



## Internal Guidelines on Corporate Governance

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## **1. CORPORATE GOVERNANCE MISSION**

Altum Credo Home Finance Private Limited (ACHFPL) is a Housing Finance Company Registered with National Housing Bank (NHB) and has adopted Internal Guidelines on Corporate Governance as required under Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021. We as a company to conduct all of its business activities with honesty, integrity and the highest possible ethical standards as an ongoing process and maintain full compliance with the laws, rules and regulations that govern the Company's businesses with highest ethical standards.

## **2. PREAMBLE**

In order to adopt best practices and greater transparency in the operations of the Company and in compliance with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by National Housing Bank (NHB), the Company has framed this set of Internal Guidelines on Corporate Governance.

## **3. DEFINITIONS**

- I. "Act" shall mean the provisions of the Companies Act, 2013 and rules made thereunder and shall include the statutory amendment(s), modification(s) or re-enactment(s) thereof.
- II. "Company" means Altum Credo Home Finance Private Limited ("ACHFPL")
- III. "Board" shall mean the Board of Directors of the Company, as constituted from time to time.
- IV. "Committee" shall mean committee of the Board of Directors or such other Committee constituted from time to time.
- V. "Directions" shall mean the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by NHB dated February 17, 2021.
- VI. "Independent Director" shall mean a Director who satisfies the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013
- VII. "KMP" shall mean Key Managerial Personnel as defined in sub section (51) of Section 2 of the Companies Act, 2013.
- VIII. "Senior Management Personnel" shall mean employees of the Company who are members of the Senior management team excluding Board of Directors. This shall comprise of all members of management one level below the Directors, including all functional heads.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 or any other applicable law/regulation/rules prescribed by National Housing Bank or such other authority.

#### **4. BOARD OF DIRECTORS**

The Company's Board has a primary role to protect and enhance stakeholders' value through supervision and strategic inputs. The Board along with its Committees not only provides supervision and exercises appropriate controls, but also ensures a strong emphasis on transparency, accountability and integrity. Every Director holds a fiduciary position and shall be required to attend and actively participate in the Board and its Committee Meetings in which they are a Member and conscientiously fulfil his/her obligations as Director of the Company.

The Board, in compliance with extant regulatory prescriptions, shall comprise of Executive, Non-Executive Directors and Independent Directors. All the Directors shall meet the 'fit and proper' criteria as prescribed under the Companies Act, 2013 and by the National Housing Bank.

The Directors bring to the Board a wide range of experience and skills, which includes banking, finance, lending, accounting & economics, technology & operations and human resources. None of the Directors of the Company are related to each other. All the Directors on the Board are not liable to retire by rotation.

#### **5. MEETINGS OF THE BOARD**

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 meeting of the Board of Directors shall be called by giving not less than seven days' notice in writing to every Director by hand delivery or by post or by electronic means. The agenda for the meeting should be made available to the Board and shall be furnished to the Directors well in advance.

The decisions of the Board shall be taken by simple majority of the Directors and each Director shall exercise one vote. The Chairman of the Board shall be entitled to a second or casting vote at any meeting of the Board.

#### **6. BOARD INDEPENDENCE**

Independent Directors are expected to play a key role in the decision-making process of the Board by participating in the process of framing the overall strategy of the Company. The Independent Directors should strive to bring in an independent, impartial and objective view to discussions at the meetings of the Board and its Committees and they shall act in a way that is in the best interest of the Company and its stakeholders.

Independent Directors appointed on the Board of the Company shall fulfil the criteria of independence as set out under the provisions of Companies Act, 2013 and other applicable

laws in regard to appointment. They shall submit an annual declaration affirming compliance with the criteria of independence for every financial year and such declaration shall be submitted whenever there is any change in circumstances which may affect their independence.

## **7. DISCLOSURES**

An annual declaration on confirmation in respect of fit and proper criteria in the format prescribed on fit and proper criteria for the Directors formulated in terms of NHB Directions shall be furnished by the Directors.

A declaration of independence in terms of Section 149(7) of the Companies Act, 2013 shall be furnished by the Independent Directors every financial year or whenever there is any change in the circumstances that affect their status as an Independent Director.

## **8. BOARD COMPENSATION REVIEW:**

The remuneration payable to the Director(s) shall be determined by the Nomination and Remuneration Committee and shall be recommended to the Board for its consideration and approval.

