

# **CLIX HOUSING FINANCE PRIVATE LIMITED**

## **CORPORATE GOVERNANCE POLICY**

Approved by: The Board of Directors

Issue Date: 28 June, 2019  
Effective Date: 28 June, 2019

Policy Owner: Regulatory and Compliance Leader  
Policy Contact: Compliance Leader

Version: 1 of 2019

## I. PURPOSE / OBJECTIVE

Clix Housing Finance Private Limited (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 effective policies and procedures, which are mandated and regularly reviewed by the Board / the committees of the members of the Board.

The objective of this Policy is to ensure compliance with all applicable laws in India and set standards for Business Governance / Conduct so that concerned officers act in accordance with the highest standards of governance while working for and on behalf of the Company. All the concerned are expected to read and understand the guidelines contained herein, to uphold these standards in day-to-day activities and comply with this Policy.

The purpose of this Policy is to provide internal guidelines on Corporate Governance and has been framed in accordance with the directions issued by the National Housing Bank (“NHB”) in this regard.

## II. BOARD OF DIRECTORS

The Board shall exercise its business judgment to act, in what they reasonably believe 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 to the Company’s Leadership Team and further direct, supervises as well as reviews the performance of the Company.

The Board is responsible for overall compliance with the Corporate Governance of the Company and oversees the business affairs. Further, 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 organization.

All Board members and senior management personnel shall abide by the all Compliance Polices of the Company.

**Size of Board:** As per Article of Association of the Company, the Board shall consist of minimum 2 Directors and maximum 15 Directors.

**Board Composition:** The Company’s Board shall have an optimum combination of executive and non-executive directors in line with the requirements of the provisions of the Companies Act, 2013 and Articles of Association of the Company, as amended from time to time.

The Board shall periodically review the compliances of all applicable laws in the Company as well as steps taken by the Company to rectify the instances of non-compliance, if any.

The Board shall meet at least once in every calendar quarter, with a maximum interval of one hundred and twenty (120) days between any two consecutive Meetings of the Board, such that at least four Meetings are held in each Calendar Year.

### III. COMMITTEES OF THE BOARD

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board of Directors of the Company shall constitute a set of Committees with specific terms of reference / scope. The Committees shall operate as per the guidelines approved by the Board. The minutes of the meetings of all Committees of the Board and meetings of the Board of Directors of the Company shall be placed before the Board for approval in subsequent meeting.

The Board has formed the following Committees:

- A. **Audit Committee**
- B. **Nomination and Remuneration Committee**
- C. **Risk Management Committee**
- D. **Asset Liability Committee**
- E. **Internal Complaints Committee**

The composition and responsibilities of the Committees, as may be modified by the Board of Directors of the Company from time to time, shall be as follows:

- A. **Audit Committee:** The Company shall have a Committee of Board known as 'Audit Committee', which shall be constituted and function as follows:
  - a) **Membership** – The committee shall consist of not less than 3 members of its Board of Directors.
  - b) **Quorum** - A quorum for the Audit Committee shall be one-third of its total strength or 2 members of its Board of Directors, whichever is higher and the participation of the members by video conferencing or by other audio visual means shall be counted for the purposes of quorum.
  - c) **Frequency of meetings** – The Committee shall meet from time to time as necessary to accomplish its purpose and duties.
  - d) **Role of Audit Committee** – The Audit Committee plays a key role, standing at the intersection of management, independent auditors, internal auditors, and the Board of directors. The Audit Committee shall act in accordance with the terms of reference specified in writing by the Board, which shall, inter alia, include:
    - i. the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
    - ii. review and monitor the auditor's independence and performance, and effectiveness of audit process;
    - iii. examination of the financial statement and the auditors' report thereon;
    - iv. approval or any subsequent modification of transactions of the Company with related parties;
    - v. scrutiny of inter-corporate loans and investments;
    - vi. valuation of undertakings or assets of the Company, wherever it is necessary;
    - vii. evaluation of internal financial controls and risk management systems;
    - viii. monitoring the end use of funds raised through public offers and related matters;
    - ix. supervising the vigil mechanism of the Company for addressing concerns raised by any employee;

- x. Ensuring that Information Systems Audit of the internal systems and processes of the Company is conducted at least once in two years to assess operational risks faced by the Company.
- e) **Powers of the Audit Committee:** The Audit Committee shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013, as amended.

