



INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

PHILOSOPHY, PURPOSE AND SCOPE

At Niwas Housing Finance Private Limited (Formerly, IndoStar Home Finance Private Limited) (“the Company”) we believe that sound governance practices are the bedrock for the functioning of the Company and for creation of value for its stakeholders on a sustainable and long term basis. Further the Company’s Philosophy on Corporate Governance is a combination of voluntary practices and compliance with laws and regulations leading to delegation of operational powers to experienced staff members, effective control oversight mechanism, strategies and policies which are constantly reviewed and strengthened to be in alignment with market realities and overall management of the Organization. This philosophy guides us in defining and maintaining an ethical framework within which we operate.

In order to adopt best practices and greater transparency in the operations of the Company and in terms of the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, as amended from time to time (“RBI HFC Directions”), the Companies Act, 2013 (“Act”) and other applicable laws, acts, rules, regulations, guidelines, circulars, directions and notifications (collectively referred to as the “Applicable Laws”), the Board of Directors have adopted these Internal Guidelines on Corporate Governance (“Guidelines”).

Corporate Governance means the system of rules, practices and processes by which a company is administered and controlled. This Guideline prescribe various corporate governance norms which shall be followed by the Company, in addition to and not in derogation of any provisions of the Applicable Laws including the RBI HFC Directions which shall endeavor in balancing the interests of the various stakeholders of the Company including shareholders, employees, customers and the society within which it operates.

BOARD OF DIRECTORS

The Company’s Board has a fiduciary role to protect and enhance stakeholders’ value through strategic supervision. The Board along with its Committees provides direction and exercises appropriate controls. In addition to basic governance practices, the Board lays strong emphasis on transparency, accountability and integrity. The corporate governance principles of the Company ensure that the Board remains informed, independent and participates actively in the affairs of the Company.

The Board shall have a suitable combination of Executive and Non-Executive Directors including Independent Directors in compliance with the Applicable Laws and Articles of Association of the Company. The Directors bring to the Board an optimal mix of professionalism, knowledge, expertise and a wide range of experience and skills, which includes banking, global finance, loan, accounting, legal and economics. None of the Directors of the Company should be related to each other.

All the Directors shall meet eligibility criteria including the ‘fit and proper’ person criteria, for appointment on the Board of the Company, as prescribed under Applicable Laws and Company’s Policy. The Directors

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shall submit adequate disclosures / declarations as required under the provisions of Applicable Laws and the codes and policies adopted by the Company from time to time.

Meetings of the Board and its Quorum

Unless otherwise prescribed under applicable laws, at least 4 meetings of the Board shall be held in each calendar year in such a manner that the interval between any 2 (two) meetings shall not exceed the time period prescribed under Applicable Law. While adequate overall disclosure shall be made to the Board / Committees, it shall be ensured that minimum disclosures / updates to be circulated / placed before the Board / Committees in terms of the requirements of the Applicable Laws, are circulated to / placed before the Board / Committee Members in a timely manner.

The decisions of the Board shall be taken by simple majority of the Directors and each Director shall exercise one vote. The Chairperson of respective meetings shall not be entitled to a second or casting vote at any meeting of the Board.

The quorum shall be in accordance with various applicable provisions of the Companies Act, 2013, Rules thereunder and the regulatory requirements and as per the provisions of the Articles of Association of the Company.

The Board of Directors shall function in accordance with provisions applicable laws and Articles of Association of Company.

Board Compensation Review

Remuneration payable to the Director(s) shall be determined by the Nomination & Remuneration Committee in compliance with the Applicable Laws and approved by the Board and Shareholders, as may be required. The remuneration payable shall be in accordance with the Board approved Remuneration Policy and applicable laws.

Presently, the Independent Directors of the Company are paid remuneration by way of sitting fees for attending meetings of the Board and its Committees. Remuneration to Executive Director(s) is paid in accordance with employment contract and Applicable Laws. The Chairperson of respective meetings shall not be paid any remuneration to act in the capacity of Chairperson.

The Company may after obtaining relevant approval and in compliance with Applicable Law and Company's Policy pay any other compensation to the Directors.