## **9. COMMITTEE**

The Board has constituted committees to deal with specific matters and for operational convenience, delegated powers for different functional areas to different Committees in accordance with the applicable laws. The Audit committee, Risk Management committee, Asset-Liability Management Committee, the Nomination and Remuneration Committee have been constituted in accordance with the provisions of the Companies Act, 2013 as applicable to the Company. The composition, terms of reference and functioning of the Committee(s) shall be decided by the Board of Directors in accordance with the provisions of the applicable laws.

## **10. DETAILS OF VARIOUS COMMITTEE(S) ARE AS UNDER:**

### **A. Audit Committee**

The Company shall have in place an Audit Committee constituted in accordance with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and the provisions of Section 177 of the Companies Act, 2013 and rules framed thereunder. All the Members of the Audit Committee shall be financially literate and at least one Member shall have an accounting or related financial management expertise.

At least 4 meetings of the Committee shall be held in every calendar year and the Committee shall meet once every calendar quarter.

The terms of reference of the committee are as below:

- To recommend appointment, remuneration and terms of appointment of the auditors of the Company
- To review and monitor the auditor's independence and performance and effectiveness of the audit process
- To examine the financial statements and the auditors' report thereon
- To evaluate internal financial controls and risk management systems
- To approve or make any subsequent modifications of transactions of the Company with related parties
- To make omnibus approval for the related party transactions proposed to be entered by the Company
- Scrutiny of inter corporate loans and investments
- Valuation of undertaking or assets of the Company, whenever necessary

The Audit Committee must also 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 HFCs.

The Company Secretary or an executive of the Secretarial Department shall act as the secretary to the committee.

#### B. Risk Management Committee

To manage the integrated risk, all Applicable HFCs shall form a Risk Management Committee as per Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021. The functioning of the committee shall be governed by the Risk Management Policy approved by the Board and inter-alia include:

1. Reviewing operational risk, information technology risk and integrity risk.
2. Addressing concerns regarding asset liability mismatches and interest rate risk exposure.
3. Taking strategic actions to mitigate the risk associated with the nature of the business.
4. Achieving optimal return on capital employed, while maintaining acceptable levels of risk including and relating to liquidity, market and operational aspects and adhering to the policies and regulations.
5. Apprising the Board of Directors at regular intervals regarding the process for putting in place a progressive risk management system and risk management policy and strategy.
6. Reviewing and approving the loan facilities (on-balance sheet and/ or off-balance sheet) and borrowings within the limits specified.
7. Reviewing the annual budget and revisions made to the business plan, and making specific recommendations to the Board on its adoption, including where desirable,

comments on expense levels, revenue structures, fees and charges, adequacy of the proposed funding levels as also adequacy of provision for reserves

The Company Secretary or an executive of the Secretarial Department shall act as the secretary to the committee

#### C. Nomination & Remuneration Committee

The Company shall have in place a Nomination and Remuneration Committee constituted in accordance with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by National Housing Bank (NHB) and the provisions of Section 178 of the Companies Act, 2013.

The terms of reference of the committee are as below:

1. To consider and approve the annual increment/bonus
2. To consider and approve remuneration payable to the KMP
3. To consider and approve the grant of Employee Stock Options
4. To appoint/ reappoint/review /recommend the appointment of Directors to the Board.

The Company Secretary or an executive of the Secretarial Department shall act as the secretary to the committee.

#### D. Asset-Liability Management Committee (ALCO)

The Company shall have in place an Asset Liability Management Committee constituted in accordance with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by National Housing Bank (NHB). The Asset Liability Management provisions shall be complied as per the companies approved ALM policy.

### **11. CONFLICT OF INTEREST**

The Company expects its Directors, officers and other employees to act ethically at all times and to acknowledge their adherence to the policies and codes adopted by the Company.

The Directors, senior management and other employees of the Company shall endeavour to avoid any conflict of interest with respect to their dealings with the Company.

A conflict of interest exists when benefits or interests of one person or entity conflict with the interests or benefit 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. A Director who is interested in any proposed transaction shall not exercise any influence over other Board/Committee Members in any manner whatsoever and is restricted from casting his vote for the particular agenda.

Officers and other employees must disclose the circumstances of any possible conflict of interest to his / her supervisor and the Managing Director and CEO, for a determination about whether a potential or actual conflict exists. If an actual or potential conflict is determined,

the Company may take whatever corrective action appears appropriate according to the circumstances.

