



INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

1. INTRODUCTION:

The Board of Directors of the Company at their meeting held on 2nd November, 2018, have approved and adopted the Internal Guidelines on Corporate Governance in terms with direction issued by National Housing Bank (“NHB”) vide notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February, 2017, Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, which, inter-alia, requires every non-public deposit accepting Housing Finance Company (HFC) with assets size of 50 crore and above to frame “Internal guidelines on Corporate Governance”

2. COMPANY PHILOSOPHY:

Corporate Governance is a practise that aims to meet Stakeholders aspirations and social expectations. It provides a framework for obtaining Company’s objectives.

We at NIVARA HOME FINANCE LIMITED believe that Corporate Governance is a key element in providing efficiency, growth and building stakeholder confidence. The Company believes in ethical values to achieve high standard of Corporate Governance and continues to strive for excellence in business operations through transparency, accountability to its stakeholders, National Housing Bank and others who deal with us.

3. BOARD OF DIRECTORS:

3.1 Composition:

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 and Articles of Association of the Company.

The Board of Directors shall have minimum of two Independent Directors as prescribed under the applicable provisions of Companies Act, 2013

3.2 Meetings:

Meetings of the Board of Directors shall be held minimum of four times a year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.

The Company shall observe secretarial standards with respect to General/Board Meetings and Committee Meetings specified by the Companies Act and Institute of Company Secretaries of India.

3.3 Appointment, Disclosures and Duties:

1. Director(s) shall be appointed as per the applicable provisions of the Act and rules made there under.
2. A person proposed to be appointed as a Director shall be assessed on fit and proper policy formulated in compliance with NHB Corporate Governance Directions. The person considered to be appointed as a Director should also possess relevant expertise which will help the person to act objectively and constructively.

3. Upon appointment, the Director shall execute a Deed of covenant with the Company as per the format prescribed under the fit and proper policy of the Company formulated in compliance with NHB Corporate Governance Directions.
4. 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.
5. 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.
6. The Independent Directors shall be paid sitting fees and other expenses incurred for attending the Board/ Meetings eg. Travelling /lodging.
7. The day-to-day operations of the Company will be looked after by the Managing Director under the overall superintendence, guidance, and control of the Board. He will be assisted by senior officers with well-defined responsibilities.

4. COMMITTEES:

The Board has constituted various committees to deal with specific matters for different functional areas. The Risk Management Committee, Audit Committee, Nomination and Remuneration Committee, Customer Service and Grievance Redressal Committee, Share Transfer Committee, Asset Liability Management Committee in accordance with the provision of companies Act, 2013 and directions issues by National Housing Bank as applicable for the Company. The composition, terms of reference and functioning of the Committee(s) shall be decided by the Board of Directors in accordance with the provisions of the applicable laws.

The Minutes of the Board level Committee(s) are placed before Board time to time for its perusal, discussion and noting.

4.1 Risk Management Committee:

The Risk Management Committee is constituted as per Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 on "Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016" and at least one meeting shall be held in every quarter. The terms of reference of Risk Management Committee are as under:

- a) To identify the areas of risks as also various types of risks involved in the business.
- b) To suggest the method to measure / quantify the risks.
- c) To control and mitigate various types of risks involved.
- d) To specify the risk bearing capacity of the HFC.
- e) To ensure regulatory compliance on risk management and prudential norms sets by NHB / Government.
- f) To improve the assets quality of the HFC by using the risk management techniques.
- g) To maximize the profit of the HFC.

- h) To maximize the return on equity with an acceptable level of risk, for the purpose of protecting, preserving and increasing the net worth of the HFC.

4.2 Audit Committee:

The Audit Committee is constituted as per the provisions of the Companies Act 2013 and as per Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016. The Committee shall meet atleast one meeting shall be held in financial year. The terms of reference of Audit Committee are as under:

- a) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- b) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- c) examination of the financial statement and the auditors' report thereon;
- d) approval or any subsequent modification of transactions of the company with related parties;
- e) scrutiny of inter-corporate loans and investments;
- f) valuation of undertakings or assets of the company, wherever it is necessary;
- g) evaluation of internal financial controls and risk management systems;
- h) monitoring the end use of funds raised through public offers and related matters.

