



IKF HOME FINANCE LIMITED

Name of Policy	Corporate Governance Policy
Date of Last Approval/Review	May 21, 2025
Prepared By	Secretarial Department
Approving Authority	Board of Directors
Version	2025

1. PREAMBLE

In Compliance with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by Reserve Bank of India (RBI) vide Notification No. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021, and the provisions of companies Act, 2013, the Company has framed Internal Guidelines on Corporate Governance.

The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government, and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices.

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.

The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board or the committees of the members of the Board

2. DEFINITIONS

- a) **“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.
- b) **“Board”** shall mean the Board of Directors of the Company, as constituted from time to time.
- c) **“Company”** means IKF Home Finance Limited (“IKHFL”)
- d) **“Committee”** shall mean committee of the Board of Directors or such other Committee constituted from time to time.
- e) **“Directions”** shall mean the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 issued by NHB vide notification no. NHB.HFC.CGDIR.1/MD&CEO/2016 on 9th February, 2017 or such other as an when amended.
- f) **“Independent Director”** shall mean a Director who satisfies the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013
- g) **“KMP”** shall mean Key Managerial Personnel as defined in sub section (51) of Section 2 of the Companies Act, 2013.

- h) **“Senior Management Personnel”** shall mean employees of the Company who are members of the core management team excluding Board of Directors. This shall comprise of all members of management one level below the Directors, including all functional heads.
- i) **“SEBI Listing Regulations”** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes any statutory modification(s) thereof. 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.

3. CORPORATE GOVERNANCE STRUCTURE

A. 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 shall be responsible for overall compliance with the Corporate Governance of the Company and oversee the business affairs including responsibility for the Company's business strategy and financial soundness, key personnel decisions, internal organization and governance structure and practices, Risk Management and compliance obligations and in doing so the Board must act honestly, in good faith and in the best interests of the Company.

The Board should ensure that the Company's organizational structure enables the Board and Senior Management to carry out their responsibilities and facilitates effective decision making and good governance. This includes clearly laying out the key responsibilities and authorities of the Board itself, of Senior Management and of those responsible for the control functions.

The Board should actively engage in the major matters of the Company and keep up with material changes in the Company's business and the external environment as well as act in a timely manner to protect the long-term interests of the Company.

The Board should ensure that transactions with related parties are reviewed to assess risk and are subject to appropriate resolutions/approval, as required under various applicable laws and that corporate or business resources of the Company are not misappropriated or misapplied.

The Board should review this Policy periodically so that it remains appropriate in the light of material changes in regulatory requirement with respect to the Company's size, complexity, geographic reach, business strategy, market and best governance practices.

i. Size & Composition of the Board of Directors

The Board of Directors of the Company shall have an optimum combination of Executive and Nonexecutive Directors, with at least one woman director and not less than fifty percent of them being Non-Executive Directors in line with the requirements of the provisions of the Companies Act, 2013 and other Applicable Laws and the Articles of Association of the Company.

ii. Duties and Responsibilities of Board of Directors

The rights, roles, responsibilities, liabilities, obligations, functions and duties of the directors shall be as per the provisions of the Companies Act, 2013 ("the Act") as amended from time to time. In accordance with the provisions of Section 166 of the Companies Act, 2013 and as a matter of corporate governance, the directors of the Company have the following duties: -

1. A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
2. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
3. A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
4. A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
5. A director of a company shall not assign his office and any assignment so made shall be void.

The Directors bring to the Board a wide range of experience and skills, which includes banking, finance, lending, accounting and economics.

iii. Meetings of the Board

The company shall hold at least 4 (four) Meetings of its Board in each Calendar Year with a maximum interval of 120 (one hundred and twenty) days between any two consecutive Meetings

iv. Minimum Information to be placed before the Board

1. To enable the Board members to discharge their responsibilities effectively and take informed decisions, detailed agenda papers, with explanations on each item, shall be sent to each Director well in advance of the Board and its Committee meetings as per the Act and other applicable laws.

2. The Company shall place all statutory and other significant matters including minimum information required to be placed in terms of Schedule II – Part A of the SEBI Listing Regulations and Secretarial Standard on the Meetings of the Board of Directors [SS-1] as prescribed by the Institute of Company Secretaries of India, before the Board to enable it to discharge its duty responsibly.
3. 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 SS-1. Minutes of the previous Board /Committee Meetings are placed in the subsequent Board/Committee Meeting for noting.
4. Any further information / data / clarification as required by the Board would be made available as and when sought, in a transparent and timely manner.

v. 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 fulfill the criteria of independence as set out under the provisions of Companies Act, 2013 and other applicable laws in this regard. 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.

