



## **INTERNAL GUIDELINE ON CORPORATE GOVERNANCE**

<b>Policy Name</b>	<b>Internal Guideline on Corporate Governance</b>
<b>Issue and Effective date</b>	25 <sup>th</sup> March 2026
<b>Periodicity of review</b>	Annual
<b>Owner / Contact</b>	Compliance Department
<b>Approver</b>	Board of Directors

## 1. PREAMBLE

**HomeShree Housing Finance Limited** (hereinafter '**the Company**') ensures good governance through the implementation of various effective policies and procedures, which is mandated and reviewed by the Board or the Committees of the members of the Board in regular intervals. The objective of the Corporate Governance Policy ('**Policy**') is to ensure compliance with legal requirements and set standards for Corporate Governance so that concerned officers act in accordance with the highest standards of governance while working for and on behalf of the Company and to elaborate on the provisions of applicable law governing information for shareholders. All the concerned are expected to read and understand these guidelines to uphold these standards in day-to-day activities and comply with all applicable policies and procedures. The purpose of this policy is to frame internal guidelines on Corporate Governance. This policy shall lay down the detailed procedures for the implementation of the said guidelines in order to comply with the directions issued by the Reserve Bank of India ('**RBI**') / National Housing Bank ("**NHB**") in this regard.

This Policy is also framed in compliance with the Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions, 2025, including all amendments thereto, and incorporates governance standards relating to Board composition, Board Committees, fit and proper criteria, risk governance, compliance function, compensation governance, whistle blower framework and internal governance standards applicable to the Company as an HFC within the applicable regulatory layer.

## 2. DEFINITIONS

In this Policy, unless the context otherwise requires:

- a) "**Applicable Laws**" means the Companies Act, 2013 and the rules made thereunder, **Reserve Bank of India (Housing Finance Companies) Directions, 2025**, applicable Secretarial Standards issued by the Institute of Company Secretaries of India from time to time and includes any other statute, law, standards, regulations or other governmental instruction relating to Corporate Governance Direction;
- b) "**Audit Committee**" means the Audit Committee formed under Section 177 of the Companies Act, 2013.
- c) "**Board of Directors**" or "**Board**" means the collective body of the directors of the Company;
- d) "**Chief Financial Officer**" means chief financial officer as defined in Section 2(18) of Companies Act, 2013 or any modification or re-enactment made thereunder for the time being in force;

- e) **“Company”** means HomeShree Housing Finance Limited.;
- f) **“Committees”** means committees of Board of Directors constituted by virtue of Companies Act, 2013 / RBI Master Directions or other Applicable Laws and regulations;
- g) **“Companies Act, 2013”** includes any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force;
- h) **“Company Secretary”** means a Company Secretary as defined in Section 2(24) of Companies Act, 2013 or any modification or re-enactment made thereunder for the time being in force;
- i) **“Key Managerial Personnel”** shall have the meaning assigned to it under clause 51 of Section 2 of the Companies Act, 2013.
- j) **“Corporate Governance”** means a set of relationships between the Company’s management, its Board, its shareholders and other stakeholders which provide the structure through which the objectives of the Company are set, and the means of attaining those objectives and monitoring performance. It helps to define the way authority is allocated and the way corporate decisions are arrived at and executed;
- k) **“RBI Master Directions”** means **Reserve Bank of India (Housing Finance Companies) Directions, 2025** and shall include any amendment thereto;
- l) **“Director”** means a director appointed to the Board of the Company;
- m) **“Independent Director”** means an independent director defined in Section 2(47) of Companies Act, 2013 or any modification or re-enactment made thereunder for the time being in force;
- n) **“Nomination Committee”** means the Nomination & Remuneration Committee (**“NRC”**) formed under Section 178 of the Companies Act, 2013;
- o) **“Risk Management”** means the process established to ensure that all material risks and associated risk concentrations are identified, measured, limited, controlled, mitigated and reported on a timely and comprehensive basis;
- p) **“Risk Management Committee”** means the committee constituted as per the RBI Master Direction or any other regulation / law applicable to the Company.
- q) **“Senior Management”** shall mean personnel of the Company have been defined in Section 178 of the Companies Act, 2013 as personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive

directors including all functional heads and shall specifically include the Company Secretary and Chief Financial Officer.