4.3 Nomination and Remuneration Committee:

The Nomination and Remuneration Committee is constituted as per the provisions of the Companies Act 2013 and as per Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016. The Committee shall meet at such regular intervals as required. The terms of reference of Nomination and Remuneration Committee are as under:

- a) Formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the board a policy relating to the remuneration of Directors, Key Managerial Personnel (KMP) and other employees.
- b) Formulate criteria for evaluation of performance of Board, committees and Independent Directors
- c) Identify persons qualified to be appointed as Directors, KMP and Senior Management.
- d) To ensure 'fit and proper' status of proposed/ existing directors.

4.4 Customer Service and Grievance Redressal Committee:

The Customer Service and Grievance Redressal Committee is constituted as per the requirements of NHB. The Committee shall meet atleast once in every quarter. The terms of reference of Customer Service and Grievance Redressal Committee are as under:

- a) Review Customer Complaints received, and action taken on various complaints
- b) Evaluate feedback on customer service received from customers
- c) Ensure all regulatory instructions regarding customer service has been followed.
- d) Ensure training of employees for corrective practice to be followed in order to reduce complaints.

4.5 Share Transfer Committee:

The Share Transfer Committee has been constituted for compliance with Companies Act 2013, the terms of reference of the Committee are here under:

- a. approval and monitoring of transfers, transmission, split and consolidation of shares of the Company;
- b. monitoring the compliances with various statutory and regulatory requirements.

4.6 Asset Liability Management Committee:

The Asset Liability Management Committee is constituted as per the requirements of NHB. The Committee shall meet atleast once in every quarter. The committee shall lay down policies and quantitative limits relating to assets and liabilities and periodically monitor Asset-Liability management.

5. POLICIES FORMULATED BY THE COMPANY:

Various Policies have been formulated by the Company in compliance with the provisions of the Companies Act, 2013 and other applicable laws and/ or as a matter of Good Corporate Governance Practices. Some of the important Policies are as under:

- a) Related Party transactions;
- b) Whistle blower policy;
- c) Policy on prevention of sexual harassment;
- d) Remuneration policy;
- e) Fit and proper criteria for directors;
- f) Grievance Redressal Policy;
- g) Risk management policy;
- h) Know Your Customer & Anti-Money Laundering Policy.
- i) Fair Practise Code
- j) Interest Rate Policy
- k) Credit Policy
- l) Information System Policy
- m) Technical Valuation Policy

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

6. STATUTORY AUDITORS

The Board and the Audit Committee of the Company shall be responsible to appoint Statutory Auditors. 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. 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.

7. INTERNAL AUDITORS

The Board and the Audit Committee of the Company shall appoint the Internal Auditors in accordance with the provisions of applicable laws and regulations who shall perform Independent and objective assessment of the internal controls, processes and procedures instituted by the Management and accordingly monitor its adequacy and effectiveness.

8. SECRETARIAL AUDITORS

The shall appoint an Independent Company Secretary in Practice, in accordance with the provisions of the Companies Act, 2013 and rules made there under to conduct a Secretarial Audit of the Company for every Financial Year. The Secretarial Auditor shall provide in the form and the manner prescribed under the applicable laws / regulations. The Secretarial Audit Report shall be placed before the Board for its noting and records and the same be annexed to the Board's Report which shall be circulated to the Shareholders of the Company in accordance with the applicable laws / regulations.

9. DISCLOSURES

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, Denture holders 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 authorized by the Board or any law / Regulation, shall ensure that all the disclosures statutorily required to 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.

10. COMPLIANCE OFFICER

The Company Secretary shall be the Compliance Officer of the Company.

11. REVIEW

The Board of Directors of the Company reserves the right to add, amend, modify this CG Guidelines, as and when it deems appropriate.