

APTUS VALUE HOUSING FINANCE INDIA LIMITED

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The philosophy of Aptus Value Housing Finance India Limited ("Company") on corporate governance envisages adherence to the highest levels of commitment, integrity, transparency, accountability and fairness, in all areas of its business and in all interactions with its stakeholders.

2. BOARD OF DIRECTORS

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. As per the Company's Articles of Association, the Board of Directors will comprise of a maximum of 15 (fifteen) Directors. Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires the Board of Directors to have at least one-half of the total number of Directors as Independent Directors if the Company has an executive Chairperson. Within the permissible limits in terms of Companies Act, 2013, an independent director shall not be on the Board of more than three NBFCs (NBFC-Middle Layer or NBFC-Upper Layer) at the same time. Further, the Board of Directors shall ensure that there is no conflict arising out of independent directors being on the Board of another NBFC at the same time. The Board of Directors shall ensure that approval of shareholders for appointment or re-appointment of a person on the Board of Directors or as a manager is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. All the Directors shall make the necessary annual disclosure regarding their directorships and shall intimate changes as and when they take place. The Board shall periodically review Compliance Reports of all laws applicable to the Company prepared by the Company as well as steps taken by the Company to rectify instances of non-compliance.

Board Meetings

Meetings of the Board of Directors shall be held at least four times a year, with a maximum time-gap of 120 days between any two consecutive meetings. The minimum information to be placed before the Board of Directors as required under regulation 17(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be furnished to the Directors.

Duties and Responsibilities of the Board of Directors

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:-

- 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.

- A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- 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.
- 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.
- A director of a company shall not assign his office and any assignment so made shall be void.

In addition to the above, as per Chapter II of the SEBI(Listing Obligation & Disclosure Requirements) Regulations, 2015, the Board of Directors of a listed Company shall have the following responsibilities.

(i) Disclosure Information:

- (1) Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity.
- (2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

(ii) Key functions of the board of directors:

- (1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- (2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.
- (3) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
- (4) Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the listed entity and its shareholders.
- (5) Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
- (6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- (7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- (8) Overseeing the process of disclosure and communications.

(9) Monitoring and reviewing board of director's evaluation framework.

(iii) Other responsibilities:

- (1) The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.
- (2) The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
- (3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.
- (4) The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.
- (5) Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.
- (6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
- (7) The board of directors shall exercise objective independent judgement on corporate affairs.
- (8) The board of directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- (9) The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the listed entity to excessive risk.
- (10) The board of directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the listed entity's focus.
- (11) Members of the board of directors shall be able to commit themselves effectively to their responsibilities.
- (12) In order to fulfil their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.
- (13) The board of directors and senior management shall facilitate the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors.

3. CODE OF CONDUCT

The Company has adopted a Code of Conduct for its Directors and senior management.

4. COMMITTEES OF THE BOARD

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board shall constitute a set of Committees with specific terms of reference / scope. The Committees shall operate as empowered agents of the Board as per their Charter / terms of reference. The minutes of the meetings of all Committees of the Board shall be placed before the Board for discussions / noting.

The Board of Directors has set up the following committees with specific terms of reference as approved by the Board:

- **Audit Committee** - Refer **Annexure A** for details
- **Nomination & Remuneration Committee** - Refer **Annexure B** for details
- **Corporate Social Responsibility Committee** - Refer **Annexure C** for details
- **Resourcing & Business Committee** - Refer **Annexure D** for details
- **IT Strategy Committee** - Refer **Annexure E** for details
- **Risk Management Committee** - Refer **Annexure F** for details
- **Stakeholder's Relationship Committee** - Refer **Annexure G** for details
- **Asset Liability Committee** - Refer **Annexure H** for details

5. INDEPENDENT DIRECTORS

The Company has appointed Independent Directors as per the provisions of the Companies Act, 2013. None of the Independent Directors are Promoters or related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as required under Section 149(7) of the Companies Act, 2013.

The Company had issued a formal letter of appointment to all Independent Directors and the directors are well aware of the terms and conditions of their appointment.

6. COMPLIANCE OFFICER

The Company Secretary shall be the Compliance Officer of the Company.

7. MD/CFO ACCOUNTS CERTIFICATION

The Managing Director and the CFO, shall make the necessary certifications regarding the Financial Statements, Internal Controls, etc. to the Board.

Annexure - A

Board - Audit Committee Charter

The Audit Committee shall consist of a minimum of three directors and atleast two-thirds of the members of the audit committee shall be independent directors. The chairperson of the audit committee shall be an independent director and he/she shall be present at Annual general meeting to answer shareholder queries. The audit committee at its discretion shall invite the Chief Financial Officer or head of the finance function, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee.

