

(E) Related Party Transactions (“RPTs”)

1. In accordance with the provisions of the Companies Act, 2013 and Rules made thereunder (“the Act”) and/or Regulation 23 of the SEBI Listing Regulations:
 - a. Approval or any subsequent modification of transactions of the Company with related parties which are in the ordinary course of business and on arm’s length basis;
 - b. To grant prior approval for all RPTs which are not in the ordinary course of business and/or on arm’s length basis and if approved, recommending it to the Board and for further placing it before the Shareholders for approval in case the transactions exceed the values prescribed under the Act;
2. To grant prior approval to all RPTs to be entered into by the Company in accordance with Regulation 23 of the SEBI Listing Regulations as amended from time to time;
3. To grant omnibus approval for RPTs proposed to be entered into by the Company, which shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. The omnibus approval shall be subject to following conditions:
 - a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on RPT of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
 - c. Such omnibus approval shall specify:
 - ✓ the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;

- ✓ the indicative base price / current contracted price and the formula for variation in the price, if any; and
 - ✓ such other conditions as the Audit Committee may deem fit.
4. To grant omnibus approval where the need for RPTs cannot be foreseen and aforesaid details are not available, subject to their value not exceeding Rs.1 crore per transaction. Such omnibus approvals shall be valid for a period not exceeding one year.
 5. review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approvals given.
 6. To define significant related party transactions.

(F) CFO Appointment

To approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate and recommend the same to the Board.

(G) Whistle Blower Policy / Vigil Mechanism

1. To oversee/review the functioning of the Whistle Blower Policy/Vigil Mechanism.
2. To review matters raised pursuant to Vigil Mechanism.
3. To investigate and take actions for frivolous matters if necessary.

(H) Residual Matters

Carrying out such other function as may be delegated to the Committee from time to time.”

2. Nomination and Remuneration Committee

1. The constitution and the terms of reference of the Nomination and Remuneration Committee shall be in compliance with the provisions of section 178(1) of the Companies Act, 2013 and the Rules framed thereunder and Regulation 19 of the Listing Regulations, as amended from time to time.
2. The Chairman of the Board (whether Executive or Non-Executive) may be appointed as a Member of the Committee but shall not chair the Committee.
3. The Company Secretary shall act as the Secretary to the Nomination and Remuneration Committee.

4. Meetings:

- a) The Nomination and Remuneration Committee shall meet as and when required to discuss matters. It is however, recommended that the Committee meet at least twice during the year.
- b) Any two Members to constitute a quorum including one Independent Director.
- c) The Nomination and Remuneration Committee may invite such executives, as it considers appropriate to be present at the meetings of the Committees.

5. Roles and Responsibilities (Terms of Reference):

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommending to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees.
- (2) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a) use the services of an external agencies, if required;
 - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c) consider the time commitments of the candidates.
- (3) formulation of criteria for evaluation of performance of independent directors and the board of directors.
- (4) devising a policy on diversity of board of directors.
- (5) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- (6) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (7) recommend to the board, all remuneration, in whatever form, payable to senior management.
- (8) Ensure "Fit and Proper" status of Directors at the time of appointment and on a continuing basis, as prescribed by the Reserve Bank of India.
- (9) To administer ESOP Scheme(s) of the Company as may be formulated from time to time and take appropriate decisions in terms of the concerned schemes.
- (10) Evaluate functioning of the Board on an annual basis including an assessment of the effectiveness of the full Board with a view to improve the overall performance of the Board.
- (11) To attend to such other matters and functions as may be assigned by the Board of Directors or prescribed under the Companies Act, 2013 or any other applicable law and Rules made thereunder."

3. Corporate Social Responsibility Committee

- The constitution and the terms of reference of the Corporate Social Responsibility Committee shall be in compliance with the provisions of section 135(1) of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder and Schedule VII of the Act.
- The quorum for the Meeting of Corporate Social Responsibility Committee shall be any two Directors.

Role and Responsibilities (Terms of Reference):

The terms of reference and role of the Corporate Social Responsibility Committee shall be as under:

1. Formulate and recommend to the Board, a CSR policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;
2. Recommend the amount to be spent on these activities;
3. Institute a transparent monitoring mechanism for implementation of CSR projects and monitor the Company's CSR policy periodically and monitor the Company's CSR policy periodically.
4. To formulate and recommend to the Board, an Annual Action Plan in pursuance of its CSR policy, which shall include the following, namely:-
 - a) The list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - b) The manner of execution of such projects or programs as specified in sub-rule (1) of rule 4 inter alia including CSR activities to be undertaken by the Company by itself or through the following:
 - i) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
 - ii) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities;
 - c) The modalities of utilization of funds and implementation schedules for the projects or programs;
 - d) Monitoring and reporting mechanism for the projects or programs; and
 - e) Details of need and impact assessment, if any, for the projects undertaken by the Company.
 - f) Attend to such other matters and functions as may be prescribed from time to time.