An Independent Director shall hold office for a term of up to five consecutive years and shall be eligible for re- appointment for another term of up to five consecutive years on passing of a special resolution by the Company. Provided that an Independent Director, who completes two consecutive term(s) shall be eligible for appointment as Independent Director in the Company only after the expiration of three years of ceasing to be an Independent Director in the Company.

vi. 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. The remuneration payable shall be in accordance with the Board approved Remuneration Policy and applicable laws. Presently, the Independent Directors of the Company are paid remuneration by way of sitting fees for attending meetings of the Board and its Committees, in compliance with the applicable laws in this regard.

4. COMMITTEES

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 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.

Minutes of meetings of Committees of the Board and other Committee(s) as specified by the Board shall be placed before the Board for its perusal, discussion and noting. The decisions of the Committees shall be taken by simple majority of the members of the respective Committees and each member shall exercise one vote.

Chairman of the Committee(s) shall not be entitled to a second or casting vote at any meetings of the Committee(s). The important committees constituted by the Board are as follows:

A. Management Committee

The Company have in place a Management Committee, constitute by the Board of Directors and have delegated its power to committees from time to time for smooth functioning of the Company.

Management Committee shall constitute of such number of directors as may be Board decide from time to time. The scope of this committee will be the same as decided by the Board from time to time.

B. Audit Committee

The Company shall have in place an Audit Committee constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and rules framed thereunder and RBI/NHB guidelines on Corporate Governance. The Audit Committee shall consist of minimum of three directors and atleast two third of the members shall be independent directors. All the Members of the Audit Committee shall be financially literate and atleast one Member shall have an accounting or related financial management expertise.

The Chairperson of the Audit Committee shall be an Independent Director. The Audit Committee should meet at least Four times in Financial Year with a maximum interval of one hundred and twenty days between any two consecutive Meetings

The terms of reference of the committee are as below:

- i. Recommendation for appointments, remuneration and terms of appointment of auditors of the Company.
- ii. Review and monitor the auditor's independence, performance, and effectiveness of the audit process.
- iii. Examination of the financial statement and the auditors' report thereon.
- iv. Reviewing, with the management, the quarterly financial results before submission to the board

- for approval.
- v. Approval or any subsequent modification of transactions of the Company with related parties.
- vi. Scrutiny of inter-corporate loans and investments.
- vii. Valuation of undertakings or assets of the Company, wherever it is necessary.
- viii. Evaluation of internal financial controls and risk management systems.
- ix. Monitoring the end use of funds raised through public offers and related matters.
- x. Overseeing the vigil mechanism.

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 the provisions of Section 178 of the Companies Act, 2013 and the same is in conformity with the RBI/NHB guidelines issued in this regard from time to time. The Nomination and Remuneration Committee shall comprise of at least three directors and all Directors of the Committee shall be Non- Executive Directors. At least fifty percent of the Members shall be Independent Directors. However, the Chairman of the Company (whether executive or nonexecutive) may be appointed as a Member of the Committee but shall not be allowed to chair the Committee.

The Committee shall meet at such regular intervals as may be required. The Chairperson of the Committee shall be present at the Annual General Meeting to answer shareholder queries. The presence of at least two members shall be required to form the necessary quorum unless otherwise stipulated in the Act.

The terms of reference of the committee are as below:

- i. To support the Board in managing the structure and the strength of the Board including appointment of Directors with fit and proper clause.
- ii. To oversee excellence in corporate governance.
- iii. To guide the board on developing organization structure to suit business requirements.
- iv. To guide the HR department in implementing organization structure with proper leadership team.
- v. To approve compensation grids and matrix based on market benchmark.
- vi. To monitor proper implementation of performance appraisal in processing the company.
- vii. To guide HR department to form comprehensive HR policies that will help various departments in the organization to achieve the business goals.
- viii. To oversee HR compliance.
- ix. Appraise whether the prospective director meets the “Fit & Proper” criteria as prescribed by the RBI.

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. The Asset Liability Management committee shall consist of minimum of two members. At least 4 meetings of the Committee shall be held in every calendar year and the Committee shall meet once every calendar quarter. The presence of two members shall be required to form the necessary quorum.

The terms of reference of the committee are as below:

- i. To review the overall framework for management of Liquidity Risk, Market Risk (Interest Rate Risk, Currency Risk), and efficacy of controls for managing the same.
- ii. To advise on the Business Plan of the Company from ALM and Liquidity management perspectives.
- iii. To Review & Assess the ALM profile and liquidity position of the Company.
- iv. To take decision on desired Maturity Profile and mix of Incremental Assets and Liabilities.
- v. To approve Sale of Loan Assets as a source of funding or to generate liquidity.
- vi. To act on various matters covered under the charter/ terms of reference of the ALCO, as approved by the Board of Directors.
- vii. To provide guidance to the Company on various matters which are referred to it by the Company's management.