COMMITTEES

The Board has constituted several committees to deal with specific matters in compliance with the requirements of Applicable Laws and for internal requirements & operational convenience and has delegated powers for different functional areas to different Committees in accordance with the Applicable Laws and internal policies / processes of the Company. Presently, the few core Committee Board has,

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amongst others, constituted Audit Committee, Asset-Liability Management Committee, Risk Management Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Internal Complaints Committee(s), Grievances Redressal Committee and IT Strategy Committee, in accordance with the provisions of the Applicable Laws and. The composition, terms of reference and functioning of the Committee(s) shall be decided by the Board in accordance with various Applicable Laws, Articles of Association of the Company and policies / processes of the Company.

Minutes of meetings of Board Committees and other Committee(s) as specified by the Board shall be placed before the Board for its perusal, discussion and noting. The decisions of the Committees shall be taken by simple majority of the members of the respective Committees and each member shall exercise one vote. Chairperson of the Committee(s) shall not be entitled to a second or casting vote at any meetings of the Committee(s).

The Committees shall function in accordance with their respective terms of reference, provisions of Applicable Laws and Articles of Association of Company.

Details of various Committee(s) are as under:

1. Audit Committee

The Audit Committee shall have such powers and duties conferred upon it under the provisions of Applicable Laws and duties, obligations and powers as may be prescribed by the Board of the Company from time to time *inter-alia* including review and ensure correctness, sufficiency and credibility of annual financial statements of the Company, review with the Management analysis on financial condition and results of operations, review quarterly and annual financial statements, scrutiny of inter-corporate loans and investments, recommend appointment / re-appointment / removal of Statutory and Internal Auditors, review, approve and monitor transactions with related parties, review and monitor any frauds perpetrated against the Company.

At least four meetings of the Committee shall be held every year and the interval between any 2 (two) meetings shall not exceed the time period prescribed under Applicable Laws.

2. Asset-Liability Management Committee ("ALCO")

The ALCO shall *inter-alia* be responsible to monitor the asset liability composition of the Company's business, determine actions to mitigate risks associated with the asset liability mismatches, determine and review the current interest rate model of the Company, review critical covenant of borrowings from banks and review the borrowing programme of the Company.

At least four meetings of the Committee shall be held every year.

3. Risk Management Committee

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The Risk Management Committee is *inter-alia* responsible for identifying, monitoring and managing risks that affect / may affect the Company, deciding on the appropriateness of the size and nature of transactions undertaken by the Company, setting up and reviewing risk management policies of the Company, from time to time, overseeing execution / implementation of risk management practices, reviewing the minutes or document referred to it by ALCO for opinion/directions for risk management on an integrated basis.

At least one meeting of the Committee shall be held every half-year.

4. Nomination & Remuneration Committee

The Nomination and Remuneration Committee shall have such powers and duties conferred upon it under the provisions of Applicable Laws and duties, obligations and powers as may be prescribed by the Board of the Company from time to time *inter-alia* including responsible for identifying personnel qualified to be appointed as Directors or in the senior management of the Company, formulating criteria for determining qualification, positive attributes, 'fit and proper' person status of Directors, deciding on specific remuneration packages and formulate criteria for evaluation of Directors, the Board and its Committee(s).

At least one meeting of the Committee shall be held every year.

5. Corporate Social Responsibility (CSR) Committee

The CSR Committee shall decide upon the corporate social responsibility activities of the Company and the CSR expenditure to be incurred by the Company and recommend the same to the Board for its consideration and approval. The Committee shall be responsible for monitoring the CSR Policy of the Company and shall have such powers and duties conferred upon it under the provisions of Applicable Laws and duties, obligations and powers as may be prescribed by the Board of the Company from time to time

The Committee shall meet as and when required.

In addition to above, the Board has constituted Management Committee, Internal Complaints Committee(s), Debenture Committee, Grievances Redressal Committee, Identification Committee, Review Committee, Committee of Executives (for frauds) and IT Strategy Committee consisting of Director(s) and / or Senior Management Personnel of the Company and may constitute such other Committees, as may be required for effective functioning of the Company.

PERFORMANCE EVALUATION

The Board of Directors shall evaluate the performance of the individual Directors, the Board, as a whole and its Committees.