- r) “**Substantial interest**” shall mean holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together in the shares of a company, the amount paid up on which exceeds ten percent of the paid-up capital of the company; or the capital subscribed by all the partners of a partnership firm.
- s) “**Retention period**” means the period after the vesting of instruments which have been awarded as variable pay during which they cannot be sold or accessed.

### 3. GUIDELINES ON CORPORATE GOVERNANCE

In pursuance of the direction issued by the RBI, the Company has framed the following internal guidelines on Corporate Governance.

### 4. BOARD OF DIRECTORS

The Board shall be responsible for exercising its business judgments to act in what it reasonably believes to be in the best interests of the Company and its shareholders. The Board of Directors along with its constituted Committees shall provide direction and guidance for the Company and shall further supervise and review the performance of the Company.

As the Directors occupy fiduciary position, they shall attend and actively participate in Board and its Committee meetings thereof, on which they serve, and shall properly, discharge their responsibilities.

Board of Directors focuses its activity on the determination, supervision, and monitoring of the strategies and general guidelines that must be followed by the Company, and entrusts to the representative management decision making bodies and to the senior officers the dissemination, coordination, and acting in furtherance of the interests of each and every one of the companies forming part thereof.

The Board shall ensure that the Company’s organisational 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 shall 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.

#### **A. Corporate Culture and values**

In order to promote a sound corporate culture and values, the Board shall ensure the following:

1. setting and adhering to corporate values for itself, Senior Management and other employees that create expectations that all business should be conducted in a legal and ethical manner;
2. promoting risk awareness within a strong risk culture, conveying the Board's expectation that it does not support excessive risk-taking and that all employees are responsible for helping to ensure that the Company operates within the agreed risk appetite and risk limits;
3. ensuring that appropriate steps are taken to communicate throughout the Company the corporate values, professional standards or Code of Conduct it sets, together with supporting policies;
4. employees should be encouraged and able to communicate, confidentially and without the risk of victimization, legitimate concerns about illegal, unethical or questionable practices. This will be facilitated through Breach of Integrity and Whistle Blower/Vigil Mechanism policy including any modification(s) revision(s) thereto.

#### **B. Oversight of senior management**

The Board should oversee the Senior Management. It should hold members of Senior Management accountable for their actions and enumerate the consequences if those actions are not aligned with the Board's performance expectations. This includes adhering to the Company's values, risk appetite and risk culture, regardless of financial gain or loss to the Company. In doing so, the Board should:

1. monitor that Senior Management's actions are consistent with the strategies and policies approved by the Board;
2. meet regularly with Senior Management;
3. critically review reply and information provided by Senior Management;
4. ensure that Senior Management's knowledge and expertise remain appropriate given the nature of the business and the Company's risk profile;
5. ensure that appropriate succession plans are in place for Senior Management positions.

#### **C. Board Composition**

The Board shall have an optimum combination of executive, non-executive and Independent 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.

At least one Director on the Board shall possess relevant experience of having worked in a bank or an NBFC, in compliance with RBI Governance Directions.

#### **D. Change in directors / management**

Any change in management resulting in change of more than 30% of directors (excluding independent directors), other than re-election by rotation, shall require prior written approval of RBI/NHB as applicable. The Company shall comply with filing and reporting requirements prescribed in this regard.

#### **E. Board Meetings and Quorum**

The Board Meetings of the Company shall be held as per the requirements prescribed under the Companies Act, 2013, and other Applicable Laws and as decided by the Board of Directors. The meetings of the Board shall generally be held at the Company's corporate office unless otherwise decided by the Board of Directors. The dates of the meetings shall be fixed well in advance. The quorum shall be as per the requirements of the Companies Act, 2013, and other Applicable Laws.

#### **F. Information to be placed before Board and its Committees**

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 Companies Act, 2013 and other Applicable Laws. All the items on the agenda shall be discussed in detail, during the Board and its Committee meetings. The Board members shall have complete access to any information, within the Company. At the meetings, the Board members shall be provided with all the relevant information on important matters affecting the working of the Company as well as the related details that require deliberation by the members of the Board.

#### **G. Agenda for the Meeting**

The agenda for the Board and its Committee meetings shall be sent to the Board members and the Committee members respectively within a reasonable period prior to the Meeting as per Companies Act, 2013 and Secretarial Standard on Meetings of the Board of Directors issued by the Institute of Company Secretaries of India and other Applicable Laws. Each Board member and Committee member as the case may be is free to suggest inclusion of items in the agenda. With the permission of the Chair and majority of the Directors present, each Board

member and Committee member is free to raise any matter(s) that is/are not on the agenda of the Board and the Committee Meeting respectively and any other matter can be placed for discussion unless there are any regulatory restrictions. However, with reference to any sensitive matter on the agenda, relevant information can be made available only at the time of the Board Meeting or the Committee meeting.