4. Asset Liability Committee (ALCO)

The constitution and the terms of reference of the Asset Liability Committee shall be in compliance with the Guidelines issued by National Housing Bank / [the Reserve Bank of India](#).-

- The Asset Liability Committee shall meet quarterly to review the working of ALCO Operating Committee.

- The quorum for the Meeting of Asset Liability Committee shall be any two Directors.

Role and Responsibilities (Terms of Reference)

- To oversee effective implementation and review of Liquidity Risk Management Policies and Procedures.
- Ensuring adherence to risk tolerance/prudential limits as set out by the Board.
- Provide guidance on desired maturity profile and diversification/concentration of sources of borrowings.
- Cash management and liquidity planning including Contingency Funding Plan and Treasury Chest policy.
- Review of Foreign Exchange exposures, Interest Rate Risk.
- Review of MIS periodically monitored by the Asset Liability Management Committee.
- To oversee controls for managing liquidity risk including stress testing and annual review of Liquidity Risk Management framework by an independent entity.

~~The Asset Liability Committee shall review/oversee the working of the Asset Liability Operating Committee, its findings and reports in accordance with the Guidelines of the National Housing Bank (NHB).~~

~~The Asset Liability Committee shall perform such other duties, as are required to be performed by the Committee, under the applicable laws, Regulations and Guidelines issued by the NHB.~~

5. Risk Management Committee

- The constitution and the terms of reference of the Risk Management Committee shall be in compliance with the provisions of Regulation 21 of the SEBI Listing Regulations, Guidelines on Corporate Governance issued by the Reserve Bank of India / National Housing Bank and such other applicable guideline / regulation issued / prescribed by the National Housing Bank or the Reserve Bank of India in this regard.laws.

Meetings:

- The quorum for the meetings of the Risk Management Committee shall be any two Directors personally present.
- The Risk Management Committee shall meet at least once in a quarter.
- The Risk Management Committee may invite such executives, as it considers appropriate to be present at its meetings.

Roles and Responsibilities (Terms of Reference):

- a) To formulate a detailed risk management policy which shall include:
 - i) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - ii) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - iii) Business continuity plan.

- b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- d) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
- e) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- f) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- g) The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.
- h) The Risk Management Committee shall manage the integrated risk, inform the Board about the progress made in implementing a risk management system, and review periodically the Risk Management Policy and strategy followed by the Company.
- i) The Chief Financial Officer of the Company shall apprise the Risk Management Committee and the Board of the major risks as well as the movement in the profile of the high risk category, the root causes of risks and their impact, key performance indicators, risk management measures, and the current controls being exercised to mitigate these risks.
- j) The Risk Management Committee shall perform such other duties, as are required to be performed by the Committee, under the applicable laws, Guidelines, and RBI / NHB Directions.”

6. IT Strategy Committee

The constitution of the IT Strategy Committee shall be in accordance with the National Housing Bank (NHB) Policy Circular No. NHB / ND / DRS / Policy Circular No.90/2017-18, dated 15th June, 2018 specifying the IT framework to be adopted by Housing Finance Companies (HFCs) or such other guideline / regulation issued by the National Housing Bank or the Reserve Bank of India in this regard.

- a) The Chairman of the IT Strategy Committee shall be an Independent Director.
- b) The quorum for the meetings of the IT Strategy Committee shall be any two members personally present.
- c) The IT Strategy Committee shall meet ~~at least quarterly~~at least once in every half year.
- d) ~~The IT Strategy Committee may invite such executives, as it considers appropriate to be present at its meetings.~~
- ~~e)~~ Chief Information Security Officer (“CISO”) shall be permanent invitee to the Committee.

