

CENTRUM HOUSING FINANCE LIMITED

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

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INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

1. BACKGROUND, INTRODUCTION, OBJECTIVE AND APPLICABILITY

1.1. Background and Introduction

The Company is committed to set the highest standards of Corporate Governance right from its inception.

The Reserve Bank of India ("**RBI**"), vide the **"**Reserve Bank of India (Non-Banking Financial Companies **– Governance) Directions, 2025" (RBI Governance Directions)**, and other applicable directions has prescribed an enhanced Governance Framework for Non-Banking Financial Companies including Housing Finance Companies ("**HFCs**"). As per para 40 of the RBI Governance Directions, the HFCs have been advised to frame Internal Guidelines on Corporate Governance.

These Internal Guidelines are framed in accordance with and in enhancement of the RBI (NBFC – Governance) Directions, 2025, without diluting the spirit underlying the said Directions.

1.2. Objective

In accordance with the requirements prescribed under the Companies Act, 2013 ("**Act**") and the directions issued by the RBI HFC Directions including RBI Governance Directions and other applicable regulatory requirements, the Company shall adopt these **Internal Guidelines on Corporate Governance** ("**Guidelines**") with the approval of its Board of Directors ("**Board**"). These Guidelines outline the current Corporate Governance practices of the Company.

1.3. Applicability

These Guidelines shall be applicable from the date of its approval by the Board of Directors. Once approved by the Board, these Guidelines shall supersede all previous versions of the Internal Guidelines on Corporate Governance.

2. GOVERNANCE STRUCTURE AND CONSTITUTION OF VARIOUS COMMITTEES

2.1. Board of Directors

The Board along with its Committees shall provide leadership and guidance to the Company's management and direct, supervise, and control the performance of the Company. The Board and its members, while discharging its obligations, may rely on the honesty and integrity of the Company's senior executives, the Company's statutory auditors, internal auditors and other domain experts engaged by the Company.

The Board shall have an optimum combination of Executive, Non-Executive and Independent Directors in compliance with the Companies Act, 2013 and the RBI HFC Directions.

An Independent Director shall not be on the Board of more than three NBFCs in the Middle Layer or Upper Layer at the same time. The Board shall ensure that there is no conflict of interest arising from multiple directorships.

2.2. Appointment of Directors and Fit & Proper Criteria

The Company shall appoint directors with requisite experience, skills and qualifications in compliance with the Companies Act, 2013 and the RBI HFC Directions.

At least one Director on the Board shall have relevant experience of having worked in a bank or a Non-Banking Financial Company, in compliance with RBI (NBFC – Governance) Directions, 2025.

The Company shall adopt the 'Policy on Fit and Proper Criteria' as per the RBI HFC Directions, with the approval of the Board, for ascertaining the 'fit and proper' criteria of the directors at the time of appointment, and on a continuing basis. All the directors shall be required to meet the 'fit and proper' criteria as laid down in such policy.

The Company shall obtain a declaration and undertaking from the directors giving additional information on the directors, as prescribed in the RBI HFC Directions. Further, the Company shall obtain a Deed of Covenant signed by the directors, in the format prescribed by the RBI.

2.3. Reporting of Change in Directors to the National Housing Bank ("NHB")

The Company shall submit, to the NHB, a quarterly statement on change of directors, and a certificate from the Managing Director that fit and proper criteria in selection of the directors has been followed. Such statement submitted by the Company for the quarter ending March 31, should be certified by its statutory auditors. Further, in case of no change in the directors during a particular quarter, a 'Nil' statement shall be submitted.

The Company shall obtain prior written approval of RBI / NHB for any change in management resulting in change of more than 30% of the Directors, excluding Independent Directors, in accordance with RBI (NBFC – Governance) Directions, 2025.

2.4. Meeting of the Board of Directors

The Board shall meet at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings. The Company shall place required information, disclosures, details etc. before the Board in such meetings, as required

2.5. Committees of the Board

Apart from its direct review, supervision and guidance, the Board, through various Committees constituted by it, oversees specific functions and areas. The roles and responsibilities of the Committees are defined by the Board as per the statutory/ regulatory requirements. The core committees constituted by the Board in compliance with the regulatory requirements are as under:

2.5.1. Audit Committee

The Company, with the approval of its Board, has constituted an Audit Committee as per the provisions of Section 177 of the Companies Act, 2013 and in terms of applicable RBI HFC Directions in this regard.