#### **H. Attendance at Board Meetings**

The Directors shall strive to attend all meetings of the Board and its Committees where they are members. In case a Director is unable to attend specific Board Meeting or its Committees where they are members, he or she shall obtain leave of absence from the Board or the Committee.

#### **I. Minutes**

The minutes of all meetings of the Board and the Committees shall be circulated to the Board and the Committee respectively and shall be noted in the consequent Board Meeting and Committee meeting respectively as per Companies Act, 2013 and Secretarial Standard on Meetings of the Board of Directors issued by the ICSI and other Applicable Laws. Minutes of meetings of Committees shall be placed before the Board.

### **5. BOARD COMMITTEES**

In order to focus on the critical functions of the Company, the Board may constitute such Committees as and when required to ensure smooth functioning of the Company. The Board shall have the following Committees mandatorily:

- Audit committee
- Nomination and Remuneration Committee
- Risk Management Committee
- Independent Director Committee
- Other committee(s)

The terms of reference of the above-mentioned Committees shall be determined by the Board from time to time as per Companies Act, 2013, and other Applicable Laws.

**Details of the various Board Committees are as under:**

#### **A. AUDIT COMMITTEE**

The Audit Committee constitution and functioning shall follow the provisions of the Companies Act, 2013 and other Applicable laws. The powers, functions, duties and terms of reference of the Audit Committee shall be comprehensive and include the requirements as set out by Section 177 of the Companies Act, 2013. The Committee will be vested with necessary powers, as defined in its terms of reference

to achieve its objectives.

**Composition:**

The Audit Committee of the Company shall have minimum of three Directors as members with at least two thirds of members being Independent Directors. Further, all the members of the Audit Committee including the Chairperson shall be financially literate and at least one member shall have accounting or related financial management expertise.

The Chairperson of the Committee shall be an Independent Director and he/she shall be present at the Annual General Meeting to answer shareholder queries.

The Company Secretary of the Company shall act as secretary to the Audit Committee.

The members of the Audit Committee shall meet all applicable legal requirements with respect to independence, financial literacy, accounting or related financial expertise, etc. as required by Companies Act, 2013 and other Applicable Laws. The members of the Audit Committee shall be appointed by the Board of Directors.

The Audit Committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the Audit Committee, but on occasions it may also meet without the presence of any executives of the Company. Chief Financial Officer, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the Audit Committee.

**Meetings and Quorum:**

The audit committee shall meet at least four 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.

**Minutes:**

The Company Secretary will maintain minutes of the meetings of the Audit Committee as per the Applicable laws.

**Role of the Committee:**

The Audit Committee shall undertake such duties as per the Charter/Terms of Reference approved by the Board and any such duties as may be delegated to it from time to time. Additionally, the Audit Committee shall ensure Information System Audit



of internal systems and processes is conducted in accordance with periodicity prescribed under applicable RBI outsourcing / technology risk directions to assess operational and technology risks faced by the company.

## **B. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee ('NRC') constitution and functioning shall follow the provisions of the Companies Act, 2013, and other Applicable laws. The powers, functions, duties and terms of reference of the Nomination and Remuneration Committee shall be comprehensive and include the requirements as set out by Section 178 of the Companies Act, 2013, and other applicable laws. The Nomination and Remuneration Committee will be vested with necessary powers, as defined in its terms of reference to achieve its objectives.

### **Composition:**

The Nomination and Remuneration Committee of the Board shall have at least three non-executive Directors out of which not less than one half shall be Independent Directors. The Chairperson of the Committee shall be an Independent Director.

The chairperson of the Company whether executive or non-executive may be appointed as member of NRC but shall not act as the chairperson of the NRC.

The chairman of the NRC if required shall attend the Annual General Meeting of the Company to answer the shareholders' queries. However, it would be up to the chairman of the NRC to decide who should answer the queries.

### **Meetings and Quorum:**

The NRC shall meet at least once in a year. The quorum shall be either two members or one third of the total members of the NRC, whichever is higher, including at least one independent director in attendance.