Roles and Responsibilities (Terms of Reference)

- ~~i) Approving IT strategy and policy documents and ensuring that the Management has put an effective strategic planning process in place;~~

- ~~ii) Ascertaining that Management has implemented processes and practices that ensure that the IT delivers value to the business;~~
- ~~iii) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;~~
- ~~iv) Monitoring the method that Management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;~~
- ~~v) Ensuring proper balance of IT investments for sustaining the Company's growth and becoming aware about exposure towards IT risks and controls;~~
- i) Ensure that the Company has put in place an effective IT strategic planning process;
- ii) Provide guidance in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the Company towards accomplishment of its business objectives;
- iii) Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organization;
- iv) Ensure that the Company has put in place processes for assessing and managing IT and cybersecurity risks;
- v) Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives; and
- vi) Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company (The reference to Business Continuity/ Disaster Recovery Management is limited to operational resilience focusing on People, Processes and Systems associated with the IT, IS, information/ cyber security controls and operations).
- vii) Instituting effective governance mechanism and risk management process for all IT outsourced operations, viz.:
 - a) Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner;
 - b) Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;
 - c) Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;
 - d) Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;
 - e) Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board;
 - f) Periodically reviewing the effectiveness of policies and procedures;
 - g) Communicating significant risks in outsourcing to the Board on a periodic basis;

- h) Ensuring an independent review and audit in accordance with approved policies and procedures;
- i) Ensuring that contingency plans have been developed and tested adequately;
- j) Ensuring that the business continuity preparedness is not adversely compromised on account of outsourcing by adopting sound business continuity management practices as issued by the RBI and seeking proactive assurance that the outsourced service provider maintains readiness and preparedness for business continuity on an ongoing basis.

viii) To review cyber security risks/ arrangements/ preparedness of the Company on quarterly basis.

ii)x) To obtain outside legal or other professional advice, if it considers necessary.-

iii)x) To secure attendance of outsiders with relevant expertise, if it considers necessary.

iv)x) Carrying out such other function as may be statutorily required and as may be delegated by the Board to the Committee from time to time.

7. Stakeholders Relationship Committee

- 1) The constitution and terms of reference of the Stakeholders Relationship Committees shall be in compliance of Regulation 20 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), as amended from time to time.
- 2) The Chairperson of the Stakeholders Relationship Committee shall always be a Non-Executive Director.
- 3) The Company Secretary is the Compliance Officer of the Company.
- 4) The quorum for the Meeting of Stakeholders Relationship Committee shall be any two Directors.
- 5) The Stakeholders Relationship Committee may invite such other persons or professionals with relevant expertise to assist the Committee in its deliberations as may be considered necessary from time to time.
- 6) The Stakeholders Relationship Committee shall meet as and when required, but at least once in a year.

Role and responsibilities (terms of reference):

- a. approve transfer of Shares including approving of the transfer of shares on receipt of the duly executed documents along with the duplicate/new share certificates to Investor Education and Protection Fund ("IEPF").
- b. approve transmission of Equity Shares/Debentures held in the name(s) of a deceased shareholder(s)/ debenture holder(s) to the legal representative(s) without production of Succession Certificate or Probate or Letters of Administration or other legal representation based on an Affidavit and Indemnity Bond in a form acceptable to the Company.
- c. approve transmission of Equity Shares/ Debentures held in the name(s) of a deceased shareholder(s)/ debenture holder(s) to the legal representative(s) with production of Succession Certificate or Probate or Letters of Administration or other legal representation based on an Affidavit and Indemnity Bond in a form acceptable to the Company.

- d. approve the transfer/transmission of other securities.
- e. approve the issue of duplicate /new share certificate(s) in lieu of the original certificate(s) lost or misplaced, or for the purpose of transferring of shares to IEPF.
- f. approve the issue of duplicate debenture certificate(s) in lieu of the original certificate(s) lost or misplaced.
- g. look into redressal of shareholders, debenture holders and investor complaints such as transfer/transmission of shares/ debentures, non-receipt of Balance Sheet, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
- h. look into all shares and securities related matters including legal cases, compliances under the Companies Act, 2013, Listing Regulations, SEBI Regulations, etc.
- i. monitor and resolve the grievances of security holders of the Company.
- j. monitor and resolve Customer / Community stakeholders Grievances.
- j.k. review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the Shareholders of the Company.
- k.l. ensure setting of proper controls, review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Transfer Agent for Equity Shares and Debentures and oversee the performance of the Registrar and Transfer Agent.
- l.m. review measures taken for effective exercise of voting rights by Shareholders.
- m.n. provide guidance and make recommendations to improve the service level for investors.
- n.o. attend to such other matters and functions as may be prescribed from time to time.
- o.p. the Stakeholders Relationship Committee shall perform such other duties, as are required to be performed by the Committee, under the applicable laws, Guidelines and Listing Regulations.”

SHAREHOLDERS

Shareholders shall be informed of details regarding the appointment or re-appointment of a Director(s).

FIT AND PROPER CRITERIA

The Company has in place a Board approved Policy for ascertaining the Fit and Proper criteria of the Directors at the time of appointment and on a continuing basis. The Policy on the Fit and Proper Criteria is in accordance with the Directions issued by the Reserve Bank of India / National Housing Bank in this regard.

