



ITI Housing Finance Limited

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Internal guidelines on Corporate Governance

(Version 1.0)

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ITI HOUSING FINANCE LIMITED ("Company")

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

1. Introduction

The Company has framed Internal Guidelines on Corporate Governance in compliance with the Guidelines on Corporate Governance vide Master Direction No DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 issued by the Reserve Bank of India on Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021

2. Philosophy

The Company philosophy on corporate governance envisages adherence to the highest levels of transparency, accountability in all areas of its operations and in all interactions with its stakeholders, including shareholders, employees, Government and other agencies. The Company is committed towards achieving the highest standards of corporate governance. The Board of Directors are at the core of its Corporate Governance practice, responsible for formulating Corporate Governance norms, serve and protect the long-term interests of all the stakeholders of the Company.

3. Effectiveness

This policy shall come into effect from the date of approval by the Board of Directors of the Company or any committee of the Board to which power has been delegated.

4. Definitions

- **"Act"** means the Companies Act, 2013 and rules made thereunder and includes any amendment(s)/modification(s) thereof.
- **"Board"** means Board of Directors of the Company.
- **"Board Committees"** shall mean committee of the Board of Directors or such other Committee constituted by the Board from time to time.
- **"Policy"** means Policy on Internal Guidelines on Corporate Governance
- **"RBI Directions"** - Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021.

5. Board of Directors

- The Board is responsible for overseeing Corporate Governance norms framed by it and ensuring overall compliance of all applicable laws and regulations including policies and procedures framed there under. The Board along with its Committees provides supervision and exercises appropriate controls. It oversees and directs the management of the Company's business affairs. The Board lays strong emphasis on transparency, accountability, integrity and highest ethical and moral standards.
- The Company's Board is broad based having an optimum combination of Non-Executive and Woman Director. Terms of Appointment, retirement, resignation of directors, their Compensation will be governed by the Act. The Directors appointed on the Board of the Company bring vast experience in fields of banking, finance, accounting and economics.
- The Board monitors the financial performance of the Company and to ensure that the financial results are prepared in accordance with the generally accepted accounting principles and is reported to shareholders and regulators on a timely and regular basis. The Board must also ensure that all material developments of the Company are disclosed to the Shareholders on a timely basis.
- At least 4 meetings of the Board shall be held in every calendar year and at least 1 (one) meeting will be held every calendar quarter, with a maximum time gap of 120 (one hundred and twenty) days between two Board meetings. The minimum information to be statutorily made available to the Board shall be furnished to the Directors before the meeting.

Information to be placed before Board of Directors may include following among others

- Quarterly Un-audited and audited financials of the company
 - Minutes of meetings of previous board Meeting, Audit Committee and other committees of the Board
 - Annual Budget and future operating plans of the Company
 - The returns/ forms/ reports submitted to various authorities like ROC, RBI, NHB, Income Tax, etc
 - Non-compliance of any regulatory, statutory nature
 - All the other regulatory requirements as required by the Reserve Bank of India and any other statutory authority, from time to time.
 - Details of any notices received from any authority
 - Details of investments made and acquisitions of any undertaking
 - Details of Fraud occurred (if any) during the quarter and its reporting to Reserve Bank of India/National Housing Bank. Details of Fraud and its reporting will also be placed before Audit Committee of the Board.
- The agenda for the Board Meetings will be sent to the Directors at least 7 days prior to the Meeting either in physical or electronic mode. The Meetings can be held at a shorter

notice subject to the provisions of the Secretarial Standards, Companies Act, 2013 and the Articles of Association of the Company.

- The Directors shall attend all meetings of the Board and its Committees where they are members. In case a Director is unable to attend specific Board Meeting or its Committees where they are members, he or she shall obtain leave of absence from the Board or the Committee as the case may be.
- 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 Secretarial Standard-1. Minutes of the previous Board /Committee Meetings to be placed in the next Board/Committee Meeting for noting.

6. Board Committees

The functioning of the Board shall be supplemented by the various committees
The Board shall constitute the following Committees.

a. Audit Committee

The Audit Committee shall be constituted by the Company as required under Section 177 of the Companies Act, 2013 and the Audit Committee thus constituted shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013.

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

Frequency of Audit Committee meeting shall be quarterly.

b. Nomination & Remuneration Committee

The Company shall form a Nomination and Remuneration Committee to ensure 'fit and proper' status of proposed/ existing directors . and proper framework in relation to remuneration of directors, Key Managerial Personnel and senior management personnel. The Nomination and Remuneration Committee shall ensure that there is no conflict of interest in appointment of directors and their independence is not subject to potential threats. The Nomination Committee shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013.

Nomination & Remuneration Committee meeting shall meet based on event.

c. Risk Management Committee

The Risk Management Committee shall be responsible for managing integrated risk of the Company. The Risk Management Committee shall primarily be responsible for identifying, monitoring, managing and mitigating the credit risk, market risk, operational risk and other risks of the Company that can be applicable to the Company considering the business

operations of the Company through integrated risk management systems, strategies and mechanisms.

Frequency of Risk Management Committee meeting shall be quarterly.

d. Asset Liability Management Committee. (ALCO)

The ALCO shall monitor the asset liability composition of the Company's balance sheet and determine actions to mitigate risks associated with the asset liability mismatches.

Frequency of Asset Liability Management Committee meeting shall be quarterly.

And any other committees as may be required from time to time.

7. Fit and Proper Criteria

- The Company shall ensure that a policy is put in place with the approval of the Board of Directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis.
- The Company shall obtain a declaration and undertaking from the directors giving additional information on the directors as per format prescribed by Reserve Bank of India.
- The Company shall obtain a Deed of Covenant signed by the directors as per format prescribed by Reserve Bank of India

8. Disclosure and transparency

- The Company shall put up to the Board of Directors, at regular intervals, as may be prescribed by the Board in this regard, the following:
 - (i) the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
 - (ii) 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.
- The Company shall also disclose the following in their Annual Financial Statements,
 - (i) registration / licence / 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; information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries and

- (iv) Asset-Liability profile, NPAs and movement of NPAs, details of all off balance sheet exposures, exposure to real estate, exposure to capital market, disclosure of complaints as also securitization / assignment transactions and other disclosures,
- (v) In addition to disclosure in Annual Financial Statements, following aspects will also get displayed on website of the Company
 - a. Penalties if any, levied by any regulator/supervisor/enforcement authority;
 - b. Applicable Policies like Fair Practices Code, Grievance Redressal Policies, Related Party Transactions, Internal Guidelines on Corporate Governance, Most Important Terms and Conditions etc
 - c. Extract of Annual financial statements
 - d. any other aspect as advised by Regulator from time to time which requires display on website.

9. Rotation of partners of the Statutory Auditors Audit Firm

The Company shall rotate the partner/s of the Chartered Accountant firm conducting the audit, every three years 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 will be eligible for conducting the audit of the Company after an interval of three years, if the Company, so decides. The Company shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

10. Amendments

- The Board of Directors shall review the policy as and when it deems appropriate.