

### I. Introduction

Swagat Housing Finance Company Limited (SHFC) has been incorporated with an intent to be an enabler in providing credit access to first time home buyers in EWS/LIG/MIG segment and aims to contribute meaningfully towards Government of India's mission "Housing for All". With underlying philosophy of changing the status quo in the society, the Company intends to work on philosophy of giving back to the society in a way and fashion that cause a sustainable change for the larger good of Indian populace without any discrimination religion, creed, caste, color or gender. The Company aims to undertake those initiatives which would bring about positive irreversible change for the betterment of the society and would help the beneficiaries quantitatively and qualitatively in their lives.

It is registered as a housing finance company with National Housing Bank under the National Housing Bank Act 1987.

### II. Company Philosophy

SHFC aims at fostering a maximum contented customer base in a mutually profitable way. It is therefore important to appraise the customer in unambiguous terms before offering a product or service to him.

### III. Mission / objective of Corporate Governance Policy

In order to enable HFCs to adopt best practices and greater transparency in their operations, NHB has, vide its Circular no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued Guidelines on Corporate Governance. On July 1, 2017, NHB vide Circular NHB(ND)/DRS/REG/MC-07/2017 issued a Master Circular - Corporate Governance (NHB) Directions, 2017 and has required all HFCs to frame internal guidelines on Corporate Governance.

In pursuance of the aforesaid directions / any other direction / guideline issued by the NHB, the internal guidelines on Corporate Governance have been formed for consideration by the Board of Directors.

#### IV. **Review**

This policy shall be reviewed by the company secretary team. The document will be put before being placed to the Board for approval.

#### V. **Governance Structure**

Following are broad structure of corporate governance in SHFC

##### A. **Board of Directors**

The Board of Directors along with its various Committees shall provide leadership and strategic guidance to the Company's management. The Company's management shall act in accordance with the supervision, control and direction by the Board of Directors of the Company.

The Board has a vital role to play in the matters relating to policy formulation, implementation and strategic issues which are crucial for the long-term development of the Company.

##### **Composition**

The Composition of the Board shall be governed by the Articles of Association of the Company read with the applicable provisions of Companies Act, 2013 (the Act) and the rules framed thereunder.

##### B. **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 per the terms of reference approved by the Board. The minutes of the meetings of all Committees of the Board shall be placed before the Board for noting in subsequent meeting.

### 1. Audit Committee

The Company shall have in place the Audit Committee in accordance with the provisions of Para 3(1) of the Housing Finance Companies – Corporate Governance (NHB) Directions, 2016 and Section 177 of the Act and the Rules framed thereunder.

<b>Chairman</b>	The Committee shall appoint one of its members as the Chairman of the Committee.
<b>Composition</b>	The Audit Committee shall consist of a minimum of three directors.
<b>Meetings</b>	The Audit Committee shall meet as and when required, but shall meet at least four times in a year.
<b>Terms of reference</b>	The terms of reference of the Audit Committee, inter-alia, shall include the following:
	<ul style="list-style-type: none"> <li>▪ recommendation for appointment, remuneration and terms of appointment of auditors of the Company;</li> </ul>
	<ul style="list-style-type: none"> <li>▪ review and monitor the auditor’s independence and performance, and effectiveness of audit process;</li> </ul>
	<ul style="list-style-type: none"> <li>▪ examination of the financial statement and the auditors’ report thereon;</li> </ul>
	<ul style="list-style-type: none"> <li>▪ approval or any subsequent modification of transactions of the Company, if any, with related parties;</li> </ul>
	<ul style="list-style-type: none"> <li>▪ scrutiny of inter-corporate loans and investments, if any;</li> </ul>
	<ul style="list-style-type: none"> <li>▪ valuation of undertakings or assets of the company, wherever it is necessary;</li> </ul>

	<ul style="list-style-type: none"> <li>▪ evaluation of internal financial controls and risk management systems;</li> </ul>
	<ul style="list-style-type: none"> <li>▪ monitoring the end use of funds, if raised through public offers and related matters.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks, if any, faced by the Company.</li> </ul>

### 2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall be constituted in accordance with the Corporate Governance guidelines promulgated by the National Housing Bank and the applicable provisions of the Act. The Committee shall be primarily responsible to assist the Board of Directors in fulfilling its responsibilities by recommending to the Board, criteria for Board membership, evaluation of directors, the committees and the Board as a whole.

