

AADHAR HOUSING FINANCE LIMITED

(CIN NO – U66010KA1990PLC011409)

INTERNAL GUIDELINES ON **CORPORATE GOVERNANCE**

I. PREAMBLE

National Housing Bank (“NHB”) vide notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February, 2017, has notified Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, which, *inter-alia*, requires every deposit taking Housing Finance Company to frame “Internal guidelines on Corporate Governance”.

Pursuant to the same, the Board of Directors of the Company at their meeting held on 28th April, 2017, have approved and adopted the Internal Guidelines on Corporate Governance [“CG Guidelines”]. These Guidelines outline the current Corporate Governance practices of the Company.

II. COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company practices a trustworthy, transparent, moral and ethical conduct, both internally and externally, and is committed towards maintaining the highest standards of Corporate governance practices in the best interest of all its stakeholders.

The Company believes that it not only has legal, contractual and social responsibilities, but also has obligations towards its non-shareholder stakeholders such as bankers, regulators, government agencies, employees, investors, creditors and customers, among others. The Company strives to ensure that all its stakeholders have an access to clear, adequate and factual information relating to the Company. The Company continues to promote accountability of the management. The Board of Directors acknowledge its responsibilities towards all the stakeholders of the Company for creation and safeguarding their wealth.

III. DEFINITIONS

In this CG Guidelines, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this CG Guidelines, shall have the meaning as defined below:

1. **“Act”** shall mean the provisions of the Companies Act, 2013 and rules made thereunder and shall include the statutory amendment(s), modification(s) or re-enactment(s) thereof.
2. **“Board”** shall mean the Board of Directors of the Company, as constituted from time to time.
3. **“Company”** means Aadhar Housing Finance Limited (AHFL).

4. **“Committee”** shall mean committee of the Board of Directors or such other Committee constituted from time to time.
5. **“Independent Director”** shall mean a Director who satisfies the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.
6. **“KMP”** shall mean Key Managerial Personnel as defined in sub section (51) of Section 2 of the Companies Act, 2013.
7. **“NHB CG Directions”** refers to the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 issued by NHB vide notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 on 9th February, 2017.
8. **“SMP”** shall mean Senior Management Personnel of the company who are members of the core management team excluding Board of Directors. Normally, this shall comprise of all members of management one level below the Executive Directors, including all functional heads and all employees at Vice President Position and above
9. **“SEBI Listing Regulations”** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes any statutory modification(s) thereof.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any other applicable law/regulation/rules prescribed by National Housing Bank or such other authority.

IV. GOVERNANCE OF THE BOARD

The Board of Directors play a pivotal role in ensuring that the good corporate governance practices are followed within the Company. The Board of Directors oversees the functioning of the Company and that of its management; and ensures that every decision taken is in the best interest of the stakeholders of the Company.

1. Role and Responsibilities

- The Board shall be required to uphold ethical standards of integrity and probity, act objectively & constructively and exercise responsibilities in a bona fide manner in the interest of the Company and its stakeholders.
- Every Director holds a fiduciary position and shall be required to attend and actively participate in the Board and its Committee Meetings in which they are a Member and conscientiously fulfil his/her obligations as Director of the Company.
- The Board shall be responsible for overall compliance and monitoring the effectiveness of the Corporate Governance practices and suggest changes, if required. The Board shall also periodically review compliance under various laws applicable to the Company.
- The Board shall scrutinize and monitor the performance of management to ascertain the achievement of agreed goals and objectives.
- The Board of directors shall provide strategic guidance to the Company.
- The Board shall ensure that the integrity of the financial information and that financial controls and the systems of risk management are robust and defensible;
- The Board of Directors shall exercise objective independent judgment on corporate affairs, board deliberations on issues relating to strategy, performance, risk management, resources, key appointments and standards of conduct. However, Independent Directors shall moderate and arbitrate in the interest of the company as a whole, in situations of conflict between the management and shareholder's interest.
- The Board shall bring an objective view in the evaluation of the performance of board and management.

In addition to the above, the Company and the Directors shall at all times abide by the applicable provisions of SEBI Listing Regulations and the Act.

2. Composition and Size

- The Board shall have minimum three directors and a maximum of fifteen directors or such other limit as may be prescribed under the applicable provisions of Companies Act, 2013, SEBI Listing Regulations and Articles of Association of the Company.
- The Board of the Company shall have an optimum combination of Executive, Non-Executive and Independent Directors with atleast one woman director. However, it shall at all times ensure that atleast one-third of the Board comprises of Independent Directors.

