



**Nivara Home Finance Limited**  
**CIN: U65922KA2014PLC077547**

**Registered Office:**  
**22,23,24,25/101/3, 3<sup>rd</sup> Floor, BNR Complex,**  
**Sri Rama Layout, J.P Nagar,**  
**7<sup>th</sup> Phase, Bangalore – 560078**

**INTERNAL GUIDELINES ON CORPORATE GOVERNANCE**

<b>Version</b>	<b>Authority</b>	<b>Date of Approval</b>
<b>V. 01</b>	<b>Board</b>	<b>2nd November, 2018</b>
<b>V. 02</b>	<b>Board</b>	<b>23rd June, 2022</b>
<b>V. 03</b>	<b>Board</b>	<b>23<sup>rd</sup> December, 2022</b>
<b>V.04</b>	<b>Board</b>	<b>20<sup>th</sup> June, 2023</b>
<b>V.05</b>	<b>Board</b>	<b>19<sup>th</sup> October, 2023</b>

## **1. INTRODUCTION:**

The Board of Directors of the Company at their meeting held on 2<sup>nd</sup> 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”. These guidelines are in line with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2011 dt. 17.02.2011 vide circular No. DOR.FIN.HFC.CC.No.120/03.10.136/2020-21.

## **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

In Compliance with Section 165 of the Companies Act, 2013 (‘the Act’), a Director shall not hold the office of a director in more than 20 companies. Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed 10.

### **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, IT Strategy Committee, Finance Committee in accordance with the provision of companies Act, 2013 and directions issues by RBI 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 Master Direction of RBI vide circular No. DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dt. 17.02.2021 under chapter IX of Corporate Governance.". The details of Risk Management Committee are as under:

Composition	The Risk Management Committee shall consist of a minimum of three members.
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Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee.
Meetings and Quorum	The Committee shall meet as and when necessary to review and monitor the risk associated with business of the Company. The quorum shall be at least two members.
Terms of reference	The Risk Management Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include:
	<ul style="list-style-type: none"> <li>a) To identify the areas of risks as also various types of risks involved in the business.</li> <li>b) To suggest the method to measure / quantify the risks.</li> <li>c) To control and mitigate various types of risks involved.</li> <li>d) To specify the risk bearing capacity of the HFC.</li> <li>e) To ensure regulatory compliance on risk management and prudential norms sets by NHB / Government.</li> <li>f) To improve the assets quality of the HFC by using the risk management techniques.</li> <li>g) To maximize the profit of the HFC.</li> <li>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.</li> </ul>

#### 4.2 Audit Committee:

The Audit Committee is constituted as per section 177 of the Companies Act 2013 and as per the Master Direction of RBI vide circular No. DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dt. 17.02.2021 under chapter IX of Corporate Governance.” The details of Audit Committee are as under:

Composition	The Audit Committee shall consist of a minimum of three directors with independent directors forming a majority. Majority of members of Audit Committee including its Chairperson must have the ability to read and understand the financial statement.
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee.
Meetings and Quorum	The Committees shall meet as often as necessary.

	The quorum for audit committee meeting fixed by Board is minimum presence of 2 directors out of which 1 should be ID.
Terms of reference	The terms of reference of Audit Committee are as under:
	<ul style="list-style-type: none"> <li>a) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;</li> <li>b) review and monitor the auditor's independence and performance, and effectiveness of audit process;</li> <li>c) examination of the financial statement and the auditors' report thereon;</li> <li>d) approval or any subsequent modification of transactions of the company with related parties;</li> <li>e) scrutiny of inter-corporate loans and investments;</li> <li>f) valuation of undertakings or assets of the company, wherever it is necessary;</li> <li>g) evaluation of internal financial controls and risk management systems;</li> <li>h) monitoring the end use of funds raised through public offers and related matters.</li> </ul>

#### 4.3 Nomination and Remuneration Committee:

The Nomination and Remuneration Committee is constituted as per 178 of the Companies Act 2013 and as per the Master Direction of RBI vide circular No. DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dt. 17.02.2021 under chapter IX of Corporate Governance.” The details of Nomination and Remuneration Committee are as under:

Composition	<ul style="list-style-type: none"> <li>•The Nomination and Remuneration shall comprise of at least three (3) Directors, all of whom shall be Non-Executive Directors.</li> <li>•The Chairman of the Committee shall be an Independent Director.</li> <li>•In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as the Chairman.</li> <li>•The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and any other applicable statutory requirement.</li> </ul>
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee.

