

Annexure (VI)

Report on Corporate Governance

As the Company catapulted into larger HFC domain to achieve its vision of being the most respected financial service provider on the housing finance landscape, the Company's responsibility and accountability to its stakeholders have also been growing simultaneously. The Company has always been strived to maintain a valuable relationship and trust with all its stakeholders and over the years has been nurturing this relationship and trust with utmost care. The Company has adopted thoughtful strategies, efficient processes, ethical practices and high degree of corporate governance to maximises the value for all the stakeholders and remains committed to it. The Company firmly believes that corporate governance is the set of rules, controls, policies, practices and processes that plays a pivotal role way beyond the regulatory compliance requirements. The Company intends to foster highest degree of corporate governance at all levels of business operations and therefore strongly emphasises on reliability, transparency, integrity, timely disclosures of information, fairness dealing with stakeholders, robust internal control system. The Board of Directors is the primary force that

influences the corporate governance and the changing environment of stakeholder stewardship has greater influence on the quality of the board and its composition, skills. The Company has an optimum combination of non-executive, executive and independent directors on the Board are from financial services background with demonstrated skill sets and relevant experience. The Board monitors the business plans & strategies, various policies, operational and financial performance of the Company. The Composition of Board and its committees are in compliance with the Companies Act, 2013, National Housing Bank rules and regulations and various applicable policies and circular thereof. The responsibility of the Board as whole, and Terms of Reference Committees are provided in this report.

1) BOARD OF DIRECTORS

The size of the Board commensurate with the size and business of the Company. As on March 31, 2020, the Board comprises of following Directors as mentioned below:

Name	Designation	No. of meetings held	No. of meetings attended
Mr. S. Sridhar	Chairman, Independent Director	6	6
Mr. Kranti Sinha	Independent Director	6	6
Ms. Suvalaxmi Chakraborty	Independent Director	6	4
Mr. Arun Kumar Purwar*	Independent Director	3	3
Mr. Nirmal Jain	Non Executive Director	6	4
Mr. R Venkataraman	Non Executive Director	6	5
Mr. Monu Ratra	Executive Director & CEO	6	6
Mr. Sumit Bali	Non Executive Director	6	4

*Mr. Arun Kumar Purwar was appointed as Director of the Company with effect from August 22, 2019.

Responsibilities of the Board

- i. The key purpose of the Board is to ensure the Company's prosperity by collectively directing its affairs, whilst meeting the appropriate interests of its shareholders and stakeholders.
- ii. The Board is primarily responsible for:
 - a) establishing vision, mission & values and determining, reviewing the goals, policy of the Company from time to time;
 - b) setting strategy and structure and deciding the means to implement and support them;
 - c) delegate to Management, determine monitoring criteria to be used to ensuring effectiveness of Internal Controls;
 - d) exercising accountability to shareholders and be responsible to relevant stakeholders; and
 - e) Management and Control.

2) COMMITTEES

The Board has constituted various Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters.

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These include the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Asset Liability Management Committee, Risk Management Committee, Corporate Social Responsibility Committee, etc. The composition of the various Committees along with their terms of reference are provided herein below.

A. Audit Committee

In terms of the requirements of section 177 and other applicable provisions of the Companies Act, 2013, read with Rules made thereunder, the Board constituted an Audit Committee.

Composition of the Audit Committee as on March 31, 2020 and number of the meetings held and attended by the members of the Committee during the financial year 2019-2020 are summarised below:

Name	Designation	No. of meetings held	No. of meetings attended
Mr. S. Sridhar	Chairman, Independent Director	5	5
Mr. Kranti Sinha	Independent Director	5	5
*Ms. Suvalaxmi Chakraborty	Independent Director	4	3
Mr. R Venkataraman	Non Executive Director	5	5

*Ms. Suvalaxmi Chakraborty was inducted as member of the Audit Committee w.e.f. May 13, 2019.

The Company Secretary to act as Secretary to the Audit Committee. The details of all Related Party Transactions are periodically placed before the Audit Committee. During the year, there were no instances where the Board did not accept the recommendations of the Audit Committee.

The role and terms of reference of the Audit Committee, *inter alia*, includes the following:

- i. recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- ii. review and monitor the auditor's independence and performance, and effectiveness of audit process;
- iii. examination of the financial statement and the auditors' report thereon;
- iv. approval or any subsequent modification of transactions of the Company with related parties;
- v. scrutiny of inter-corporate loans and investments;
- vi. valuation of undertakings or assets of the Company, wherever it is necessary;
- vii. evaluation of internal financial controls and risk management systems;
- viii. monitoring the end use of funds raised through public offers and related matters;
- ix. Appointment of Internal Auditor.

- x. The Audit Committee have such powers and it performs such functions as may be required under the Companies Act, 2013 and such other applicable Regulations as may be notified by Securities and Exchange Board of India, National Housing Bank and other regulators from time to time.

The Audit Committee have such powers and it performs such functions as may be required under the Companies Act, 2013 and such other applicable Regulations as may be notified by National Housing Bank from time to time.