3. Appointment and Compensation of Directors

- Director(s) shall be appointed as per the applicable provisions of the Act and rules made there under.
- A person proposed to be appointed as a Director shall be assessed on various parameters such as qualification, relevant experience and expertise, integrity, skill sets. etc. The person considered to be appointed as a Director should also possess relevant expertise which will help the person to act objectively and constructively.
- All the Directors on the Board shall fulfil the fit and proper criteria as laid down under the Company's Policy on fit and proper criteria for the Directors formulated as per NHB CG Directions.
- Upon appointment, the Director shall execute a Deed of covenant with the Company as per the format prescribed under the Company's Policy on fit and proper criteria for the Directors formulated as per NHB CG Directions.
- The Company shall upon appointment of an Independent Director, issue a formal letter of appointment outlining his/her terms of appointment, role, responsibilities, duties. etc.
- The appointment/re-appointment and the remuneration payable to the Director(s) shall be reviewed by the Nomination and Remuneration Committee and recommended to the Board for approval in accordance with the Company's "Nomination (including Boards' Diversity), Remuneration and Evaluation Policy".
- The Non-Executive and Independent Directors shall be paid sitting fees and other expenses incurred for attending the Board/Committee Meetings eg. Travelling /lodging.
- Non -Executive Directors shall be entitled to a commission not exceeding one percent of the net profits or such other lower amount as may be approved by the Shareholders of the Company.
- Independent Directors of the Company shall not be entitled to stock options.

4. Disclosures

- An annual declaration on confirmation in respect of fit and proper criteria in the format prescribed under the Company's Policy on fit and proper criteria for the Directors formulated in terms of NHB Directions shall be furnished by the Directors.
- A declaration of independence in terms of Section 149(7) of the Companies Act, 2013 shall be furnished by the independent Directors every financial year or whenever there is any change in the circumstances that affect their status as an Independent Director.
- All the Directors shall abide with the Company's "Code of Conduct for the Board and Senior Management Personnel" and affirm compliance with the same within 30 days from the close of every financial year.

- All the Directors shall comply with all laws, rules, and regulations governing trading in the securities of the Company and the Company's Code of Conduct for Prohibition of Insider Trading in dealing with the securities of the Company which, inter-alia, prohibits buying or selling of the Company's securities on the basis of any unpublished price sensitive information and submit necessary disclosures thereunder.

5. Confidentiality

- The Directors shall not disclose any confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, during their term or following termination (by whatever means) to third parties unless expressly approved by the Board or required by law.

6. Conflict of Interest

- All the Directors and key managerial personnel shall be required to disclose to the Board of directors whether they, directly or indirectly, or on behalf of third parties, have any material interest in any transaction or matter directly affecting the Company.
- No Independent Director shall have any pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors and ensure that none of their relatives have any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower.
- Every Director if concerned or interested, whether directly or indirectly, in any contract or arrangement or proposed contract or arrangement entered into or to be entered with a body corporate in which either the Director individually or in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or with a firm or other entity in which, the Director is a partner, owner or member, as the case may be, shall disclose the nature of concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting.

7. Board Meetings

- The Company shall be required to hold atleast one Board meeting in a calendar quarter with a maximum interval of one hundred and twenty days between two consecutive meetings, such that atleast four meetings are held in a year.

- The Quorum for a Meeting of the Board shall be one-third of the total strength of the Board, or two Directors, whichever is higher and the same shall be maintained for the entire meeting.

8. Minimum Information to be placed before the Board

- To enable the Board members to discharge their responsibilities effectively and take informed decisions, detailed agenda papers, with explanations on each item, shall be sent to each Director well in advance of the Board and its Committee meetings as per the Act and other applicable laws.
- The Company shall place all statutory and other significant matters including minimum information required to be placed in terms of Schedule II – Part A of the SEBI Listing Regulations and Secretarial Standard on the Meetings of the Board of Directors [SS-1] as prescribed by the Institute of Company Secretaries of India, before the Board to enable it to discharge its duty responsibly.
- The Minutes of all Board Meetings and its Committee Meetings shall be circulated to the Board members as per the applicable provisions of the Act and SS-1. Minutes of the previous Board /Committee Meetings are placed in the subsequent Board/Committee Meeting for noting.

