

APTUS FINANCE INDIA PRIVATE LIMITED

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Aptus Finance India Private Limited ("Company") philosophy 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. The Board of Directors of the Company shall have at least 1/3 of the total directors as independent directors. 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 statutorily made available to the Board 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, and 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.

3. CODE OF CONDUCT

The Company shall adopt a Code of Conduct for its senior management including the Managing Director and also for its Non-Executive Directors.

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**
The Audit Committee shall function as per the Audit Committee Charter (Annexure – A)
- **Nomination & Remuneration Committee**
The Nomination and Remuneration Committee shall function as per the Nomination and Remuneration Committee Charter (Annexure – B)
- **Corporate Social Responsibility Committee**
The Corporate Social Responsibility Committee shall function as per the Corporate Social Responsibility Committee Charter (Annexure – C)
- **Resourcing & Business Committee**
The Resourcing & Business Committee shall function as per the Resourcing & Business Committee Charter (Annexure – D)
- **IT Strategy Committee**
The IT Strategy Committee shall function as per the IT Strategy Committee Charter (Annexure – E)

In addition to the above the following internal committees have been formed to oversee the operations of the Company

- **Asset Liability Committee**
The Asset Liability Committee shall function as per the Asset Liability Committee Charter (Annexure – F)
- **Risk Management Committee**
The Risk Management Committee shall function as per the Risk Management Committee Charter (Annexure – G)

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. DIRECTOR/CFO ACCOUNTS CERTIFICATION

Any 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

Composition and Meetings

The Audit Committee shall consist of a minimum of three directors with independent directors forming a majority.

The Audit Committee shall meet periodically, but at least 4 times a year and not more than 4 months shall elapse between two successive meetings. One meeting shall be held before the annual accounts and quarterly/ half yearly accounts are presented to the Board. The quorum for Meetings of the Audit Committee shall be either two members or one-third of the members of the Audit Committee, whichever is higher including one Independent Director.

Terms of reference

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. The recommendation for appointment, remuneration and terms of appointment of statutory, secretarial and internal auditors of the company.
3. Reviewing with the management the quarterly, half yearly and annual financial statements before submission to the Board, with particular reference to
 - Matters required to be included in Director's Responsibility Statement to be included in the Board's report to members.
 - Changes, if any in accounting policies and practices and reasons for the same.
 - Major Accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with accounting and other legal requirements relating to financial statements.
 - Disclosure of any Related Party Transactions.
 - Overall approval of Related Party Transactions.
 - Qualifications in draft Auditors Report.
4. Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems.
5. 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 and frequency of internal audit.
6. Discussion with internal auditors any significant findings and follow up there on.
7. 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.

8. Discussion with statutory auditors before the audit commences, about the nature & scope of audit as well as post audit discussion to ascertain any area of concern.
9. Review on quarterly basis the securitization/bilateral assignment transactions and investment activities of the Company.
10. Annual Review of Company's policies framed pursuant to RBI guidelines and suggest changes if any, required to the Board for adoption.
11. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
12. Examination of the financial statement and the auditors' report thereon.
13. Approval or any subsequent modification of transactions of the company with related parties.
14. Scrutiny of inter-corporate loans and investments.
15. Valuation of undertakings or assets of the company, wherever it is necessary.

The Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operation.
2. Management letters/letters of internal control weaknesses issued by the statutory auditors.
3. Internal audit report relating to internal control weaknesses.

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 one-half 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 Committee shall meet at least once in a year. The quorum 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.

Terms of Reference

1. The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
2. The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
3. To ensure 'fit and proper' status of proposed/ existing Directors.
4. To assess the independence of Independent Non-Executive Directors.
5. To make recommendations to the Board for developing a succession plan for the Board.
6. To recommend the remuneration payable to Non-Executive Directors of the Company from time to time.
7. Annual appraisal of the Senior Management Team reporting to the Managing Director.
8. Administration and superintendence of ESOP scheme of the Company and /or by the Board of Directors.

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 shall be at least two Directors.

Terms of Reference

- (1) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013 as may be amended or modified from time to time.
- (2) To recommend the amount of expenditure to be incurred on the activities referred above.
- (3) To monitor the Corporate Social Responsibility activities of the company from time to time.

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 shall be at least two Directors.

Terms of Reference

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 exceeding Rs. 25 Lakhs 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. To approve / note transfer of securities.
8. 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
9. To review, modify and approve investment policy of the Company from time to time.
10. 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.

Annexure - E

Board - IT Strategy Committee Charter

Composition and Meetings

The IT Strategy Committee shall consist of atleast two 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.**

The following persons shall be invited to attend every meeting of the committee.

- (i) Head of Information Technology of Aptus Value Housing Finance India Ltd
- (ii) Chief of Business & Risk of Aptus Value Housing Finance India Ltd

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.

Terms of Reference

- 1. Reviewing and approving IT related policy
- 2. To carry out review and amend the IT strategies in line with the corporate strategies, board policy reviews, cyber security arrangements and any other matter related to IT Governance

Annexure - F

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 Finance India Base Rate (AFIBR).
5. Pricing, Profit planning and Growth projections.
6. Credit and Portfolio Risk Management.
7. Setting credit norms for various lending products of the company.
8. Operational and Process Risk Management.
9. Laying down guidelines on KYC norms.
10. 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.
11. Any other term of reference as may be deemed appropriate.

Annexure - G

Board – Risk Management Committee Charter

Composition and Meetings

The Risk Management 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. Laying down the review of procedures relating to risk assessment & risk minimization to ensure that executive management controls risk through means of a properly defined framework.
2. Credit & Portfolio Risk Management.
3. Operational & Process Risk Management.
4. Laying down guidelines on KYC Norms.
5. Annual Review of Company's policies framed pursuant to RBI guidelines and suggest changes if any, required to the Board for adoption.
6. Evaluation of internal financial controls and risk management systems.