During the year under review, the Audit Committee met 5 times i.e. on May 13, 2019, June 28, 2019, August 8, 2019, October 23, 2019 and January 23, 2020.

B. Nomination and Remuneration Committee

In terms of the provisions of section 178 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder, the Board constituted a Nomination and Remuneration Committee of the Directors. Presently, the Committee comprises the following Directors:-

Mr. S. Sridhar – Independent Director

Mr. Kranti Sinha - Independent Director

Mr. R Venkataraman – Non Executive Director

The terms of reference of the Nomination and Remuneration Committee, *inter alia*, includes the following:

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- i. identify persons who are qualified to become Directors and who may be appointed in Senior Management and recommend to the Board their appointment and removal;
- ii. carry out evaluation of every Director's performance;
- iii. formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- iv. to devise policy on:
 - a) remuneration including any compensation related payments of the Directors, Key Managerial Personnel and other employees and recommend the same to the Board of the Company;
 - b) Board diversity laying out an optimum mix of Executive, Independent and Non-Independent Directors keeping in mind the needs of the Company.

During the year under, the Nomination and Remuneration Committee met once on May 13, 2019.

C. Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Company presently comprises the following Directors as its members-

Mr. R. Venkataraman - Non Executive Director

Mr. Monu Ratra - Executive Director & CEO

Mr. Sumit Bali - Non Executive Director

The terms of reference of the Stakeholders Relationship Committee, inter alia, includes the following:-

- i. Review of investors' complaints and their redressal;
- ii. Review and approval of the queries/requests received from the investors/shareholders.

During the year under review, the Committee met twice on May 13, 2019 and October 23, 2019.

D. Corporate Social Responsibility (CSR) Committee

In terms of the provisions of Section 135 and other applicable provisions of the Companies Act, 2013, read with rules made thereunder, the Board has constituted a CSR Committee.

The CSR Committee of the Company presently comprises the following Directors as its members

Mr. Kranti Sinha - Independent Director

Mr. R Venkataraman - Non Executive Director

Mr. Sumit Bali - Non Executive Director

The terms of reference of the CSR Committee is governed by the provisions of section 135 of the Companies Act, 2013 read with the applicable rules and such modification or amendments as made thereto from time to time.

The terms of reference of the CSR Committee, inter alia, includes the following:

- i. Consider any matters relating to the social, charitable, community and educational activities, expenditures and related publications of the Company and its subsidiary companies (the "Group") that it determines to be desirable. In addition, the CSR Committee shall examine any other matters referred to it by the Board.
- ii. Maintain the Company's CSR policy framework (e.g. environment, human rights and responsible business conduct) in line with best practice and the appropriate international standards and guidelines;
- iii. Receive reports and review activities from executive and specialist groups managing CSR matters across the Company's operations;
- iv. Consider and propose an Annual Budget for CSR activities to the Board.

During the year under review, the CSR Committee met twice on February 6, 2020 and March 24, 2020.

E. Risk Management Committee

In accordance with the Policy Circular No. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010, the Board of Directors constituted Risk Management Committee comprising of Directors and senior officials of the Company. The composition of the Risk Management Committee is provided below:

1. Mr. S Sridhar
2. Mr. Kranti Sinha
3. Mr. Nirmal Jain
4. Mr. Amit Gupta
5. Mr. Sanjeev Srivastava
6. Mr. Govind Modani

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The terms of reference of the Risk Management Committee are in line with Guidelines prescribed by NHB which, inter alia, includes the following:

- i. To identify the various types of risks involved in the business,
- ii. To define the methodology to measure / quantify the risks,
- iii. To control and mitigate the variety of risks involved in business,
- iv. To specify the risk tolerance of the Company,
- v. To ensure regulatory and statutory compliance on risk management and prudential norms,
- vi. To improve the assets quality of the Company by using risk management tools,
- vii. To maximise the profit of the Company,
- viii. To maximise the return on equity with an acceptable level of risk, for the purpose of protecting, preserving and increasing the net worth of the Company.

During the year under review, the Committee met three times on August 8, 2019, October 23, 2019 and January 23, 2020.

F. Asset Liability Committee (ALCO)

In accordance with the Policy Circular No. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010, the Board of Directors constituted Asset Liability Committee (ALCO). The composition of the ALCO is provided below:

Mr. Monu Ratra- Executive Director & CEO

Mr. R. Venkataraman- Non Executive Director

Mr. Sumit Bali- Non Executive Director

The terms of reference of the ALCO are in line with Guidelines prescribed by NHB which, inter alia, includes the following:

- i. Liquidity risk management
- ii. Management of market risks
- iii. Funding and capital planning
- iv. Profit planning and growth projection
- v. Forecasting and analysing 'what if scenario' and preparation of contingency plans

During the year under review, the Committee met on May 13, 2019, August 8, 2019, October 23, 2019 and January 23, 2020.

For and on behalf of the Board of Directors

Monu Ratra
Executive Director & CEO
DIN: 07406284

Date: June 7, 2020
Place: Gurugram

Sumit Bali
Director
DIN: 02896088

Date: June 7, 2020
Place: Mumbai