### **Minutes:**

The Company Secretary will maintain the minutes of the meeting of the NRC as per Applicable Laws.

### **Role of Committee:**

The NRC shall undertake the duties as per the Terms of Reference approved by the Board and any other duties as may be delegated to it from time to time.

The NRC shall also ensure that fit and proper criteria as required by the RBI Direction and that there is no conflict of interest in appointment of directors and their independence is not subject to potential threats.

The NRC shall additionally oversee framing, review and implementation of the Board approved Compensation Policy, coordinate with Risk Management Committee for risk-compensation alignment and monitor malus/clawback triggers.

### **C. RISK MANAGEMENT COMMITTEE**

The Risk Management Committee shall be constituted with majority of the Board members. The purpose of the Committee is to manage the integrated risks which the Company is exposed to.

The Risk Management Committee shall identify, review and control key risk areas, across the entire organization. The Risk Management Committee shall review and monitor *viz*; credit risk, market risk, liquidity risk, operational risk, regulatory risk and reputational risks. The Risk Management Committee shall be vested with necessary powers, as defined in its charter/Terms of Reference to achieve its objectives.

#### **Composition:**

The constitution and functioning of Risk Management Committee shall be in line with the requirements of the RBI Master Direction or any other law applicable to the Company.

The 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 Committee shall be a member of the Board and the senior executives of the Company may be members of the Committee.

#### **Meetings and Quorum:**

The risk management committee shall meet at once in a quarter. 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 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.

### **Minutes**

The Company Secretary will maintain minutes of the meetings of the Risk Management Committee as per Applicable Laws.

### **Role of the Committee:**

The Risk Management Committee shall undertake all such duties as decided and delegated by the Board of Directors to it from time to time.

The Committee shall specifically evaluate overall risks including liquidity risk and report to the Board.

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## **D. IT STRATEGY COMMITTEE (“ITSC”)**

In accordance with the Master Direction on Information Technology Governance, Risk, Controls and Risk assurance practices notified by Reserve Bank of India (“RBI”) on November 07, 2023, a Board level IT Strategy Committee shall be constituted.

The ITSC shall be responsible for effective IT strategic planning process aligned with our business strategy, to oversee implementation of processes and practices and ensuring that maximum value is delivered to business, to approve IT strategy and policy documents, business continuity and data governance and to ensure that a comprehensive risk assessment of our Company’s IT systems on periodic intervals.

### **Composition:**

The Committee shall have minimum three directors as Members. The Chairperson of the ITSC shall be an Independent Director of the Company and have substantial IT expertise in managing/ guiding information technology initiatives and the other Members of the Committee shall be technically competent.

### **Meetings and Quorum:**

The IT Strategy committee shall meet on a quarterly basis. The quorum for a meeting of the IT Strategy Committee shall be two members.

The Committee may invite such of the executives, as it considers appropriate, to be present at meetings of the Committee. However, the Chief Information Security Officer shall be permanent invitees to Meetings of the ITSC.

### **Role of the Committee:**

The ITSC shall undertake the duties as per the Terms of Reference approved by the Board and any other duties as may be delegated to it from time to time.

## **6. OTHER COMMITTEES:**

### **A. ASSET LIABILITY MANAGEMENT COMMITTEE**

The Board shall also constitute an Asset Liability Management Committee (ALCO) as required by the under the RBI Directions.

The constitution and functioning of the ALCO shall be in line with the requirements of the RBI guidelines on Asset – Liability management system.

The Committee inter alia, shall monitor the asset liability gap and strategize action to mitigate the risk associated. The Committee shall mainly address liquidity and interest rate risk.

#### **Composition:**

The ALCO Committee shall have minimum of three members. The members of the Committee will be appointed by the Board of Directors.

#### **Meetings and Quorum:**

The ALCO shall meet as and when required. Quorum of ALCO meetings shall comprise of at least two members of the Committee.

#### **Role of the Committee:**

The Committee shall undertake such duties as per the terms of reference approved by the Board and such other duties as may be delegated to it from time to time.

### **B. Grievance Redressal Committee:**

In accordance with RBI Master Direction, HFCs should lay down the appropriate grievance redressal mechanism within the organization to resolve complaints and grievances

Accordingly, the Grievance Redressal Committee shall be formed to manage reputation risk, address customer complaints in a timely manner, and to ensure that customers are aware of ways to escalate their grievances within our Company and their rights to alternate remedies, and also to ensure service quality by dealing with all complaints efficiently and fairly and adherence to company policies by our employees.