9. Separate Meeting of the Independent Directors

- The Independent Directors of the Company shall meet atleast once in a year without the presence of Non-executive Directors and the Management in terms of Schedule IV of the Act and SEBI Listing Obligations. The meeting shall be held to review the performance of Non-Independent Directors and the Board as a whole; to review the performance of the Chairman and to assess the quality, quantity and timeliness of flow of information between the company management and the Board and its members that is necessary for the Board to effectively and reasonably perform their duties.

10. Board Committees

- The Board of Directors shall constitute various Committees which will enable the Board to deal with specific areas / activities that need a closer review and to have an appropriate structure to assist in the discharge of their duties and responsibilities. Presently, the Board has constituted six committees namely – Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Corporate Social Responsibility Committee and Investment Committee.

i. Audit Committee

The Company shall have in place an Audit Committee constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and rules framed thereunder and Regulation 18 of the SEBI Listing Regulations.

Composition	<p>The Audit Committee shall consist of minimum of three directors and atleast two third of the members shall be independent directors.</p> <p>All the Members of the Audit Committee shall be financially literate and atleast one Member shall have an accounting or related financial management expertise.</p> <p>The Chairperson of the Audit Committee shall be an Independent Director.</p>
Meetings	<p>The Committee shall meet atleast four times in a year with a maximum interval of not more than one hundred and twenty days in between two days.</p> <p>The Chairperson of the Committee shall be present at the Annual General Meeting to answer shareholder queries.</p>
Quorum	<p>The presence of either two members or one third of the total members, whichever is higher, with atleast two independent Directors shall be required to form the necessary quorum unless otherwise stipulated in the Act or SEBI Listing Regulations</p>
Terms of Reference	<ul style="list-style-type: none">▪ To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;▪ To recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;▪ To approve the payment to statutory auditors for any other services rendered by them;▪ To review with the management, the annual financial statements before submission to the board for approval, with particular reference to:<ul style="list-style-type: none">a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.

	<ul style="list-style-type: none"> b. Changes, if any, in accounting policies and practices and reasons for the same c. Major accounting entries involving estimates based on the exercise of judgment by management d. Significant adjustments made in the financial statements arising out of audit findings e. Compliance with listing and other legal requirements relating to financial statements f. Qualifications in the draft audit report. <ul style="list-style-type: none"> ▪ To review with the management, the financial statements/business operations before submission to the Board. ▪ To review with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), 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, and making appropriate recommendations to the Board to take up steps in this matter; ▪ To review with the management, performance of statutory and internal auditors, and monitor auditor's independence and performance and effectiveness of the audit process and adequacy of the internal control systems; ▪ To review the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management. ▪ To ensure that the Information System Audit of the internal systems and processes is conducted to assess the operational risks faced by the Company. ▪ To review 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; ▪ To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a
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	<p>failure of internal control systems of a material nature and reporting the matter to the Board;</p> <ul style="list-style-type: none"> ▪ To discuss 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; ▪ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, members (in case of nonpayment of declared dividends) and creditors; ▪ 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 & background, etc. of the candidate; ▪ To consider, suggest, modification and or recommend/approve, the related party transactions of the Company; ▪ To scrutinize inter corporate loans and investments; ▪ To review the Asset-Liability Management Mechanism of the Company. ▪ To consider valuation of assets or undertaking of the Company wherever required; ▪ To evaluate internal financial controls, risk management systems and fraud reporting; ▪ To review and formulate the scope, functioning, periodicity, methodology for conducting the internal audit, in consultation with the Internal Auditor and to discuss with the internal auditors any significant findings and follow up there on; ▪ To have the authority to investigate into any matter as included in its terms of reference or referred to it by the Board and for this purpose the Audit Committee to have power to obtain professional advice from external sources and have full access to information contained in the records of the company. ▪ To review the Company's Vigil Mechanism as defined under the Whistle Blower Policy of the Company with regard to the process/procedure prescribed for its employees and directors to raise concerns, in confidence, about possible wrongdoing in financial reporting, accounting, auditing or other related matter. To ensure that these arrangements allow independent investigation of such matters and appropriate follow up action.
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	<ul style="list-style-type: none"> ▪ Any other function as may be stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.
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ii. Nomination and Remuneration Committee