The Audit Committee shall meet at least 4 times in a year and not more than one hundred and twenty days shall elapse between two meetings. The quorum for audit committee meeting shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors. The audit committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

The Company Secretary shall act as the secretary to the audit committee.

Role of the Audit Committee and Review of Information by Audit Committee

The role of Audit committee shall include the following:

1. oversight of the Company's financial reporting process and the disclosure of its financial interest to ensure that the financial statements are correct, sufficient and credible.
2. recommendation to the Board of Directors of the Company for appointment, replacement, reappointment, remuneration and terms of appointment of statutory, secretarial and internal auditors of the company.
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing with the management the quarterly, half yearly and annual financial statements before submission to the Board, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;

- (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 6. reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purpose other than those stated in the issue document prospectus/ notice and making appropriate recommendations to the Board to take up steps in this matter.
 7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 8. approval or any subsequent modification of transactions of the listed entity with related parties;
 9. scrutiny of inter-corporate loans and investments;
 10. valuation of undertakings or assets of the listed entity, wherever it is necessary;
 11. evaluation of internal financial controls and risk management systems;
 12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 14. discussion with internal auditors of any significant findings and follow up there on;
 15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. to review the functioning of the whistle blower mechanism;
 19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
 20. Carrying out any other function as is mentioned in the terms of reference of the audit committee;
 21. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower;
 22. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;

23. Overview of vigil mechanism established by the Company;
24. The audit committee shall mandatorily review the following information:
 - (a) management discussion and analysis of financial condition and results of operations;
 - (b) management letters / letters of internal control weaknesses issued by the statutory auditors;
 - (c) internal audit reports relating to internal control weaknesses; and
 - (d) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
 - (e) statement of deviations:
 - 1) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - 2) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

Annexure - B

Board - Nomination and Remuneration Committee Charter

Composition and Meetings

The Nomination & Remuneration Committee shall consist of three or more non-executive directors out of which not less than two-thirds shall be independent directors; Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

The Chairperson of the nomination and remuneration committee shall be an Independent Director. Provided that the chairperson of the Company, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair the Committee.

The Committee shall meet at least once in a year. The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

Role of Nomination & Remuneration Committee

Role of nomination and remuneration committee shall include the following:

- a) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to, the remuneration of the directors, key managerial personnel and other employees. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.
- b) The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:
 - (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- c) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- d) devising a policy on diversity of board of directors;

- e) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- f) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- g) recommend to the board, all remuneration, in whatever form, payable to senior management.
- h) Perform such functions as may be required to be performed by the compensation committee under Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2011, as amended from time to time.
- i) Performing such other activities as may be delegated by the Board or provided under the Companies Act or the SEBI Regulations, or by any other regulatory authority.

Annexure - C

Board - Corporate Social Responsibility Committee Charter

Composition and Meetings

The Corporate Social Responsibility Committee shall consist of three or more directors, out of which at least one director shall be an independent director.

The Committee shall meet at least once during the year. The quorum for a meeting of Corporate Social Responsibility Committee shall be at least two Directors.

Role of Corporate Social Responsibility Committee:

The Corporate Social Responsibility shall

- a) formulate and recommend a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Company in areas or subjects specified in Schedule VII of the Companies Act, 2013;
- b) recommend the amount of expenditure to be incurred on the activities referred to in Schedule VII of the Companies Act, 2013;
- c) institute a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company;
- d) monitor the corporate social responsibility policy from time to time and issue necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
- e) identify corporate social responsibility policy partners and corporate social responsibility programmes;
- f) identify and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required; and
- g) perform such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company or as may be required under applicable laws.

Annexure - D

Board - Resourcing & Business Committee Charter

Composition and Meetings

The Resourcing & Business Committee shall consist of three or more directors.

The Committee shall meet as and when required. The quorum for a meeting of Resourcing & Business committee shall be at least two Directors.