<b>Chairman</b>	The Committee shall appoint one of its members as the Chairman of the Committee.
	The Chairman of the Company shall not be appointed as the Chairman of this Committee.
<b>Composition</b>	The composition shall be in accordance with the requirements specified in the Articles of Association of the Company.
<b>Meetings</b>	The Committee shall meet as and when required, but shall meet at least once in a year.

<b>Terms of reference</b>	The terms of reference of the Nomination and Remuneration Committee shall inter-alia include the following:
	<ul style="list-style-type: none"> <li>▪ formulate the criteria for determining qualifications, positive attributes and independence of a director;</li> </ul>
	<ul style="list-style-type: none"> <li>▪ identify and recommend to the Board of Directors, the appointment of persons considered capable and fit for the role of a director based on the criteria so formulated;</li> </ul>
	<ul style="list-style-type: none"> <li>▪ evaluation of Directors’ performance;</li> </ul>
	<ul style="list-style-type: none"> <li>▪ recommend to the Board of Directors a policy relating to the remuneration for the directors, key managerial personnel and other senior employees of the Company; and</li> </ul>
	<ul style="list-style-type: none"> <li>▪ such other tasks as may be entrusted to it by the Board of Directors from time to time.</li> </ul>

**3. Risk Management Committee**

The Risk Management Committee shall ensure that the risks associated with the business/functioning of the Company are identified, controlled and mitigated and shall also lay down procedures regarding managing and mitigating the risks through integrated risk management systems, strategies and mechanisms.

<b>Chairman</b>	The Committee shall appoint one of its members as the Chairman of the Committee.
<b>Composition</b>	The Committee shall consist of such number of members as may be determined by the Board.

<b>Meetings</b>	The Committee shall meet as and when required, but shall meet at least twice in a year.
<b>Terms of reference</b>	The terms of reference of the Risk Management Committee shall inter-alia include the following:
	<ul style="list-style-type: none"> <li>▪ identification, monitoring and measurement of the risk profile of the Company (including market risk, operational risk and transactional risk);</li> </ul>
	<ul style="list-style-type: none"> <li>▪ overseeing its integrated risk measurement system;</li> </ul>
	<ul style="list-style-type: none"> <li>▪ review the minutes of meetings of the Asset Liability Committee;</li> </ul>
	<ul style="list-style-type: none"> <li>▪ perform such other act, including the acts and functions stipulated by the Act, the Reserve Bank of India and any other regulatory authority, as prescribed from time to time.</li> </ul>

**4. Asset Liability Management Committee**

The Asset Liability Management Committee (ALM Committee) shall monitor the asset liability gap and strategize action to mitigate the risks associated with the business of the Company.

<b>Chairman</b>	The Committee shall appoint one of its members as the Chairman of the Committee.
<b>Composition</b>	The Committee shall consist of three members and shall meet the requirements specified in the Articles of Association of the Company.
<b>Meetings</b>	The Committee shall meet as and when required, but shall meet at least four times in a year.
<b>Terms of reference</b>	The terms of reference of the ALM Committee shall inter-alia include the following:

	▪ Management of the balance sheet of the Company;
	▪ Review of the asset-liability profile of the Company with a view to manage the market exposure assumed by the Company;
	▪ Safeguarding the recovery positions at any point of time;
	▪ Review of risk monitoring system, ensure payment of liability on its due dates, liquidity risk management, funding and capital planning, profit planning and growth projections, forecasting and analyzing different scenarios and preparation of contingency plans; and
	▪ Perform such other allied functions as may be required from time to time

### C. Disclosure and Transparency

In order to practice the policy of Disclosure and Transparency, the following information shall be put to the Board of Directors at regular intervals in this regard:

1. The progress made in putting in place a progressive risk management system and risk management policy along with the strategy followed by the Company;
2. Conformity with Corporate Governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.
3. Updates of the various committees' meetings at from time to time;
4. Disclosures in the Annual Financial Statements information as may be prescribed under the NHB Regulatory Framework from time to time.

### D. Rotation of Statutory Auditors / Audit Partner(s)

## Corporate Governance Policy

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For the purpose of adopting best corporate practices and to strengthen the governance mechanism, the partner of the Statutory Auditors is subject to rotation and is required to rotate in every three years. Also, the Company shall not appoint the Statutory Auditor for a period of more than five consecutive years, if the Auditor is an individual and for a period of more than ten consecutive years if the Auditor is a Firm or Limited Liability Partnership.

### VI. **Amendment**

The Company may amend this Policy as and when deemed fit. Any and all provisions of this Policy shall also be amended as required due to any regulatory changes from time to time. In case any amendments, clarifications, circulars and guidelines, not being consistent with the provisions laid down under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendments, clarifications, circulars and guidelines.