#### **Composition:**

The GRC Committee shall have minimum of three members. The members shall be appointed by the Board.

**Meeting and Quorum:**

The GRC shall meet as and when required. Quorum of GRC meetings shall comprise of at least two members of the Committee.

**Role of the Committee:**

The Committee shall undertake such duties as per the terms of reference approved by the Board and such other duties as may be delegated to it from time to time.

**C. Information Security Committee:**

In accordance with Master Directions issued by Reserve Bank dated November 7, 2023 on Information Technology Governance, Risk, Controls and Assurance Practices, the Company shall constitute an Information Security Committee (“ISC”) for managing cyber/ information security.

**Composition:**

ISC shall be formed with Chief Information Security Officer (CISO) and other representatives from business and IT functions, etc., as may be decided by the IT Strategy Committee. The head of the ISC shall be from risk management vertical.

**Meeting and Quorum:**

The ISC shall meet as and when necessary and the quorum for the Committee meeting shall be two members

**Role of the Committee:**

The ISC shall undertake the duties as per the Terms of Reference approved by the Board and any other duties as may be delegated to it from time to time.

**7. FIT AND PROPER CRITERIA FOR DIRECTORS**

The Company shall have a policy put in place for ascertaining the ‘fit and proper’ criteria at the time of appointment of Directors and on a continuing basis. The NRC shall review the appointment/re-appointment of Directors considering their qualifications, expertise, track record, integrity and other ‘fit and proper’ criteria. The NRC should obtain such declarations/undertakings, deed of covenant from the Directors and ensure furnishing such statement and certificates as may be prescribed

by the Policy on Fit and Proper Criteria for Directors in line with the RBI Master Direction.

#### **8. KEY MANAGERIAL PERSONNEL**

The Company shall appoint key managerial personnel (KMP), as applicable, pursuant to the provisions of section 203 of the Companies Act, 2013. The Company shall adhere to the Nomination and Compensation Policy of the Company, as may be approved by the Board. Except for directorship in a subsidiary, KMP shall not hold any office (including directorships) in any other NBFC-Middle Layer or NBFC-Upper Layer. However, they can assume directorship in NBFC-Base Layer.

#### **9. INDEPENDENT DIRECTOR**

Within the permissible limits in terms of Companies Act, 2013, an independent director shall not be on the Board of more than three NBFCs/ HFCs (NBFCs-ML or NBFCs-UL) at the same time. Further, the Board of the HFC shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC/ HFC at the same time

#### **10. CHIEF COMPLIANCE OFFICER**

The Company shall appoint a Chief Compliance Officer, sufficiently senior in hierarchy, and maintain a Board approved policy prescribing role, authority, independence and responsibilities of the compliance function to foster strong compliance culture.

#### **11. DISCLOSURE TO THE BOARD**

The following disclosures shall be made to the Board of Directors at regular intervals as may be prescribed by the Board in this regard:

1. progress made in putting in place a progressive risk management system, and risk management policy and strategy followed;
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. compliance reports from CCO.
4. Compensation governance review.

5. Whistleblower reporting summary.

The following disclosures shall be made in the annual financial statements:

1. registration / licence / authorisation by whatever name called, obtained from other financial sector regulators;
2. ratings assigned by credit rating agencies and migration of ratings during the year;
3. penalties, if any, levied by any regulator;
4. information namely, area, country of operation and joint venture partners about joint ventures and overseas subsidiaries; and
5. asset-liability profile, extent of financing of parent company products, Non-Performing Assets (NPA) and movement of NPAs, details of all off-balance sheet exposures, exposure to real estate, exposure to capital market, structured products issued by them as also securitization/ assignment transactions and other disclosures as required in Annex IV of RBI Directions amended from time to time.

**12. ROTATION OF STATUTORY AUDITORS/AUDIT PARTNER(S)**

The Company shall appoint/re-appoint/rotate the firms/partner(s) of the Chartered Accountant firm conducting statutory audit as per the provisions of the RBI Master Direction, the Companies Act, 2013 read with the 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)' dated April 27, 2021, as amended. Declaration to be obtained every year from the Statutory Auditors affirming their eligibility for being appointed as Statutory Auditors of the Company.

**13. REVIEW OF POLICY**

The Board or its Committee may review the Policy from time to time as may be required. Changes, if any, shall be effective only upon approval by the Board.