The Company shall have in place a Nomination and Remuneration Committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and rules framed thereunder and Regulation 19 of the SEBI Listing Regulations

Composition	<p>The Nomination and Remuneration Committee shall comprise of atleast three directors and all Directors of the Committee shall be Non- Executive Directors. Atleast fifty percent of the Members shall be Independent Directors.</p> <p>However, the Chairman of the Company (whether executive or non-executive) may be appointed as a Member of the Committee but shall not be allowed to chair the Committee.</p>
Meetings	<p>The Committee shall meet atleast once in every financial year.</p> <p>The Chairperson of the Committee shall be present at the Annual General Meeting to answer shareholder queries.</p>
Quorum	<p>The presence of atleast two members shall be required to form the necessary quorum unless otherwise stipulated in the Act or SEBI Listing Regulations.</p>
Terms of Reference	<ul style="list-style-type: none"> ▪ To identify and recommend to the Board, in accordance with the criteria as laid down, appointment/reappointment/removal of the Executive /Non - Executive Directors and the senior management of the Company ▪ To formulate criteria for evaluation and evaluate the performance of every director including the Independent Directors. ▪ To formulate the criteria for determining qualifications, positive attributes and independence of the Directors. ▪ To recommend to the Board a remuneration policy for the Directors, Key Managerial Personnel and other employees of the Company.

	<ul style="list-style-type: none"> ▪ To devise a Policy on Board Diversity of the Company. ▪ To monitor and handle any other matter relating to framing/administration of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 or any amendments thereof. ▪ Any other function as may be mandated by the Board or stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.
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ii. Risk Management Committee

The Company shall have in place a Risk Management Committee constituted in accordance with the provisions of Regulation 21 of the SEBI Listing Regulations and applicable provisions of Companies Act, 2013.

Composition	<p>The Risk Management Committee shall consist of minimum of three Top Management members and atleast CEO or director shall be present in the meeting. Senior executive of the Company may be appointed as Members of this Committee.</p> <p>The Chairman of the Committee shall be CEO or Director of the Company.</p>
Meetings	<p>The Committee shall meet atleast once in every quarter of every financial year.</p>
Quorum	<p>The presence of atleast two members shall be required to form the necessary quorum unless otherwise stipulated in the Act or SEBI Listing Regulations.</p>
Terms of Reference	<ul style="list-style-type: none"> ▪ To review and monitor the Risk Management Policies and Procedures; ▪ To ensure that the Credit Exposure of the Company to any single/group borrowers does not exceed, the internally set limits and the prescribed exposure ceilings by the Regulator; ▪ To review the Risk Monitoring System; ▪ To review and verify adherence to various risk parameters set-up for various Operations/Functions.

	<ul style="list-style-type: none"> ▪ To review the Asset-Liability Management Mechanism of the Company. ▪ To undertake such other function as may be mandated by the Board or stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.
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iii. Corporate Social Responsibility Committee

The Company shall have in place a Corporate Social Responsibility Committee constituted in accordance with the provisions of Section 135 of the Companies Act, 2013 and rules framed thereunder .

Composition	The Corporate Social Responsibility Committee shall consist of three or more Directors, out of which atleast one Director shall be an Independent Director.
Meetings	Atleast two meetings shall be held in a year and a presence of atleast two Directors shall be required to constitute a Quorum unless otherwise stipulated in the Act or SEBI Listing Regulations.
Quorum	The presence of atleast two members shall be required to form the necessary quorum unless otherwise stipulated in the Act or SEBI Listing Regulations.
Terms of Reference	<ul style="list-style-type: none"> ▪ To establish and review of corporate social responsibility policies; ▪ To identify, segment and recommend the CSR projects/ programs/activities to the Board of Directors; ▪ To recommend the amount of expenditure to be incurred on the activities as identified for CSR by the Company; ▪ To oversight the implementation of corporate social responsibility projects/ programs/ activities; ▪ To review the annual budgets/expenditure with respect to corporate social responsibility programs/projects/activities; ▪ To work with management to establish and develop the Company's strategic framework and objectives with respect to corporate social responsibility matters; ▪ To receive reports on the Company's Corporate Social Responsibility programs/ projects/ activities;

