

# **ROHA HOUSING FINANCE PRIVATE LIMITED**

## **Internal Guidelines on Corporate Governance**

**(Approved by the board of directors on May 16, 2019)**

**(Ownership: Secretarial Department)**

**(Version -1)**

## **1. Introduction**

The National Housing Bank (“NHB”) vide its Master Circular has notified for Housing Finance Companies its Corporate Governance (NHB) Directions, 2016 which, *inter-alia*, requires every non deposit accepting Housing Finance Company having asset size of Rs. 50 Crores or more to frame “**Internal guidelines on Corporate Governance**”.

Pursuant to the same, the Board of Directors of the Company at their meeting held on May 16, 2019, have approved and adopted the Internal Guidelines on Corporate Governance [“CG Guidelines”].

Corporate Governance means the system of rules, practices and processes by which a Company is administered and controlled. It involves balancing the interests of the various stakeholders of the company including shareholders, employees, customers and the community within which it operates. These Corporate Governance Guidelines will help the Company in attaining its objectives/goals, since it encompasses every sphere of operations, management, action plans, internal controls and regulatory disclosure.

## **2. Board of Directors**

The Company believes that an active, well-informed Board is necessary to ensure the highest standards of Corporate Governance. The Board shall oversee the performance of the company and should ensure shareholders' protection and maximization of their long term values.

The Board of Directors along with its Committees shall provide leadership and guidance to the Company’s management and direct, supervise and control the performance of the Company. The Board has a vital role to play in the matters relating to policy formulation, implementation and strategic issues which are crucial for the long term development of the organization.

## **3. Committees of the Board:**

The Board functions as a full Board and also through various Committees constituted to oversee specific areas. The Committees have oversight of operational issues assigned to them by the Board. Accordingly, the core Committees constituted by the Board in this connection are as follows:

### **A. Audit Committee:**

The Company has in place an Audit Committee constituted under the provisions of Section 177 of the Companies Act, 2013 and the rules framed thereunder.

The Audit Committee shall have the powers and duties conferred upon it in compliance with the provisions of Section 177 of the Act and such other applicable statutory regulations and duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

### **B. Nomination and Remuneration Committee:**

The Company has constituted a 'Nomination and Remuneration Committee' in compliance with the provisions of Section 178 of the Companies Act, 2013 and the rules framed thereunder.

The Nomination and Remuneration Committee shall have the powers and duties conferred upon it in compliance with the provisions of Section 178 of the Act and such other applicable statutory regulations and duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

**C. Risk Management Committee:**

The Company has in place a Risk Management Committee constituted in accordance with the National Housing Bank Corporate Governance Guidelines in this regard. The Risk Management Committee is responsible for managing, inter alia the integrated risk which includes liquidity risk, interest rate risk, currency risk and such other functions as may be assigned to it by the Board of the Company.

**D. Asset Liability Committee**

The Company has in place an Asset Liability Committee constituted in accordance with the National Housing Bank Corporate Governance Guidelines in this regard. The Asset Liability Committee is responsible for managing the asset liability mismatch and such other matters, and such other functions as may be assigned to it by the Board of the Company.

**E. IT Strategy Committee**

The Company has in place an IT Strategy Committee constituted in accordance with the National Housing Bank Information Technology Framework for HFCs in this regard. The guidelines on IT Framework for the HFC sector are expected to enhance safety, security, efficiency in processes leading to benefits for HFCs and their customers.

**4. Board Meetings and Quorum**

The Board Meetings of the Company shall be held as per the requirements prescribed under the Companies Act, 2013 and as decided by the Board of Directors. The meetings of the Board shall generally be held at the Company's registered office unless otherwise decided by the Board of the Company. The quorum shall be as per the requirements of the Companies Act, 2013.

**5. Attendance at Board Meetings**

The Directors shall strive to attend all meetings of the Board and its Committees. In case a Director is unable to attend specific Board Meeting, he or she shall obtain leave of absence from the Board.

**6. Fit and Proper criteria for Directors**

The Company shall have a policy put in place for ascertaining the fit and proper criteria at the time of appointment of Directors and on a continuing basis. The Nomination and Remuneration Committee shall review the appointment/reappointment of Directors considering their qualifications, expertise, track record, integrity and other 'fit and proper' criteria.

Further as required under the National Housing Bank Corporate Governance Directions, the Company shall ensure to furnish to the NHB on a quarterly basis, statement on change of directors and a certificate confirming that fit and proper criteria in selection of the directors has been followed. The same should be submitted to the National Housing Bank, New Delhi within 15 days of the close of the respective quarter and the statement for the quarter ending March 31, should be certified by the auditors.

## **7. Disclosure and Transparency:**

a) 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.

b) 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;

(iv) Information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries and

(v) 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, as prescribed by NHB from to time.

## **8. Statutory Auditors:**

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. The Audit Committee shall review the independence and performance of the Statutory Auditors and the effectiveness of the audit process periodically.

Further, 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.

## **9. Review of Policy**

The Board or its Committee may review the policy from time to time as may be required. Changes, if any, shall be effective only upon approval by the Board.

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