



EASY HOME FINANCE LIMITED

CORPORATE GOVERNANCE POLICY

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EASY HOME FINANCE LIMITED (EHFL)

CORPORATE GOVERNANCE POLICY

PREAMBLE

This Policy on Corporate Governance (“Policy”) draws reference to the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by RBI vide Notification No. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 including any amendment, revision in the directions made thereunder and issuance of any guidelines, notification, circular by the RBI in this regard from time to time.

As per the RBI Directions, non-public deposit accepting Housing Finance Company (HFC) with assets size of Rs. 50 crores and above, as per the last audited balance sheet, and all public deposit accepting / holding Housing Finance Companies (HFCs) shall frame internal guidelines on corporate governance with the approval of the Board of Directors

PURPOSE

The Company believes that a good corporate governance system is necessary to ensure its long-term success. 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 also 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) in this regard.

DEFINITIONS

a) **“Applicable Laws”** means the Companies Act, 2013 and the rules made thereunder, the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by RBI vide Notification No. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 (RBI Directions), 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 **Easy Home Finance Limited** [;
- f) **“Committees”** means committees of Board of Directors constituted by virtue of RBI Directions or other Applicable Laws;
- 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) **“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;
- j) **“Directions”** means Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by RBI vide Notification No. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 (RBI Directions) and shall include any amendment thereto;
- k) **“Director”** means a director appointed to the Board of the Company;
- l) **“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;
- m) **“Nomination Committee”** means the Nomination & Remuneration Committee (“NRC”) formed under Section 178 of the Companies Act, 2013;
- n) **“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;



o) **“Risk Management Committee”** means the committee constituted as per the RBI Directions set forth by the Reserve Bank of India in this regard and any other existing committee shall be reconstituted in line with the NHB Directions;

p) **“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.

GUIDELINES ON CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

The Board of Directors play a pivotal role in ensuring that the good corporate governance practices are followed within the Company. The Board of Directors oversees the functioning of the Company and that of its management; and ensures that every decision taken is in the best interest of the stakeholders of the Company.

Roles & Responsibilities

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.

Size of the Board

The Board's strength shall be minimum 3 (three) and not more than the maximum number of directors as indicated in its Articles of Association.

Composition of the Board

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.

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.

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.

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 as the case may be.

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 Institute of Company Secretaries of India and other Applicable Laws. Minutes of meetings of Committees of Board shall be placed before the Board.

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;
Asset Liability Management Committee.

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 be in compliance with 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 and RBI Direction. The Committee will be vested with necessary powers, as defined in its terms of reference to achieve its objectives.

Composition:

The Audit Committee shall consist of minimum of three directors and at least two third of the members shall be independent directors. All the Members of the Audit Committee shall be financially literate and at least one Member shall have an accounting or related financial management expertise. The Chairperson of the Audit Committee shall be an Independent Director.

Meeting:

The Committee shall meet at least four times in a year with a maximum interval of not more than one hundred and twenty days in between two days. The Chairperson of the Committee shall be present at the Annual General Meeting to answer shareholder queries

Quorum:

The presence of either two members or one third of the total members, whichever is higher, with at least two independent Directors shall be required to form the necessary quorum unless otherwise stipulated in the Act or SEBI Listing Regulations.



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.

B) NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ('NRC') constitution and functioning shall be in compliance with 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 RBI Directions. The Nomination and Remuneration Committee will be vested with necessary powers, as defined in its terms of reference to achieve its objectives. The Nomination and Remuneration Committee shall ensure that there is no conflict of interest in appointment of directors and their independence is not subject to potential threats.

Composition:

The Nomination and Remuneration Committee of the Board shall have at least three Directors out of which not less than one half shall be Independent Directors. The chairperson of the Company whether executive or non-executive may be appointed as member of NRC but shall not act as the chairman 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.

Meeting & Quorum

The NRC shall meet on need basis. Quorum shall comprise of two members or one third of the total members of the NRC, whichever is higher.

Minute:

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

Role of the 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 fit and proper criteria as required by the RBI Direction including any amendment thereof.

C) RISK MANAGEMENT COMMITTEE

The Risk Management Committee will be constituted of Board of Directors to manage the integrated risks of the Company. 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.

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

Meeting & Quorum:

The Risk Management Committee shall meet on need basis. The quorum of Risk Management Committee shall comprise any two members of the Committee.

Minutes:

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

D) ASSET LIABILITY MANAGEMENT COMMITTEE

The Board shall also constitute an Asset Liability Management Committee (ALCO) as required by the Directions 2016 issued by the NHB. The constitution and functioning of the ALCO shall be in line with the requirements of the RBI Directions. 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 having at least one Director. The members of the Committee will be appointed by the Board of Directors.

Meeting & Quorum

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

Minutes:

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

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.

AUDITORS:

Statutory Auditors:

The Statutory Auditors of the Company shall be appointment in accordance with the provisions of the Companies Act 2013 and directions issued by RBI from time to time. Declaration shall be obtained from the Auditors affirming their eligibility for being appointed as the Statutory Auditors of the Company. The Audit Committee shall review the independence and performance of the Statutory Auditors and the effectiveness of the audit process periodically.

COMPANY SECRETARY

A qualified Company Secretary appointed in terms of Section 203 of the Companies Act, 2013, shall act as the Compliance Officer of the Company. The Compliance Officer shall, inter-alia, be responsible for setting forth policies / procedures and ensuring conformity with the applicable laws/ regulations/ guidelines including Companies Act, and NHB Directions/guidelines, issued from time to time.

CODE OF CONDUCT OF DIRECTORS AND SENIOR MANGEMENT PERSONNEL

The Code sets forth the guiding principles on which the Company, its Board and the Senior Management Personnel shall operate and conduct themselves with multitudinous stakeholders, government and regulatory agencies, media and anyone else with whom it is connected.

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

- i) Act with professionalism, utmost care, skill, diligence, honesty, good faith and integrity as well as high moral and ethical standards;
- ii) Fulfil their fiduciary obligations without allowing their independence of judgement to be compromised.
- iii) Act fairly and transparently and not participate in any decision-making process on a subject matter in which a conflict of interest exists or is likely to exist such that an independent judgment of the Company's best interest cannot be exercised;
- iv) Avoid having any personal and/or financial interest in any business dealings concerning the Company;
- v) Not engage in any business, relationship or activity with anyone who is a party to a transaction with the Company;
- vi) Avoid any dealings with a contractor or supplier that compromises the ability to transact business on a professional, impartial and competitive basis or influences decisions to be made by the Company;



vii) Not hold any positions or jobs or engage in other businesses or interests that are prejudicial to the interests of the Company.

POLICY ON PRESERVATION OF DOCUMENTS

This Policy ensures that the Company complies with the applicable document retention laws, preservation of various statutory documents and also lays down minimum retention period of at least 8 years for the documents/records in respect of which no retention period has been specified by any law/regulation.

POLICY ON FIT AND PROPER PERSON CRITERIA FOR DIRECTOR

This Policy lays down the process and procedure of due diligence of Director(s) to ensure that they fulfil the 'fit and proper' criteria and to determine their suitability for appointment/re-appointment as a Director(s) on the Board of the Company. It also aims to ensure that each Director on the Board of the Company continues to meet the fit and proper criteria on an on-going basis.

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.

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