## **12. RELATED PARTY TRANSACTIONS**

All transactions with related parties should be on an arm's length basis and that such transactions are clearly identifiable, effectively monitored and appropriate steps are taken to control the quantitative limits or mitigate risks. All transactions with related parties shall be subject to the approval of the Board of Directors on the recommendation of the Audit Committee including the limits, terms and conditions, if any, imposed thereon.

## **13. AUDITORS**

### **A. 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. A declaration shall be obtained from the Auditors affirming their eligibility for being appointed as the Statutory Auditors of the Company.

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 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.

### **B. Internal Auditors**

The Board and the Audit Committee of the Company shall appoint Internal Auditors in accordance with section 138 of Companies Act 2013, the provisions of applicable laws and regulations who shall perform independent and objective assessment of the internal controls, processes and procedures instituted by the management and accordingly monitor its adequacy and effectiveness as and when it becomes applicable/ as decided by the Board at regular intervals.

The Same shall be applicable to:

- (i) Turnover of two hundred crore rupees or more during the preceding financial year; or
- (ii) Outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year:

### **C. Secretarial Auditors**

The Board shall appoint a Company Secretary in practice, in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder to conduct a secretarial audit of the Company as and when applicable / as decided by the Board at regular intervals.

The same shall be applicable to:



- (a) Every public company having a paid-up share capital of fifty crore rupees or more; or
- (b) Every public company having a turnover of two hundred fifty crore rupees or more

The Secretarial Auditor shall provide its report in the form and manner prescribed under the applicable laws / regulations i.e Form No MR-3. 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 / regulations as and when applicable.

#### **14. CODES AND POLICIES OF THE COMPANY**

##### **A. Code of Conduct for Directors and Employees**

The Code of Conduct for Directors and Employees provides for employees to conduct their business and affairs in compliance with applicable laws, rules and regulations of India. The Code is applicable to all employees of the Company, including Executive Director(s) and to the Non-Executive Director(s) to the extent of their role and responsibilities in the Company genuine concerns or grievances and provides for adequate safeguards against victimization of whistle blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit and Risk Management Committee.

##### **B. Whistle Blower Policy / Vigil Mechanism**

The Whistle Blower Policy/Vigil Mechanism has been framed to provide a mechanism under which an employee/ director of the Company may report violation of personnel policies of the Company, unethical behavior, suspected or actual fraud, violation of code of conduct and such similar incidences. The Vigil Mechanism ensures standards of professionalism, honesty, integrity and ethical behavior. The Mechanism adopted by the Company encourages the whistle blower to report

#### **15. OTHER CODES AND POLICIES**

In accordance with the applicable provisions of the Companies Act, 2013, the directions/ guidelines issued by the National Housing Bank, the Securities Exchange Board of India, for internal requirements and operational convenience, the Company has framed and adopted the following policies and codes which shall be updated / revised as and when required under the applicable laws or due to change in the functioning or the structure of the Company.

The codes and policies approved by the Company *inter-alia* includes the following:

- Fair Practice Code
- Most Important Terms and Conditions
- Investment Policy
- Guidelines on Know Your Customer and Anti Money Laundering Policy
- Risk Management and Asset Liability Management Policy
- Whistle Blower Policy
- Policy on Selection Criteria/ "Fit & Proper" Person Criteria for Directors
- Policy on Prevention of Sexual harassment
- Vendor Empanelment Policy
- Environment and Social Policy

- Anti-Bribery and Anti-Corruption policy
- Grievance Redressal Policy
- Gift policy

## **16. DISCLOSURES**

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

The Board of Directors of the Company or such other person authorized by the Board or any law / regulation, shall ensure that all the disclosures statutorily required to be made on behalf of the Company are duly made to the Regulatory / Statutory authorities or such other persons as maybe required under applicable laws / regulations.

## **17. WEBSITE**

This internal guidelines on corporate governance shall be published on the Company's website for the information of various stakeholders, as required by NHB, from time to time.

## **18. NODAL OFFICER**

The Internal guidelines on Corporate Governance shall be implemented and monitored by the Compliance officer of the Company, being the Nodal Officer and the periodical review and update shall be reported by the aforementioned Nodal Officer to Board as and when required.

## **19. REVIEW**

These guidelines shall be reviewed by the Board of Directors at least once a year, in order to align the same with the prevalent regulatory and business requirements.