

Corporate Governance Policy



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Summary of Policy

Policy Name	Corporate Governance Policy
Issue and Effective date	December, 2017
Date of last review	November 26, 2021
Date of current review	March 9, 2022
Date of next review	On or before March 2023
Periodicity of review	Annual
Owner / Contact	Compliance
Approver	Board of Directors
Annexures	None

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1. Preamble

The Board of Directors of DMI Housing Finance Pvt. Ltd. (“**Company**” or “**DMI HFC**”) have adopted Corporate Governance Policy in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 issued by National Housing Bank (“**NHB**”) vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017 (“**NHB Directions**”) including any amendment, revision in the directions made thereunder and issuance of any guidelines, notification, circular by the NHB in this regard from time to time.

This Policy is to be read in conjunction with applicable laws; accordingly, this Policy enhances the provisions of applicable laws.

2. Purpose

The purpose of establishing such a policy is to enable the adoption of best practices and greater transparency in the operations of the company. In view of the NHB Directions, the Company has set out the following set of guidelines / corporate governance practices to create value for stakeholders such as the shareholders, employees, customers etc. The affairs of the Company shall be conducted with integrity, fairness, accountability, and transparency. All commitments in its dealings with stakeholders and regulatory authorities shall be met as set forth below.

3. Definitions

- a) “**Applicable Laws**” means the Companies Act, 2013 and the rules made thereunder, Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 issued by National Housing Bank vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9 February 2017, 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) '**Substantial interest**' for the purpose of these guidelines:
 - (i) in relation to a company, means the holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together, in the shares thereof, the amount paid-up on which exceeds five lakhs of rupees or ten per cent of the paid-up capital of the company, whichever is less;
 - (ii) in relation to a firm, means the beneficial interest held therein by an individual or his spouse or minor child, whether singly or taken together, which represents more than ten per cent of the total capital subscribed by all the partners of the said firm;
 - (iii) The scope of the term 'relative' shall be as defined in the Companies Act, 2013 and rules framed thereunder:
 - they are members of a Hindu Undivided Family;
 - they are husband and wife; or

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- one person is related to the other in such manner as may be prescribed;
- Father: Provided that the term “Father” includes step-father.
- Mother: Provided that the term “Mother” includes the step-mother.
- Son: Provided that the term “Son” includes the step-son.
- Son’s wife.
- Daughter.
- Daughter’s husband.
- Brother: Provided that the term “Brother” includes the step-brother;
- Sister: Provided that the term “Sister” includes the step-sister

4. Policy

Each member of the Board of Directors of DMI Housing Finance Private Limited (“**DMI HFC**”) shall adhere to the following to support the existence of a good Corporate Governance environment:

- (i) shall attend Board meetings regularly and participate in the deliberations and discussions effectively.
- (ii) shall study the Board papers and enquire the progress of any matter raised in previous meetings.
- (iii) shall review and approve key policies of DMI HFC.
- (iv) shall ensure confidentiality of the DMI HFC’s agenda papers, notes and minutes.
- (v) shall not sponsor any proposal relating to loans, investments, buildings or sites for DMI HFC’s premises, enlistment or empanelment of contractors, architects, auditors, doctors, lawyers and other professionals etc.
- (vi) shall ensure that employees are given adequate autonomy within a well defined and controlled operational framework to discharge their responsibilities and perform their duties in a disciplined manner with utmost integrity and through good conduct.
- (vii) shall ensure that the Company’s organizational structure enables the Board 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 those responsible for the control functions.

5. Internal Guidelines on Corporate Governance

- a) **Composition of Board of Directors:** The Board of Directors of DMI HFC shall have at least 3 Directors.

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b) Constitution of various Committees with frequency of meetings

With the objective of attaining accountability, transparency and fairness, the Board of Directors have formed sub-committees for the below mentioned purposes to act in accordance with terms of reference specified by the Board of Directors:

Name of Committee	Responsibilities	Members and Quorum of Committee	Periodicity of Meetings
Audit Committee	<ul style="list-style-type: none"> - To recommend appointment, remuneration and terms of appointment of auditors of the company; - Review and monitor the auditor's independence and performance, and effectiveness of audit process; examination of the financial statement and the auditors' report thereon; - Approval or any subsequent modification of transactions of the company with related parties; - Scrutiny of inter-corporate loans and investments; - Valuation of undertakings or assets of the company, wherever it is necessary; - Evaluation of internal financial controls and risk management systems; - Monitoring the end use of funds raised through public offers and related matters. - The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company - The Audit Committee shall have authority to investigate into any 	<p>Members:</p> <ul style="list-style-type: none"> -Mr. Tammir Amr -Mr. Gaurav Burman -Mr. Shivashish Chatterjee -Mr. Nipendar Kochhar -Mr. Yuvraja Chanakya Singh <p>Quorum:</p> <ul style="list-style-type: none"> -Minimum 1/3rd or 2 whichever is higher of members are required to be physically present or through video conferencing in accordance with Companies Act, 2013 or rules framed therein. 	Quarterly

