



INTERNAL GUIDELINES ON CORPORATE GOVERNANCE-2.0

2023

Preamble

Pursuant to the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, as amended from time to time ("Master Directions") vide notification no. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021, every Housing Finance Company ("HFC") is required to *inter alia* frame internal guidelines on corporate governance. Accordingly, Manibhavnam Home Finance India Pvt Ltd. ("Company") has framed these internal guidelines on corporate governance ("Guidelines").

1. Definitions

"Audit Committee" shall mean the audit committee of the Board.

"Board of Directors" or "Board" shall mean the board of directors of the Company.

"Master Directions" shall mean the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 as amended or modified from time to time.

"Companies Act" shall mean: (i) the Companies Act, 2013 and the rules made (to the extent in force on the relevant date); and (ii) the Companies Act, 1956 and the rules made (to the extent in force on the relevant date), there under, each, as amended from time to time.

"Corporate Governance Regulations" shall mean the Companies Act, the Master Directions, and such other applicable laws relating to corporate governance requirements, as may be applicable to the Company, from time to time.

"NRC" shall mean the nomination & remuneration committee of the Board.

"NHB" shall mean the National Housing Bank.

"RBI" shall mean the Reserve Bank of India.

2. Interpretation

Words and expressions used but not defined in these Guidelines shall have the same meaning assigned to them in the Master Directions, or the Companies Act and the rules and regulations made thereunder, as the case may be or in any amendment thereto.

3. Company Philosophy on Corporate Governance

The Company has framed these Guidelines with the objective to put in place a system of rules, practices and processes relating to corporate governance requirements within which the Company shall be administered and controlled, so as to balance the interests of the various stakeholders of the Company and also the community within which it operates. The Guidelines shall ensure that the Company acts in accordance with the highest standards of corporate governance in all its activities and that the affairs of the Company are conducted with integrity, fairness, accountability and transparency.

4. The Board

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.

5. Disclosure and transparency

- a) The Risk Management Committee shall place before the Board, on annual basis or such other frequency as may be prescribed by the Board, the progress made in putting in place a risk management system and risk management policy and strategy followed by the Company.
- b) The Chief Executive Officer and / or the Chief Financial Officer, shall place before the Board, on annual basis or such other frequency as may be prescribed by the Board, the conformity with corporate governance standards, namely in relation to, in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.
- c) The Company shall also disclose the following in its Annual Financial Statements (as may be relevant / applicable):
 - i. registration/ license/ authorization, 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, non-performing assets and movement of non-performing assets, details of all off-balance sheet exposures, exposure to real estate, exposure to capital market, disclosure of complaints as also securitization/assignment transactions.
 - vi. and other disclosures, as prescribed by NHB/RBI from time to time.

6. Constitution of Committees:

The functioning of the Board has been supplemented by the various committees and The Board has constituted the following Committees.

a. Audit Committee

The Audit Committee has been 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 has formed 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.

e. Banking and borrowing Committee:

The Banking & borrowing Committee is responsible to (i) borrow from bank/ financial institution / NBFC / National Housing Bank within the overall limit as specified by Board of Directors and shareholders of the Company; (ii) pass necessary resolutions for opening the bank accounts as may be necessary to avail the borrowing facilities

f. Information Technology Management Committee

The Committee's responsibility is to review and decide IT strategy & framework of the Company in line with the Corporate Strategy & Business Planning, to review IT related policies, and any other matter related to IT Governance of the Company.

g. Customer service and grievance Redressal Committee

This Committee comprises of senior officers of MBHF responsible for examining customer queriers /complaints etc. The Committee could also examine the issues of effectiveness of the grievance redressal mechanism adopted by the MBHF at periodic intervals

_h. Internal Complaints Committee

This Committee looks into complaints on sexual harassment and decides on action required, maintain an annual report of all sexual harassment complaints and action taken and share with required Government/Statutory body when required.

Frequency of Internal Complaints Committee meeting shall be quarterly

i. Company Investigation Committee

This committee is responsible to investigate into any matter where there is suspected fraud,

breach of integrity policy of the company or any other matter as prescribed by Board time to time. Frequency of Company Investigation Committee meeting shall be quarterly

j. Forex Risk Management Committee

This committee is responsible to review and recommend to Board of Directors for approval of the Forex Risk Management Policy and any changes therein. The committee is authorized to amend the policy. The changes will be placed before the board for approval and review the exceptions, if any, to the net open position limit. The committee will ensure that adequate resources are available to treasury in terms of manpower, technology etc. It will guide the treasury in decisions about currencies and risks to be hedged, hedging strategy.

This committee will also authorize a suitable official to decide on following items:

- (i) Person/s who can sign and execute hedge program and to approve contracts.
- (ii) Person/s authorized to take foreign currency transactions
- (iii) Person/s responsible for monitoring and reporting compliance with the policy
- (iv) Other Matters

Frequency of Forex Risk Management Committee meeting shall be quarterly

k. Committees for wilful defaulters:

- Identification Committee:

This committee is responsible for examining the evidence of wilful default on the part of the borrower or the borrowing company and its owner, promoter /whole time director at relevant time. It will ascertain the occurrence of an event of wilful default and issue show cause notice to the concerned borrower and the promoter and whole-time director in the event of wilful default. It will be responsible

For calling for submission and issuing orders recording the fact of wilful default and the reason for the same.

Any other responsibility as may be assigned by the board from time to time.

- Review Committee:

This committee is responsible for reviewing the order of identification committee, Confirming the order passed by the identification committee as final and any other responsibility as may be assigned by the board from time to time.

Frequency of Identification Committee and Review Committee meeting shall be annually or as and when required.

The Board may further constitute such other Committees, as may be required for effective functioning of the Company and as per applicable laws for the time being in force.

7. Fit and Proper Criteria

In terms of Master Directions, the Company shall put in place a Board approved policy on 'Fit and Proper Criteria for Directors' ("Fit and Proper Criteria"). The Company shall obtain necessary disclosures from Directors, from time to time, and the Company shall ensure compliance with the provisions laid down in the Fit and Proper Criteria. As required under the Master 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 have been followed.

8. Rotation of partners of statutory auditors / audit firm

The Company shall ensure that it rotates the partner(s) of the Chartered Accountant firm conducting

the audit in relation to the Company, every 3 (three) year so that same partner does not conduct audit of the Company continuously for more than a period of 3 (three) years. However, the partner so rotated shall be eligible for conducting the audit of the Company after an interval of 3 (three) years, if the Company, so decides. The Company shall incorporate appropriate terms in the letter of appointment of the firm of auditors to ensure compliance of the above.

9. Conflict

The Guidelines shall stand amended in the event of any conflict / repugnancy between the provisions of the Guidelines and the directions/rules/regulations/circulars framed by the NHB/RBI and directions/rules/regulations/circulars framed by the NHB/RBI shall prevail over the Guidelines, to the extent of conflict / repugnancy. The part(s) so conflicting / repugnant shall be deemed to be severed from the Guidelines and the rest of the Guidelines shall remain in force.

10. Disclosure of the Guidelines

The Guidelines shall be posted on the Company's website.