Meetings and Quorum	The meeting of the Committee shall be held at least once in a year. Quorum for the meeting shall be presence of 2 directors out of which 1 should be ID
Terms of reference	The terms of reference of Nomination and Remuneration Committee are as under:
	<ul style="list-style-type: none"> <li>a) To recommend to the Board the appointment and removal of Directors, Key Managerial Personnel and Senior Management.</li> <li>b) To recommend to the Board the Remuneration payable to the Directors, Key Managerial Personnel and Senior Management personnel.</li> <li>c) To formulate a criteria for determining qualifications, positive attributes and independence of a Director and to recommend to the Board the Policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.</li> <li>d) Formulate criteria for evaluation of the Independent Directors and the Board.</li> <li>e) To carry out evaluation of every Director's performance.</li> <li>f) Ensure that level and composition of remuneration is reasonable and sufficient, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.</li> <li>g) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.</li> <li>h) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.</li> <li>i) To perform such other functions as may be necessary or appropriate for the performance of its duties.</li> <li>j) To ensure 'fit and proper' status of proposed/ existing directors</li> </ul>

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#### 4.4 Customer Service and Grievance Redressal Committee:

The Customer Service and Grievance Redressal Committee is constituted as per the Master Direction of RBI vide circular No. DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dt. 17.02.2021 under the Fair Practice Code.". The terms of reference of Customer Service and Grievance Redressal Committee are as under:

Composition	The Customer Service & Grievances Committee shall consist of a minimum of three members forming a majority with people at senior management.
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee.
Meetings and Quorum	The Committee shall meet atleast once in every quarter. Quorum for the meeting shall be presence of 2 members.
Terms of reference	The terms of reference of Customer Service & Grievances Committee are as under:
	<ul style="list-style-type: none"> <li>a) Review Customer Complaints received, and action taken on various complaints</li> <li>b) Evaluate feedback on customer service received from customers</li> <li>c) Ensure all regulatory instructions regarding customer service has been followed.</li> <li>d) Ensure training of employees for corrective practice to be followed in order to reduce complaints.</li> </ul>

#### 4.5 Share Transfer Committee:

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

Composition	Share Transfer Committee shall comprise of minimum 2 members.
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee.
Meetings and Quorum	The Committees shall meet as often as necessary. Quorum for the meeting shall be presence of 2 members.
Terms of reference	The terms of reference of Share Transfer Committee are as under:

	<p>a. approval and monitoring of transfers, transmission, split and consolidation of shares of the Company;</p> <p>b. monitoring the compliances with various statutory and regulatory requirements.</p>
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#### 4.6 Asset Liability Management Committee:

The Asset Liability Management Committee is constituted as per the requirements of as per the Master Direction of RBI vide circular No. DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dt. 17.02.2021. The committee shall lay down policies and quantitative limits relating to assets and liabilities and periodically monitor Asset-Liability management. The details of Committee are here under:

Composition	Asset Liability Management Committee shall comprise of minimum 2 members.
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee.
Meetings and Quorum	The Committee shall meet atleast once in every quarter. Quorum for the meeting shall be presence of 2 members.
Terms of reference	The terms of reference of Asset Liability Management Committee are as under:
	The committee shall lay down policies and quantitative limits relating to assets and liabilities and periodically monitor Asset-Liability management..

#### 4.7 IT Strategy Committee:

The IT Strategy Committee is constituted as per the requirements of the Master Direction of RBI "Master Direction - Information Technology Framework for the NBFC Sector" vide circular No. DNBS.PPD.No.04/66.15.001/2016-17 dt. 08.06.2017. Theses direction is applicable for the Company having assets size of more than Rs. 500 Crore. However, the Company has formed the IT Strategy committee as recommended by the RBI for the Company having assets size below of Rs. 500 Crore in order to start with developing basic IT systems mainly for maintaining the database. The details of Committee are here under:

Composition	The IT Strategy Committee shall comprise of at least 3 members. The chairman of the committee shall be an independent director and CIO & CTO should be a part of the committee.
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee.
Meetings and Quorum	The IT Strategy Committee should meet at an appropriate frequency. Quorum for the meeting shall be presence of 3 members comprising of one ID/CIO/CTO.
Terms of reference	The terms of reference of IT Strategy Committee are as under:
	<p>a. IT Governance,</p> <p>b. IT Policy, Information &amp; Cyber Security,</p>



	c. IT Operations, d. IS Audit, e. Business Continuity Planning f. IT Services Outsourcing.
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#### 4.7 Finance Committee

The Company has in place the Finance Committee to handle the day-to-day activities of the company. The details of Committee are here under:

Composition	The Finance Committee shall consist of a minimum of three Directors.
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee.
Meetings and Quorum	The Committee shall meet as and when necessary and the Quorum for the meeting is two members.
Terms of reference	The terms of reference of Finance Committee are as under:
	<ol style="list-style-type: none"> <li>1. Clause (d) to (f) of section 179 of the Companies Act 2013: <ol style="list-style-type: none"> <li>a) to borrow monies;</li> <li>b) to grant loans or give guarantee or provide security in respect of loans;</li> </ol> </li> <li>2. To authorize sell -out / buy out, assignment and securitisation transactions.</li> <li>3. To accept appointment / empanelment as BC (Business Correspondent), Micro Insurance agent.</li> <li>4. Bank accounts and facilities: <ol style="list-style-type: none"> <li>(a) To avail all banking facilities such as, opening of accounts, online / net banking, CMS, Trade finance, ECS, closing of accounts and any other such products offered by banks, on behalf of the Company and also authorized to sub- delegate the powers to any of the officers of the Company.</li> <li>(b) To appoint authorized signatories or remove signatories for operating the companies banking facilities (including online/ net banking).</li> <li>(c) To approve availment of any of the services provided with respect to collection, aggregation of funds such as collection account in whatsoever name, such as Cash management facilities, from any bank or financial service</li> </ol> </li> </ol>

	<p>provider and all matters associated with the same.</p> <p>(d) To approve availment of any of the services provided by a bank with respect to disbursal / payment / transfer of funds such as Host to Host payment services, API (Automated Payment Interface) facilities from any bank or financial service provider and all matters associated with the same.</p> <p>(e) Closing of any bank accounts and closing or terminating of any financial services availed in the past from any bank, financial institution or financial service providers.”</p> <p>5. Appointment or Change of Registrar and Transfer Agent for the Company's Securities (Debentures, Equity shares and other securities) issued under the Companies Act 2013 and admission of such securities on Depositories.</p>
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#### 4.8 Identification Committee of Wilful Defaulters

The Company has constituted Identification Committee of Wilful Defaulters to follow due process of identification of wilful defaulters pursuant to Master Direction- Non-Banking Financial Company- Housing Finance Company (Reserve Bank) Directions, 2021. The details of Committee are here under:

Composition	The Identification Committee of Wilful Defaulters shall be headed by an Executive Director or equivalent or below the rank of Managing Director & Chief Executive Officer/ CEOs and consisting of two other senior officers of the rank of GM/ DGM.
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee.
Meetings and Quorum	The Committee shall meet as and when necessary and the Quorum for the meeting shall be two members.
Terms of reference	The terms of reference of Identification Committee of Wilful Defaulters shall be as per the 'Wilful Defaulters Policy' of the Company as amended from time to time.

#### 4.9 Review Committee of Wilful defaulters

The Company has constituted Review Committee of Wilful defaulters to review the order of the Identification Committee of Wilful Defaulters pursuant to Master Direction- Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021. The details of Committee are here under:

Composition	The Review Committee shall be headed by the Managing Director & Chief Executive Officer/ CEOs and consisting, in addition, to two independent directors/ non-executive directors of the Company.
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee.
Meetings and Quorum	The Committee shall meet as and when necessary and the Quorum for the meeting shall be two members.
Terms of reference	The terms of reference of Review Committee shall be as per the 'Wilful Defaulters Policy' of the Company as amended from time to time.

#### **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
- n) Liquidity Risk management Policy
- o) Recovery Policy
- p) Legal Policy
- q) Safety & Risk Management Policy
- r) Policy on wilful defaulters
- s) Policy on code of conduct of Independent Directors
- t) Policy on code of conduct of Independent Valuers
- u) Outsourcing Policy of Financial Services
- v) Code of Conduct for Direct Selling Agents (DSAs)/ Direct Marketing Agents (DMAs) of Nivara Home Finance Limited
- w) Policy on Soliciting and Servicing Insurance Products
- x) Code Of Conduct for Corporate Agencies

y) Compliance 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**

- a. 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.
- b. 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.
- c. All HFCs shall put up to the Board of Directors, at regular intervals, as may be prescribed by the Board in this regard, the following:
- d. the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the HFC;
- e. Conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.
- f. All HFCs shall also disclose the following in their Annual Financial Statements:**
  - i. registration/ license/ authorisation, by whatever name called, obtained from other financial sector regulators;
  - ii. ratings assigned by credit rating agencies and migration of ratings during the year;

- iii. penalties, if any, levied by any regulator/ supervisor/ enforcement authority;
- iv. information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries; and
- v. Asset-Liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, exposure to real estate, exposure to capital market, structured products issued by them as also securitization/ assignment transactions and other disclosures as may be prescribed

#### **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.