	<ul style="list-style-type: none"> ▪ To establish and review the implementation mechanism for the CSR programs/ projects/activities undertaken by the Company; ▪ To establish and review the monitoring mechanism of CSR projects/programs/activities; ▪ To review the CSR initiatives and programs/projects/activities undertaken by the Company; ▪ To review the Company's disclosure relating to corporate social responsibility matters in accordance with the requirements of the regulatory provisions; ▪ To obtain legal or other independent professional advice/assistance; ▪ To form and delegate authority to any sub-committee or employee(s) of the Company or one or more members of the committee ▪ Any other function as may be stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.
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iv. Investment Committee

The Committee shall be responsible to monitor resource mobilization and to ensure efficient and timely decisions on the matters relating to banking and finance activities of the Company. It shall also consider and approve the allotment of securities by the Company and approve loans beyond a specified threshold.

Composition	The Investment Committee shall consist of minimum of three Members, like a director, CEO, CFO etc. and atleast one director shall be present in the meeting.
Meetings	The Meeting shall be held as and when required.
Quorum	The presence of atleast two Members shall be necessary to constitute a quorum.
Terms of Reference	<ul style="list-style-type: none"> ▪ To borrow moneys for the purpose of the Company's Business in accordance with the Companies Act, and any modification and enactment thereof, if any and but not exceeding the overall limit up to which the Board of Directors of the Company are authorized/to be authorized under the Companies Act, and any modification and

	<p>enactment thereof;</p> <ul style="list-style-type: none"> ▪ To consider and approve/accept the letters of sanction by the term lending institutions/banks/NHB and other bodies corporate, opening and/or closing of the current accounts/cash credit/overdraft/fixed deposits or other account(s) with any bank and authorize the Directors/officers of the Company for the purpose; ▪ To authorize operation of such accounts of the Company with its bankers and to vary the existing authorization to operate the same and granting of general /specific power of attorney to the officers at the branches for routine matters and any such matters pertaining to the routine functions; ▪ To invest surplus funds in Mutual Funds, Govt. Bonds, other securities & withdraw the same, other than equity or stock market instruments or derivatives. ▪ To approve the change/s of rates of interest of all loan products and on public deposits or on debentures, debts or any other instruments/ financial products issued by the Company; ▪ To consider and approve the allotment of any issue of securities by the Company, be it by way of preference shares of all types, public issue of equity shares including Rights Offer, preferential issue of equity shares including firm allotment, employees stock option plan/schemes, bonds, debentures and any other financial instrument of like nature; ▪ To grant approval of loans above Rs 200 crore upto prudential exposure norms as per NHB guidelines to any person, firm or body corporate at any time or from time to time. ▪ To open and close the current account(s) with any banks at any place outside the territory of India and to finalize/vary the authorization (s) to operate the same. ▪ To open and close the securities/demat/custodian accounts(s) with any depository /participant at any place in India and abroad and to finalize/vary the authorization (s) to operate the same. ▪ To consider and approve the buyout and sell down of pool of loan portfolio by way of securitization and/or assignment and the matters relating thereto & to authorize director(s) or the official(s) of the
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	Company for the purpose.
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V. AUDITORS

1. Statutory Auditors

The Statutory Auditors of the Company shall be appointment in accordance with the provisions of the Act. Declaration shall be obtained from the Auditors affirming their eligibility for being appointed as the Statutory Auditors of the Company.

The Audit Committee shall review the independence and performance of the Statutory Auditors and the effectiveness of the audit process periodically.

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 the 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 to this effect in the letter of appointment of the firm of auditors and ensure its compliance.

2. Secretarial Auditors

The Company shall appoint a Company Secretary in practice in terms of Section 204 of the Act who shall be responsible to conduct audit of the secretarial and related records of the Company.

VI. CERTIFICATION

1. CEO/CFO certification

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) shall provide a certificate on quarterly/annual, inter-alia, certifying that the financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading, to the Audit Committee and the Board of Directors in terms of Regulation 17 (8) and Regulation 33 (2) (a) of the SEBI Listing Regulations.

2. Annual compliance with the Company's Code of Conduct

An Annual declaration in terms of Schedule V of the SEBI Listing Regulations signed by the Chief Executive Officer (CEO) stating that the Members of Board of Directors and SMP have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management.

3. Certificate on compliance of conditions of Corporate Governance.

A compliance certificate from the auditor or practicing company secretaries in terms of Schedule V (E) of SEBI Listing Regulations, shall be furnish stating compliance of conditions of corporate governance and be annexed to the Board's Report.