The Audit Committee shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013, applicable provisions of the RBI HFC Directions, other regulatory requirements including SEBI Regulations, and such other duties,

obligations and powers as may be prescribed by the Board from time to time.

In addition to the powers, functions and duties as laid down in Section 177 of the Companies Act, 2013, the Audit Committee shall ensure that an Information System Audit of the critical and significant internal systems and processes of the Company is conducted as per periodicity prescribed under applicable RBI Directions through a Certified Information System Auditor to assess operational risks faced by the Company.

2.5.2. Nomination & Remuneration Committee

The Company has put in place a Nomination & Remuneration Committee ("**NRC**") constituted under the provisions of Section 178 of the Companies Act, 2013 ("**Act**") and in terms of applicable RBI HFC Directions in this regard.

The NRC shall have the powers and duties conferred upon it in compliance with the provisions of Section 178 of the Act, applicable SEBI Regulations, RBI HFC Directions and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

The NRC shall also oversee framing, review and implementation of the Board-approved Compensation Policy in coordination with the Risk Management Committee to achieve effective alignment between Compensation and risks.

The NRC shall ensure 'fit and proper' status of proposed and existing directors and that there is no conflict of interest in appointment of directors, KMP and senior management.

2.5.3. IT Strategy Committee

In accordance with the 'Master Direction- Information Technology Framework for the NBFC Sector', the Company has constituted an IT Strategy Committee with the roles and responsibilities as prescribed by the RBI.

2.5.4. Risk Management Committee

The Company, with the approval of its Board, has put in place a Risk Management Committee ("**RMC**") in accordance with the applicable RBI HFC Directions. The RMC is responsible for managing, *inter-alia*, the integrated risk which includes liquidity risk, interest rate risk, currency risk and such other duties, obligations and powers as may be prescribed by the Board, from time to time, as per the regulatory requirements. Further, the RMC shall ensure that progressive risk management system, risk management policy and strategy are followed by the Company on an ongoing basis.

2.5.5. Asset Liability Management Committee

The Company, with the approval of its Board, has constituted the Asset-Liability Management Committee ("**ALCO**") in accordance with RBI HFC Directions. The ALCO shall be responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the Company.

The Company has a Board approved Asset Liability Management Policy in place and required disclosures to the effect are made from time to time.

3. STATUTORY AUDITORS

The Company shall appoint the Statutory Auditors as per provisions of Section 139 and Section 141 of the Companies Act, 2013. The eligibility criteria, appointment and tenure of appointment of the Statutory Auditors shall also subject to the applicable provisions of the RBI HFC Directions and the RBI notification dated April 27, 2021, on 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs)', as amended from time to time.

4. KEY MANAGERIAL PERSONNEL (KMP)

Except for directorships in subsidiaries, Key Managerial Personnel of the Company shall not hold any office, including directorships, in any other NBFC in the Middle Layer or Upper Layer.

5. CHIEF COMPLIANCE OFFICER (CCO)

The Company shall appoint a Chief Compliance Officer (CCO) who shall be sufficiently senior in the organization.

The Company has a Board-approved Compliance policy clearly defining the role, responsibilities, authority and independence of the CCO, in line with RBI (NBFC – Governance) Directions, 2025.

6. DISCLOSURE AND TRANSPARENCY

6.1. Information to be placed by the Company before the Board of Directors

In addition to various other information and details required as per the regulatory/ statutory directions and the Board's advice, the Company shall also place the following information/ details before the Board periodically:

(i) the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company.

(ii) 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.

6.2. Information to be disclosed by the Company in its Annual Financial Statements

(i) Registration/ License/ Authorization, by whatever name called, obtained from any other Financial Sector Regulator.

(ii) Ratings assigned by Credit Rating Agencies and migration of ratings during the year.

(iii) Penalties, if any, levied by any Regulatory/ Supervisory/ Enforcement Authority.

(iv) Information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries.

(v) Asset-Liability profile, extent of financing of parent company products, NPAs 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.

(vi) Other disclosures as prescribed in the RBI HFC Directions.

6.3. The Company shall publish the 'Internal Guidelines on Corporate Governance' on its

website.

7. REVIEW

These guidelines shall be reviewed by the Board of Directors at such periodic intervals as may be deemed necessary in order to align the same with the prevalent regulatory and business requirements.

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