Role of Resourcing & Business Committee

The role of resourcing and business committee includes;

1. Borrowing such sum or sums of moneys, availing all kinds and types of loans and credit facilities including debentures and other debt instruments, commercial paper, temporary loans from the company's bankers, from time to time, upto such sum / limit as may be fixed by the Board of Directors / Shareholders, for and on behalf of the Company, from its directors, shareholders, banks, NBFCs, financial institutions, companies, firms, bodies corporate, Co-operative Banks, investment institutions and their subsidiaries, or from any other person as may be permitted under applicable laws, whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and/or properties, whether movable including stocks, fixed assets, book debts and to create security over the assets and / or properties of the Company in relation to such borrowings and loan/ credit facilities, modification or satisfaction of the charge/ security created on the assets and/or properties of the Company from time to time.
2. To mortgage / charge/ hypothecate all or any of the movable properties and assets of the Company both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company on such terms and conditions, as may be agreed to with the Lender(s), Debenture holders and providers of credit and debt facilities to secure the loans / borrowings / credit / debt facilities obtained or as may be obtained, or Debentures/Bonds and other instruments issued or to issued by the Company to or in favour of the financial institutions, Non Banking Financial Companies, Co-operative Banks, investment institutions and their subsidiaries, banks, mutual funds, trusts and other bodies corporate or trustees for the holders of debentures/bonds and/or other instruments.
3. To establish current and other banking accounts with various banks upon such terms and conditions as may be agreed upon with the said bank and various other entities; to specify and change the authorized signatories and their transaction limits to the said banking accounts; to close current and other banking accounts.
4. Any unsecured loans to be given by the Company other than staff loan advances to be approved by the Resourcing & Business Committee.

5. Any secured loan to be given by the Company including Housing loans, loans against property, SME loans and other loans exceeding Rs. 1 crore to be approved by Resourcing & Business Committee.
6. To consider and approve securitization arrangements and to authorize carrying out of all actions connected therewith.
7. Issuance of Share/Debenture and other security certificates
 - a. Issuance of fresh Share/Debenture and other security certificates
 - b. Issuance of duplicate Share/Debenture and other security certificates
 - c. Issuance of certificates upon request of the Company on split/consolidation/replacement of old and duplicate certificates, transfer or transmission requests.
8. To review, modify and approve investment policy of the Company from time to time.
9. To authorize affixing the common seal of the Company in accordance with the manner laid down in the Articles of Association and to authorize taking the Common Seal out of the registered office of the Company.
10. To give any guarantee or provide security or authorize the issuance of any form of comfort letter in connection with all kinds and types of loans, credit facilities, debt facilities and financing facilities availed and / or to be availed by Aptus Finance India Private Limited (“Wholly-Owned Subsidiary”) in accordance with the limit laid down by the Board of Directors.
11. To exercise such other powers as may be vested by the Board from time to time.

Annexure - E

Board - IT Strategy Committee Charter

Composition and Meetings

The IT Strategy Committee shall consists of three or more directors.

The Chairman of the committee shall be an independent director and CIO & CTO should be a part of the committee. The Company may designate a senior executive as the Chief Information Officer (CIO) or in-Charge of IT operations whose responsibility is to ensure implementation of IT Policy to the operational level involving IT strategy, value delivery, risk management and IT resource management.

Head of Information Technology of the Company shall be invited to attend every meeting of the committee. Committee should meet at an appropriate frequency but not more than six months should elapse between two meetings. The quorum shall be at least two Directors.

Roles and responsibilities of IT Strategy Committee

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide highlevel direction for sourcing and use of IT resources;
5. Ensuring proper balance of IT investments for sustaining HFC's growth and becoming aware about exposure towards IT risks and controls.

Annexure - F

Board – Risk Management Committee Charter

Composition and Meetings

The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director. The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.

The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

The risk management committee shall meet at least twice in a year.

The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

Terms of Reference

- a) To formulate a detailed risk management policy which shall include:
 - i. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - ii. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - iii. Business continuity plan
- b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- d) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- e) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- f) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

Annexure - G

Board – Stakeholders Relationship Committee Charter

Composition and Meetings

The Stakeholders Relationship Committee shall consist of three or more members.

The Committee shall meet as and when required. The quorum shall be at least two members.

Terms of Reference

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

Annexure H

Board - Asset Liability Committee (ALCO) Charter

Composition and Meetings

The Asset Liability Committee (ALCO) shall consist of three or more members.

The ALCO shall meet regularly to review the areas falling within its terms of reference as given below. The committee shall meet as and when required. The quorum shall be at least two members.

Terms of Reference

1. Liquidity Risk Management
2. Management of Market (Interest Rate) Risk
3. Funding and Capital Planning
4. To determine Aptus Value Housing Finance Base Rate (AVHFBR)
5. Credit and Portfolio Risk Management
6. Setting credit norms for various lending products of the company
7. Operational and Process Risk Management
8. Laying down guidelines on KYC norms
9. To approve and revise the actual interest rates to be charged from customers for different products from time to time applying the interest rate model.