**B. Nomination and Remuneration Committee:** The Company shall at all times have a Committee of Board known as 'Nomination and Remuneration Committee', which shall be constituted and function as follows:

- a) **Membership** – The committee shall consist of not less than 3 members.
- b) **Quorum** - A quorum for the Nomination and Remuneration Committee shall be one-third of its total strength or 2 members of its Board of Directors, whichever is higher and the participation of the members by video conferencing or by other audio visual means shall be counted for the purposes of quorum.
- c) **Frequency of Meeting:** The Committee shall meet as and when a new Director is proposed to be appointed or as may be required for ascertaining the “fit & proper” criteria of the directors. The Committee shall also meet from time to time as necessary to accomplish its purpose and duties.
- d) **Role of Nomination and Remuneration Committee:** The Nomination and Remuneration Committee shall, inter alia, carry the following functions:
  - i. Ensure that all the proposed and existing Directors of the Company fulfil the “fit and proper” criteria as specified under the applicable laws.
  - ii. To review and implement Fit and Proper Criteria for directors Policy.
- e) **Powers of the Nomination and Remuneration Committee:** The Committee shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013, as amended.

**C. Risk Management Committee:** The Company shall at all times have a Committee of Board known as 'Risk Management Committee', which shall be constituted and function as follows:

- a) **Membership** – The committee shall consist of not less than 3 members of its Board of Directors.
- b) **Quorum** - A quorum for the Risk Management Committee shall be one-third of its total strength or 2 members of its Board of Directors, whichever is higher and the participation of the members by video conferencing or by other audio visual means shall be counted for the purposes of quorum.
- c) **Frequency:** This committee will meet every 6 months and as and when required to fulfil its duties.
- d) **Role of Risk Management Committee :**
  - To lay down the guiding principles that aid-in enhancement of credit in consonance with the main business objectives of the Company and in compliance with the statutory and regulatory requirements/ guidelines.
  - To adopt a prudent policy for management of credit risk to build and maintain a sound and well-diversified credit portfolio.
  - To define principles for delegation of sanction powers to appropriate sanction authority on the basis of risk consideration
  - To facilitate effective credit monitoring and mitigation practices across the company

- To establish the minimum standards for security charge creation and documentation
- To ensure consistent classification of assets, including non-performing assets, ensuring adequate provisioning in line with regulatory norms and management of problem accounts

**D. Asset Liability Committee (“ALCO”):** The Company shall at all times have a Committee of Board known as ‘Asset Liability Committee’, which shall be constituted and function as follows:

- i. Membership** – The committee shall consist of minimum 3 members.
- ii. Frequency:** ALCO would meet at least once a quarter and the ALCO members may participate either in person or by telephonic call. The Committee shall meet from time to time as necessary to accomplish its purpose and duties.
- iii. Charter:**
  - Manage ALM Risks consistent with local regulatory requirements and internal risk tolerance established by this Policy
  - Report to the Board of Directors compliance with this Policy
  - Review and decide on ALM mix in light of future business strategy and current market conditions
  - Review all Policy exceptions and requests for approval presented to the Board, and corrective action thereon.
  - Definition and review of the ALM policy, at least annually.
  - Review the results of and progress made in the implementation of the decisions made in the previous meetings.

**E. Internal Complaints Committee:**

- i. Frequency:** This committee will meet as and when required to fulfil its duties.
- ii. Charter:**
  - Adopt zero tolerance attitude against any kind of Sexual
  - Ensure a place where women employees could seek redress
  - Sent a clear message to the workplace that such complaints would be enquired into by a specially designated committee with external expertise
  - prevented a series of litigation that followed

**IV. DISCLOSURE AND TRANSPARENCY:**

1. **Reporting:** For every quarter, following reports shall be put before the Board of directors in its Board Meeting:
  - a) A report from the Chief Risk Officer regarding progress made in putting in place a progressive risk management system, and risk management policy and strategy followed by the Company; and
  - b) A report from the Company Secretary regarding confirmation 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 .

2. **Disclosures:** The Company shall disclose the following in its Annual Financial Statements:
- a) registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators;
  - b) ratings assigned by credit rating agencies and migration of ratings during the year;
  - c) penalties, if any, levied by any regulator;
  - d) information regarding name, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries; and Asset-Liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them as also securitization/ assignment transactions and other disclosures, as prescribed under applicable regulations.

#### **V. ROTATION OF PARTNERS OF THE STATUTORY AUDITORS AUDIT FIRM**

The Company shall rotate the partner/s of the Chartered Accountant firm conducting the audit, every three years so that same partner does not conduct audit of the company continuously for more than a period of three years. The Company shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

#### **VI. AMENDMENTS TO THE POLICY**

The Board of Directors of the Company shall review and may amend this Policy from time to time.

Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Companies Act, 2013 and notifications issued by the Reserve Bank of India on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.