CONFLICT OF INTEREST

The Company expects its Directors, officers and other employees to act ethically at all times and to affirm compliance with the policy(ies), process(es) and code(s) adopted by the Company.

The Directors, senior management and other employees of the Company shall endeavor to avoid any conflict of interest in their dealing with / on behalf of the Company. Conflict of interest exists when benefits or interests of one person or entity conflict with the benefit or interests of the Company. If a Director has a potential conflict of interest in a matter under consideration by the Board or a Committee, such Director shall disclose his interest in accordance with the provisions of Applicable Laws and abstain from deliberations and voting on such matter as may be required in terms of the Act. A Director who is interested in any proposed transaction shall not exercise any influence over other Board/Committee Members in any manner whatsoever. All employees must disclose the circumstances of any possible conflict of interest to his / her supervisor and the Management Committee, for determination about whether a potential or actual conflict exists. If an actual or potential conflict is determined, the Management Committee may take whatever corrective action appears appropriate according to the circumstances. Failure to disclose facts shall constitute grounds for disciplinary action.

AUDITORS

Statutory Auditors

The Board and the Audit Committee of the Company shall be responsible to appoint Statutory Auditors who have professional ability and are independent. 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 appointment of Statutory auditors and the partner/s of the Chartered Accountant Firm conducting the Statutory Audit of the Company, shall be in terms of the provisions of Section 139 and 141 of the Companies Act, 2013 and rules framed thereunder and Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, as amended from time to time, prescribed by the RBI.

Internal Auditors

The Board and the Audit Committee of the Company shall appoint Internal Auditors who shall be responsible to perform independent and objective assessment of the internal controls, processes and procedures instituted by the management and accordingly monitor its adequacy and effectiveness.

The appointment of Internal Auditors shall be in terms of the Applicable law.

Secretarial Auditors

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The Board shall appoint an independent company secretary in practice, in accordance with the provisions of the Applicable Laws to conduct a secretarial audit of the Company for every financial year. The Secretarial Auditor shall provide its report in the form and manner prescribed under the Act. 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 members of the Company in accordance with the Applicable Laws.

CODE(S) AND POLICY(IES) OF THE COMPANY

In terms of the Applicable Laws and as a part of good corporate governance practices and also to ensure strong internal controls, the Board of Directors has adopted several codes / policies / guidelines which amongst others includes the following:

- Compliance Policy
- Code of Conduct for Directors and Employees
- Remuneration Policy
- Related Party Transaction Policy
- Fair Practice Code and Customer Grievance Redressal Mechanism
- Investment Policy including Policy on demand/call loans and Policy on single/group exposure norms;
- Asset Liability Management Policy
- Policy on Know Your Customer Norms and Anti Money Laundering Measures
- Interest Rate Policy
- Corporate Social Responsibility Policy
- Code for Independent Directors Record Retention Policy
- Fraud Risk Policy and Fraud Risk Management Framework
- Policy on Selection Criteria/ "Fit & Proper" Person Criteria for Directors
- Whistle Blower Policy / Vigil Mechanism
- Risk Management Policy

DISCLOSURES

The Company is committed to make adequate disclosures based on the principles of transparency, timeliness, fairness and continuity, including making minimum disclosures as required under the Applicable Laws. The Directors and employees of the Company shall ensure and make necessary disclosures to the Company, the Regulator(s) / Statutory Authorities, the Shareholders, Investors, Members or other stakeholders as may be required by the Applicable Laws and the codes / policies of the Company.

The Company shall maintain a functional website, wherein important information / disclosures / documents of the Company shall be hosted.

ANNUAL REPORT

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The Annual Report of the Company shall contain a separate section on corporate governance, detailing the measures / activities undertaken by the Company as a part of its efforts towards adopting high standards of corporate governance.

REVIEW/AMENDMENT

These Guidelines shall be reviewed by the Board of Directors at such intervals as and when deemed necessary, in order to align the same with the applicable statutory and regulatory requirements and internal organizational needs. The Guidelines shall stand auto-corrected with any changes / modifications which may be advised from time to time by the National Housing Bank and/or other regulators or with any laws which may become applicable to the Company.