VII. CODES AND POLICES

In accordance with the provisions of the Act, SEBI Listing Regulations, Directions/ Guidelines issued by National Housing Bank (NHB) and other applicable laws, the Company has formulated various Codes and Policies to ensure high ethical standards in the overall functioning of the Company.

The key codes and policies as approved by the Board of Directors inter-alia include the following:

1. Code of Conduct for the Board of Directors and Senior Management Personnel (SMP)

This Code sets forth the guiding principles on which the Company, its Board and the SMP shall operate and conduct themselves with multitudinous stakeholders, government and regulatory agencies, media and anyone else with whom it is connected.

2. Nomination (including Boards' Diversity), Remuneration and Evaluation Policy

This policy, inter-alia, lays down the criteria for identifying the persons who are qualified to become directors and SMP of the Company, to determine the qualifications, positive attributes and independence of the Board & ensure Board Diversity, to lay down the criteria for determining the remuneration of the Directors, KMP and other employees and to set the criteria for evaluation of the performance of Board of Directors (including Independent Directors) and other employees of the Company.

3. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

This Code lays down practices and procedures for fair disclosure of unpublished price sensitive information that could impact price discovery in market for its securities, in accordance with the Securities and Exchanges Board of India (Prohibition of Insider Trading) Regulations, 2015.

4. Policy on Preservation of Documents and Records

This Policy ensures that the Company complies with the applicable document retention laws, preservation of various statutory documents and also lays down minimum retention period for the documents/records in respect of which no retention period has been specified by any law/regulation.

5. Whistle Blower Policy

The Company has established a vigil mechanism by way of 'Whistle Blower Policy', to report to the management instances of unethical practices, illegal activities and/or actual or suspected fraud or violation of the company's code of conduct or ethics policy. It also provides for direct access to the Chairman of the Audit Committee in exceptional cases and ensures that the Whistleblower is provided with adequate safeguards against victimization.

6. Fair Practice Code

This Code includes guidelines in appropriate staff conduct when dealing with the customers and on the Company's policies vis-à-vis client protection. It captures the spirit of National Housing Bank guidelines on fair practices for Housing Finance Companies.

7. Risk Management Policy

The Company remains committed to manage its risk in a proactive manner and adopts a structured and disciplined approach to risk management by developing and implementing risk management program. This policy has been formulated inter-alia to ensure that there is a formal process for risk identification, risk assessment and risk mitigation.

8. Policy on Fit and Proper Criteria for the Directors

This Policy lays down the process and procedure of due diligence of Director(s) to ensure that they fulfil the 'fit and proper' criteria and to determine their suitability for appointment/ re-appointment as a Director(s) on the Board of the Company. It also aims to ensure that each Director on the Board of the Company continues to meet the fit and proper criteria on an on-going basis.

9. Policy on "Know Your Customer and Anti Money Laundering Measures"

This Policy has been formulated in line with the Know Your Customer and Anti Money Laundering guidelines prescribed by NHB for the Company's lending/credit operations/ financial dealings.

10. Related Party Transaction Policy

This Policy aims to regulate transactions with related parties of the Company and aims to ensure transparency between them. It also sets out the materiality thresholds for related party transactions and the manner of dealing with such transactions in accordance with the applicable laws.

VIII. REVIEW

The Board of Directors of the Company reserve the right to add, amend, modify or Review this Corporate Governance Guidelines, as and when it deems appropriate.

IX. FORMAT OF INDEPENDENT DIRECTOR'S DECLARATION

Declaration under the provisions of Section – 149 (6) of the Companies Act, 2013 & Rules thereon

I, _____, do hereby confirm that I am an independent director in relation to the company and declare that:-

- (a) I am/was not appointed as managing director or a whole-time director or a nominee director of holding, subsidiary or associate company,
- (b) a person of integrity and possesses relevant expertise and experience;
- (c) not a promoter of the company or its holding, subsidiary or associate company;
 - (i) not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (d) has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (e) none of my relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (f) neither myself nor any of my relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
 - (iii) holds together with their relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
- (g) I hold/possess qualifications as may be prescribed under the Companies Act/Rules to become a director.

I also declare to intimate changes, if any in the above confirmations immediately as and when occurred to the Board Meeting.

Name of Director

DIN:

Date:
