



AADHAR HOUSING FINANCE LIMITED

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

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Version VI

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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”].

Further, the Reserve Bank of India vide Circular No. RBI/2020-21/60, DOR.NBFC (HFC).CC.No.118/03.10.136/2020-21, issued the Directions, in supersession of relevant regulations issued by National Housing Bank (NHB) to be complied with by the Housing Finance Companies.

The Reserve Bank of India has also issued Master Direction on Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, dated 17th February, 2021, as amended from time to time (herein after referred as “RBI Master Directions”) and para 55 of the said RBI Master Directions has prescribed to frame Internal Guidelines on Corporate Governance by Housing Finance Companies. The policy is also in line with the RBI - Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

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 applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. Within the permissible limits in terms of Companies Act, 2013, an Independent director shall not be on the Board of more than three NBFCs (NBFCs-ML or NBFCs-UL) at the same time. Further, the Board of the NBFC shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time. A timeline of two years is provided with effect from October 01, 2022 to ensure compliance with these norms. There shall be no restriction to directorship on the Boards of NBFCs-BL, subject to provisions of Companies Act, 2013.
6. **“KMP”** shall mean Key Managerial Personnel as defined in sub section (51) of Section 2 of the Companies Act, 2013. Further, except for directorship in a subsidiary, Key Managerial Personnel⁴³ shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL. A timeline of two years is provided with effect from October 01, 2022 to ensure compliance with these norms. It is clarified that they can assume directorship in NBFC-BL.
7. **“RBI CG Directions”** refers to the Directions as given at Chapter IX of Master Direction on Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, issued by RBI vide circular no. RBI/2020-21/73/DOR.FIN.HFC.CC.NO. 120/03.10.136/2020-21, dated 17th February, 2021 and Chapter XI Governance Guidelines of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued by RBI vide circular No. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated 10th November, 2023, repealing 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.

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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 senior management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.
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 fulfill 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, applicable 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 at least one woman director and not less than fifty per cent of the board of directors shall comprise of non-executive directors. However, as the Chairperson of the Company and the board of directors is a non-executive director, it shall at all times ensure that at least 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.
- Any vacancy in the office of a director shall be filled by the listed entity at the earliest and in any case not later than three months from the date such vacancy, unless composition of board without filling the vacancy is fulfilling the criteria mentioned in point 2
- Any vacancy in the office of Chief Executive Officer, Managing Director, Whole Time Director or Manager shall be filled by the Company at the earliest and in any case not later than three months from the date of such vacancy:

Provided that where the listed entity is required to obtain approval of regulatory, government or statutory authorities to fill up such vacancies, then the vacancies shall be filled up by the listed entity at the earliest and in any case not later than six months from the date of vacancy;

Provided further that the listed entity shall not fill such vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

- 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.

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- All the Directors on the Board shall fulfill the fit and proper criteria as laid down under the Company's Policy on fit and proper criteria for the Directors formulated as per RBI 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 RBI 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 Remuneration and Evaluation Policy".
 - The Non-Executive Independent Directors shall be paid sitting fees and other expenses incurred for attending the Board/Committee Meetings eg. Travelling /lodging.
 - Non –Executive Independent 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 RBI Master 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, Key Managerial Personnel and Senior Management Personnel shall abide with the Company's "Code of Conduct for the Board, Key Managerial Personnel 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 and Senior Management 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 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 at least one Board meeting in a calendar quarter with a maximum interval of one hundred and twenty days between two consecutive meetings, such that at least 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.

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- The Company shall place all statutory and other significant matters including minimum information required to be placed in terms of applicable 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 at least once in a financial year without the presence of Non-executive Directors and the Management in terms of Schedule IV of the Act and applicable provisions of SEBI Listing Regulations. 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 eleven committees namely – Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Management Committee, Corporate Social Responsibility Committee, IT Strategy Committee, Investment Committee, Management Committee, IPO Committee, Share Allotment Committee and Stakeholders Relationship Committee.
- The Committees should meet at periodical intervals as per the statutory requirement or depending upon the need, as the case may be.
- The Board has the discretion to allow certain market/price sensitive and unpublished information, which can be tabled at the Board /Committee meeting, as per the permission given under applicable provisions of law/act.

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, applicable RBI Master Directions, Notifications, Circulars & Guidelines and applicable provisions of SEBI Listing Regulations.

The Composition, Quorum, Terms of Reference and Frequency of the Audit Committee will be as per applicable provisions of Companies Act, RBI, SEBI Listing Regulations, as aforesaid.

The Audit Committee must ensure that an Information System Audit of the critical and significant internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

ii. Stakeholders' Relationship Committee

The Company shall have in place a Stakeholders' Relationship Committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and rules framed thereunder, applicable RBI Master Directions, Notifications, Circulars & Guidelines and applicable provisions of SEBI Listing Regulations.

The Composition, Quorum, Terms of Reference and Frequency of the Stakeholders' Relationship Committee will be as per applicable provisions of Companies Act, RBI, SEBI Listing Regulations, as aforesaid.

iii. 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 applicable regulations of SEBI Listing Regulations

The Composition, Quorum, Terms of Reference and Frequency of the Nomination and Remuneration Committee will be as per applicable provisions of Companies Act, RBI, SEBI Listing Regulations, as aforesaid and as per Nomination (including Boards' Diversity), Remuneration and Evaluation Policy.

iv. Risk Management Committee

The Company shall have in place a Risk Management Committee constituted in accordance with the applicable provisions of Companies Act, 2013, RBI Master Directions, Notifications, Circulars & Guidelines and applicable Regulations of the SEBI Listing Regulations, .

The Composition, Quorum, Terms of Reference and Frequency of the Risk Management Committee will be as per applicable provisions of Companies Act, RBI, SEBI Listing Regulations and as per Risk Governance Framework/ Risk Management Policy of the Company.

v. **Corporate Social Responsibility Committee (CSR 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.

The Composition, Quorum, Terms of Reference and Frequency of the CSR Committee will be as per applicable provisions of Companies Act and as per CSR Policy of the Company.

vi. **IT Strategy Committee**

The Company shall have in place a IT Strategy Committee constituted in accordance with the applicable provisions of RBI Master Directions, Notifications, Circulars & Guidelines issued by RBI/NHB.

The Composition, Quorum, Terms of Reference and Frequency of the IT Strategy Committee will be as per applicable provisions of RBI Master Directions and as per IT Strategy Policy of the Company.

vii. **Asset Liability Management Committee**

The Company shall have in place Asset Liability Management Committee constituted in accordance with the applicable provisions of RBI Master Directions, Notifications, Circulars & Guidelines issued by RBI/NHB.

The Composition, Quorum, Terms of Reference and Frequency of the Asset Liability Management Committee will be as per applicable provisions of RBI Master Directions and as per Asset Liability Management Policy of the Company.

viii. **Investment Committee**

The Company has constituted an investment Committee for managing liquidity and maximizing return by investing surplus funds in available financial instruments with least risk. The Composition, Quorum and Frequency of the Investment Committee is as mentioned in the Terms of Reference of the Committee

ix. **Management Committee**

The Company has constituted a Management Committee to authorize borrowings, investments and issuances of Non-Convertible Debentures, Commercial Papers or such other securities as

may be required and ensure compliance to the overall borrowing limits of the Company. The Composition, Quorum and Frequency of the Management Committee is as mentioned in the Terms of Reference of the Committee.

x. **IPO Committee**

The Company has duly constituted IPO Committee, for the purpose of initial public offer of the equity shares. The Composition, Quorum and Frequency of the IPO Committee is as mentioned in the Terms of Reference of the Committee.

xi. **Share Allotment and Transfer Committee**

The Company has duly constituted the Share Allotment & Transfer Committee and delegated the power for allotment of shares upon exercise of employee stock options to the Committee. The Committee comprises of Board members and KMP. The Composition, Quorum and Frequency of the Share Allotment and Transfer Committee is as mentioned in the Terms of Reference of the Committee.

V. **AUDITORS**

1. **Statutory Auditors**

The Statutory Auditors of the Company shall be appointed in accordance with the applicable provisions of the Companies Act, 2013 and RBI Master Directions. 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, pursuant to the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued by Reserve Bank of India vide Circular no. RBI/2021-22/25-Ref.No. DoS.CO.ARG/ SEC.01/08.91.001/2021-22 dated 27th April, 2021 ("RBI Guidelines"), 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 Auditor:

The Company, as far as it is applicable, 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. 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, KMP and SMP have affirmed compliance with the Code of Conduct of Board of Directors, Key Managerial Personnel and Senior Management, as applicable.

2. Certificate on compliance of conditions of Corporate Governance.

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

3. Certificate on non disqualification of Directors

A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

VII. CODES AND POLICES

In accordance with the provisions of the Companies Act, 2013, applicable SEBI Listing Regulations, Directions/ Guidelines issued by RBI 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, Key Managerial Personnel and Senior Management Personnel (SMP)

This Code sets forth the guiding principles on which the Company, the Board, KMP 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 Remuneration and Evaluation Policy, including the Board Diversity Policy, Board Evaluation Policy and Succession Plan 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, Board Evaluation and Succession Plan, 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. Policy on Familiarization Programme for Independent Directors

This Policy has been adopted to familiarize the Independent Directors about the operations, strategy and functions of the Company and also the roles, rights & responsibilities of Independent Directors to ensure the best Corporate Governance practices.

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, which forms part of Fair Practices Code.

5. Vigil Mechanism and 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 Nomination and Remuneration Policy lays down the process and procedure of due diligence of Director(s) to ensure that they fulfill 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 Regulatory Authorities 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.

11. Policy for fraud reporting and FCU Policy

This Policy mainly ensures, necessary safeguards for prevention of frauds, Recording and reporting frauds without any delay, to fix the staff accountability in respect of delays in reporting of fraud cases.

12. CSR Policy

The Corporate Social Responsibility Policy (“**Policy**”) specifies Aadhar Housing Finance (“**Company**”) philosophy for giving back to the society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare and sustainable development of the community at large through its social arm and through various other charitable trusts and organisations.

13. Resource Planning Policy

Borrowing is a key element to support a sustainable disbursement growth and is integral part of business. This Policy ensures to maintain the right borrowing mix of liabilities along the diversification of funding.

14. IT and Information Security Policy & Framework :

The Company has adequate IT Policy and Information Security Policy and Framework as per the applicable Directions, Notifications and Guidelines issued by regulatory authorities.

15. Co-Lending Policy

The policy provides framework for Co-origination of loan with Scheduled Commercial Banks only, excluding foreign banks (including WOS) with less than 20 branches for the priority and non priority sector lending in accordance with RBI circular no. RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/04.09.01/2020-21 dated November 05, 2020 as amended from time to time.

16. Securitisation of Standard Assets Policy – The Company resorts to securitization as a part of its credit risk redistribution and fund raise plan to generate liquidity and diversification of funding avenues This policy is framework for transfer and acquisition of loan exposures by way of securitization of standard assets in terms of Master Direction- Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021.

17. Transfer of Loan Exposure Policy (DA)

The Transfer of Loan Exposure policy adopted by the Company governs loan transfers by way of bilateral assignment or sale excluding loan participation, securitization, transfer of stressed loans or acquisition/ purchase of loan portfolio in accordance with Master Direction - Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021

18. Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders of the Company

The objective of this Code is to regulate, monitor and report trading in securities of the Company by Designated Persons and their immediate relatives towards achieving compliance of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended.

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

This Code ensure timely and adequate public disclosure of unpublished price sensitive information (“**UPSIF**”), as defined and understood pursuant to Regulation 2(n) of the SEBI (Prohibition of Insider Trading) Regulation, 2015 which would impact the price of the company’s securities and to maintain the uniformity, transparency and fairness in dealing with all stakeholders and in ensuring adherence to applicable laws and regulations.

20. Compliance Policy

The Compliance policy of the Company specifies the Compliance philosophy, expectations on Compliance culture, structure and role of the Compliance function, the role of Chief Compliance officer, processes for identifying, assessing, monitoring, managing, and reporting on Compliance risk and the appointment of Chief Compliance officer as required by circular issued by Reserve Bank of India on Compliance Function and Role of Chief Compliance Officer (CCO) – NBFCs (circular no. RBI/2022-23/24 Ref.No.DoS.CO.PPG./ SEC.01/11.01.005/2022-23 dated April 11, 2022.

21. Outsourcing Policy

This policy provides direction and guidance to various businesses / functions to adopt sound, responsible and responsive risk management practices for effective oversight, due diligence and management of risks arising from such outsourcing activities.

22. Dividend Distribution Policy

The policy is framed in order to ensure a proper return on investment to the shareholders & to provide sufficient retained earnings to the Company to cater to its funds requirements for business purposes and for good Corporate Governance.

23. Policy for determining material subsidiary

The Policy for determining material subsidiary companies has been framed in accordance with Regulation 16(1)(c) of the SEBI Listing Regulations and other applicable provisions (including any statutory enactments / amendments thereof). The purpose of this Policy is determination of material subsidiaries of the Company and disclosure thereof as required under the Listing Regulations.

The Board may also implement other policies/ codes as per any requirement or business needs of the Company.

VIII. Appointment of Chief Risk Officer

The Company with asset size of more than ₹5000 crore is required to appoint a Chief Risk Officer (CRO) with clearly specified role and responsibilities. The CRO is required to function independently so as to ensure highest standards of risk management.

The Company shall strictly adhere to the following instructions in this regard:

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- (i) The CRO shall be a senior official in the hierarchy of an NBFC and shall possess adequate professional qualification/experience in the area of risk management.
 - (ii) The CRO shall be appointed for a fixed tenure with the approval of the Board. The CRO can be transferred/removed from his post before completion of the tenure only with the approval of the Board and such premature transfer/removal shall be reported to the Department of Supervision of the Regional Office of the Reserve Bank under whose jurisdiction the HFC is registered and National Housing Bank. In case the NBFC is listed, any change in incumbency of the CRO shall also be reported to the stock exchanges.
 - (iii) The Board shall put in place policies to safeguard the independence of the CRO. In this regard, the CRO shall have direct reporting lines to the MD and CEO/Risk Management Committee (RMC) of the Board. In case the CRO reports to the MD and CEO, the RMC/Board shall meet the CRO without the presence of the MD and CEO, at least on a quarterly basis. The CRO shall not have any reporting relationship with the business verticals of the Company and shall not be given any business targets. Further, there shall not be any 'dual hatting' i.e., the CRO shall not be given any other responsibility.
 - (iv) The CRO shall be involved in the process of identification, measurement and mitigation of risks. All credit products (retail or wholesale) shall be vetted by the CRO from the angle of inherent and control risks. The CRO's role in deciding credit proposals shall be limited to being an advisor.
 - (v) In HFC that follow committee approach in credit sanction process for high value proposals, if the CRO is one of the decision makers in the credit sanction process, the CRO shall have voting power and all members who are part of the credit sanction process, shall individually and severally be liable for all the aspects, including risk perspective related to the credit proposal

IX. Appointment and tenure of Chief Compliance Officer:-

The Compliance Department shall be headed by the Chief Compliance Officer:

- i) **Tenure:** The CCO shall be appointed for a minimum fixed tenure of not less than 3 years. However, in exceptional cases, the Board / Board Committee may relax the minimum tenure by one year, provided appropriate succession planning is put in place;
- ii) **Removal:** The CCO shall be transferred / removed before completion of the tenure only in exceptional circumstances, with the explicit prior approval of the Board / Audit Committee,

after following a well-defined and transparent internal administrative procedure;

- iii) **Rank:** The CCO shall be a senior executive of the Company with a position not below two levels from the CEO. However, this requirement can be relaxed by one level further. If the Company considers necessary, the CCO can also be recruited from the market;
- iv) **Skills:** The CCO shall have a good understanding of the industry and risk management practices, knowledge of regulations, legal requirements, and have sensitivity to Supervisory expectations;
- v) **Stature:** The CCO shall have the ability to exercise judgment independently. She / He shall have the freedom and authority to interact with regulators / supervisors directly and ensure compliance;
- vi) **Conduct:** CCO shall have a clean track record and unquestionable integrity;
- vii) **Selection Process:** Selection of the candidate for the post of the CCO shall be made based on a well-defined selection process and recommendations made by a committee constituted by the Board / Board Committee for the purpose. The Board / Board Committee shall take final decision in the appointment of CCO.
- viii) **Reporting Requirements:** A prior intimation to the Senior Supervisory Manager, Department of Supervision, Reserve Bank of India, shall be provided before appointment, premature transfer, resignation, early retirement or removal of the CCO. Such information shall be supported by a detailed profile of the candidate along with the 'Fit and Proper' certification by the MD & CEO of the Company confirming that the person meets the prescribed supervisory requirements and rationale for changes, if any. 'Fit and Proper' criteria may be examined based on the requirements spelt out in the RBI Circular;
- ix) **Reporting Line:** The CCO shall have direct reporting lines to the MD & CEO and / or Board / Audit Committee. In case the CCO reports to the MD & CEO, the Board / Board Committee shall meet the CCO at quarterly intervals on a one-to-one basis, without the presence of the senior management, including MD & CEO. The CCO shall not have any reporting relationship with the business verticals. Further, the performance appraisal of the CCO shall be reviewed by the Board / Audit Committee.

X. 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 or annually review this policy.

The SEBI and RBI Directions / Regulations / Notification/ Circulars/guidelines issued relating/as applicable to the Corporate Governance as in in force on the date of notification will be automatically applicable to the Company.