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

E. Risk Management Committee

The Company shall have in place a Risk Management Committee constituted in accordance with RBI-NBFC-HFC Regulations as amended from time to time. The Risk Management committee shall consist of minimum of three members.

The Committee shall be responsible to manage the integrated risk and the scope as prescribed by the Company through its Board approved Risk Management Policy and other roles and responsibilities as prescribed under various applicable laws from time to time.

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

F. Grievance Redressal Committee

The Company shall have in place a Grievance Redressal Committee. The Grievance Redressal Committee shall consist of minimum of three members.

The Committee shall be responsible to manage and address the Grievance of various stakeholders of the company and the scope as prescribed by the Company through its Board approved Grievance Redressal Mechanism and other roles and responsibilities as prescribed under various applicable laws from time to time.

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

G. IT Strategy Committee

The Company shall have in place an IT Strategy Committee. The IT Strategy Committee shall consist of minimum three members consisting of one member from each IT Department, Operation Department and Board of Directors. The Chairman of the Committee shall be an Independent Director of the Company.

The terms of reference of the committee are as below:

- i. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- ii. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- iii. Ensuring IT investments represent a balance of risks and benefits and those budgets are acceptable;
- iv. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- v. Ensuring proper balance of IT investments for sustaining HFC's growth and becoming aware about exposure towards IT risks and controls.
- vi. To constitute the Steering Committee and review the discussions of the said Committee periodically;
- vii. To institute an effective governance mechanism and risk management process for all outsourced IT operations and to do all such acts as may be required under the NHB IT Guidelines in respect of the outsourced IT operations;
- viii. To do any or all things that may be done by the Board of Directors in accordance with the NHB IT Guidelines, as amended from time to time;
- ix. To do such other things related to IT as may be recommended by the Board of Directors to the Committee;
- x. To review the IT/Information Systems ("IS") Audit report and provide its Observation/Recommendations to the Audit Committee; and

- xi. To recommend the appointment of IT/IS auditor to the Audit Committee.
- xii. Ensuring Compliance of the IT Framework of the Company

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

All terms and reference of the Committee shall be reviewed by the Board of Directors of the Company from time to time and such another person from the Board or Senior Management or from the Holding Company can be made member of the committee beside the above-mentioned minimum members as desired by the Board from time to time to ensure good corporate governance in the Company.

H. Corporate Social Responsibility Committee (CSR):

Pursuant to Section 135 of the Companies Act, 2013, the Company shall have in a CSR Committee. the CSR Committee shall consist of three or more directors, out of which at least one director shall be an Independent Director.

The terms of reference of the committee are as below:

- Formulate and recommend to the Board a CSR Policy.
- Recommend the amount of expenditure to be incurred on the CSR activities.
- Monitor the CSR Policy of the company from time to time.
- Ensure that the CSR activities are undertaken in compliance with Schedule VII of the Act and the approved CSR Policy.

5. PERFORMANCE EVALUATION

The Nomination and Remuneration Committee of the Company shall evaluate the performance of the Individual Directors, the Board, as a whole and its Committees. The NRC shall provide an overview Report of the evaluation conducted by it, to the Board for their discussion and analysis.

6. 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 endeavor 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 Whole Time Director and Managing Director, 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.

7. RELATED PARTY TRANSACTIONS

All transactions with related parties should be on an arm's length basis and that such credits 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.

8. AUDITORS

Statutory Auditors

The Board and the Audit Committee of the Company shall be responsible to appoint Statutory Auditors who demonstrate professional ability and independence. The Company 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.

Internal Auditors

The Board and the Audit Committee of the Company shall appoint Internal Auditors in accordance with 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.

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 for every financial year. The Secretarial Auditor shall provide its report in the form and manner prescribed under the applicable laws / regulations. 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.

9. CODES AND POLICIES OF THE COMPANY

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.

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 behaviour, 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 genuine concerns or grievances and provides for adequate safeguards against victimisation of whistle blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee.

Other Codes and Policies

In accordance with the applicable provisions of the Companies Act, 2013, the directions/ guidelines issued by the National Housing Bank 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.

10. 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.

11. PERIODIC REVIEW

This Policy may be amended, modified, or supplemented periodically to align changes in notifications, directions, or laws, including the Companies Act or other applicable regulations. Any changes to the roles and responsibilities of committees will be incorporated into this Policy during the annual review.