All the Directors shall meet the ‘Fit and Proper’ criteria as prescribed by the Reserve Bank of India / National Housing Bank.

DISCLOSURES AND TRANSPARENCY

The Company is committed to make adequate disclosures based on the principles of transparency, timeliness, fairness and continuity. The Board of Directors and employees of the Company shall ensure

and make necessary disclosures to the Company, the Regulator(s) / Statutory Authorities, the Shareholders, Investors, Members or other stakeholders as may be required by the applicable laws and the Codes / Policies of the Company.

The Board of Directors of the Company or such other person authorised by the Board or under any law/ regulations, shall ensure that all the disclosures statutorily required to be made on behalf of the Company are duly made to the Regulatory / Statutory authorities or such other persons as may be required under applicable laws/ regulations.

The Company as per the requirement of the Companies Act, 2013, [SEBI Listing Regulations](#) and the Guidelines issued by the [Reserve Bank of India / National Housing Bank on Corporate Governance of Housing Finance Companies](#) put up to the Board of Directors, at regular intervals, the following:

1. the progress made in putting in place a progressive risk management system, risk management policy and strategy followed by the Company;
2. conformity with Corporate Governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

ROTATION OF PARTNER(S) OF THE STATUTORY AUDITORS

The Board and the Audit Committee of the Company shall be responsible to appoint Statutory Auditors who demonstrate professional ability and independence. The Company shall review the independence and performance of the Statutory Auditors and the effectiveness of the audit process periodically. Declaration shall be obtained from the Auditors affirming their eligibility for being appointed as the Statutory Auditors of the Company.

~~Further, the Company shall rotate the partner(s) of the Chartered Accountant firm(s) conducting the statutory audit of the Company every three years or such other earlier period as may be decided by the Board, so that same partner does not conduct audit of the Company continuously for more than a period of three years. However, the partner so rotated shall be eligible for conducting the audit of the Company after an interval of three years. The Company shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.~~

~~Further, the Company shall rotate the partner(s) of the Chartered Accountant firm(s) conducting the statutory audit of the Company every three years or such other period as may be prescribed under the relevant provisions of the Companies Act, 2013 and / or the regulations / guidelines prescribed in this behalf by the Reserve Bank of India.~~

CEO/CFO CERTIFICATION

The CEO i.e. the Managing Director and the CFO i.e. the Chief Financial Officer shall make the necessary certifications regarding the Financial Statements, internal controls, etc., to the Board.

ANNUAL REPORT

Annual Report of the Company shall contain such information as is required to be mandatorily disclosed under various provisions of the Companies Act, 2013, [SEBI Listing Regulations](#) and other applicable laws, Rules and Regulations, including the information required to be disclosed under the relevant Master Direction(s), Circulars, [Guidelines](#), etc. of the Reserve Bank of India / National Housing Bank.

COMPLIANCE OFFICER

The Board of Directors shall designate a Compliance Officer to ensure compliance with applicable laws.

CHIEF RISK OFFICER

The Company shall have a Chief Risk Officer (CRO) who shall be a senior official and shall possess adequate professional qualification/ experience in the area of risk management and shall have clearly specified role and responsibilities. The CRO shall function independently so as to ensure highest standards of risk management. The Company shall adhere to the instructions / provisions prescribed in the guidelines issued by the Reserve Bank of India with respect to the office of the CRO.

POLICIES ADOPTED BY THE COMPANY

The Company shall adopt such policies, as may be required to adopt under the Companies Act, 2013, the Listing Regulations, the Reserve Bank of India / the National Housing Bank Guidelines applicable to the Company and such other laws and regulations as may be applicable.

The Policies adopted may be reviewed by the Board from time to time.

Approval and Amendments

- The Board of Directors of the Company , and officials authorized by the Board (for the purpose of aligning these Guidelines with statutory amendments) , as the case may be , are authorized to amend these Guidelines as may be required from time to time.
- Any amendment(s) in the statutory/regulatory requirements relating to Corporate Governance/ Compliances, enhancement/ amendment(s) in Role of Board and / or its Committees shall be deemed to be included in these Guidelines and binding on the Company, even if such statutory amendments are not specifically incorporated in these Guidelines.

Scope and Limitation

In the event of any conflict between the provisions of these Guidelines and the RBI / NHB Notifications(s)/ RBI / NHB Circulars, the SEBI Listing Regulations, the Companies Act, 2013 and rules framed thereunder or any other applicable regulatory / statutory enactments including amendments thereto, RBI / NHB Notifications(s) / RBI / NHB Circulars, the SEBI Listing Regulations, the Companies Act, 2013 and rules framed thereunder or any other regulatory/statutory enactments shall prevail over these Guidelines.