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	<p>matter in relation to the items specified in sub-section (4) or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.</p>		
<p>Nomination & Remuneration Committee</p>	<ul style="list-style-type: none"> - To ensure that the general character of the management shall not be prejudicial to the interest of its present and future stakeholders and envisages ensuring the ‘fit and proper’ status of proposed or existing Directors. - To nominate for appointment of directors with “fit and proper” credentials and independence is not subject to potential threat. Also, to ensure that there is no conflict of interest in appointment of director. - Administration and superintendence of the Employee Stock Option Scheme and to that extent the scope of reference to the Committee is not restricted to only particular Stock Option scheme but all Stock Option schemes are to be implemented / administered by the Committee - To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. - formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors the remuneration of the directors and key managerial personnel. - All other roles and responsibilities as mentioned in Section 178 of Companies Act 2013. 	<p>Members:</p> <ul style="list-style-type: none"> -Mr. Tammir Amr -Mr. Gaurav Burman -Mr. Shivashish Chatterjee -Mr. Yuvraja Chanakya Singh <p>Quorum:</p> <p>Minimum 2 members are required to be physically present.</p>	<p>As and when any director is appointed</p>

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<p>Asset Liability Committee (ALCO)</p>	<ul style="list-style-type: none"> - Attend to aspects relating to Asset Liability Management such as availability of adequate funding for projected disbursements. - Monitor the asset liability gap and strategize action to mitigate the risk associated. - Understanding fund-raising requirements and advising the best instruments to be used for the same. - Ensuring that the finance costs are managed in an efficient and effective manner - Advising on utilization of excess funds available with the company 	<p>Members:</p> <ul style="list-style-type: none"> -Mr. Tammir Amr -Mr. Gaurav Burman -Mr. Shivashish Chatterjee -Mr. Yuvraja Chanakya Singh -Group Head-Finance & Accounts -Group Chief Financial Officer -Group Head-Treasury -Group Chief Technology Officer -Chief of Business Officer -Compliance Officer <p>Quorum: Minimum 2 members are required to be physically present</p>	<p>Twice a year</p>
<p>Risk Management Committee (RMC)</p>	<ul style="list-style-type: none"> - Adhere to the Risk Management Practices as prescribed - Monitor the progress of the Risk Control Matrix as approved by the Board - Monitor the loan portfolio on a regular basis and along with risks associated with it. - Establish standards to mitigate risks related operations, credit, compliance, finance, etc. 	<p>Members:</p> <ul style="list-style-type: none"> -Mr. Tammir Amr -Mr. Gaurav Burman -Mr. Rajul Bhargava -Mr. Shivashish Chatterjee -Mr. Yuvraja Chanakya Singh <p>Quorum: Minimum 2 members are required to be physically present</p>	<p>Quarterly</p>
<p>Loan Investment & Borrowing Committee</p>	<ul style="list-style-type: none"> - To approve all borrowings including loans from banks and financial institutions, commercial papers, any other security on such terms and conditions as the management may deem fit within the limits as approved by the Board and Shareholders. - To authorize signatories of the Company to sign and execute all documents, papers, forms and 	<p>Members:</p> <ul style="list-style-type: none"> -Mr. Tammir Amr -Mr. Gaurav Burman -Mr. Jatinder Bhasin -Mr. Shivashish Chatterjee -Mr. Sahib Pahwa -Mr. Yuvraja Chanakya Singh <p>Quorum:</p>	<p>As and when the company takes borrowings.</p>

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	<p>agreements like Loan Agreement, Deed of Hypothecation etc. for and on behalf of the Company pertaining to all borrowings from banks and financial institutions including borrowing of funds by way of issue of debentures of the Company.</p> <p>- Approve all investments being made by the company or any other strategic investment within the overall investment limits as approved by the Board and Shareholders.</p>	<p>Minimum 2 members are required to be physically present.</p>	
<p>Securities Allotment Committee</p>	<p>- Consider and transact the matter of raising of funds up to the limit specified by the Board on private placement basis as is on such terms and conditions as it may deem fit and allot Equity Shares (<i>both fully and partly paid-up</i>), warrants, Preference Shares, Compulsorily Convertible Debentures, Secured Redeemable Non-Convertible Debentures, Commercial Paper or any other security as defined under Companies Act, 2013("Act") in tranches and to do all such acts, deeds and things as may be deemed necessary. All such allotments shall be made in accordance with the limits as prescribed by the Act, Board and Shareholders.</p> <p>- To exercise powers on behalf of the Board to look after the matters pertaining to the issue, offer, allotment, cancellation and transfer of securities including ESOP/Equity(<i>both fully and partly paid-up</i>)/warrants //Preference shares/ instruments convertible into Equity Shares, whether optionally or otherwise.</p>	<p>Members:</p> <p>-Mr. Tammir Amr -Mr. Gaurav Burman -Mr. Jatinder Bhasin -Mr. Shivashish Chatterjee -Mr. Sahib Pahwa -Mr. Yuvraja Chanakya Singh</p> <p>Quorum:</p> <p>Minimum 1/3rd or 2 whichever is higher of members are required to be physically present or through video conferencing in accordance with Companies Act, 2013 or rules framed therein.</p>	<p>As and when Allotment securities takes place</p>
<p>IT Strategy Committee</p>	<p>- Approving IT strategy and policy documents.</p> <p>- Ascertaining that management has implemented processes and practices.</p>	<p>Members:</p> <p>-Mr. Tammir Amr -Mr. Jatinder Bhasin -Mr. Rajul Bhargava -Mr. Shivashish Chatterjee</p>	<p>Twice a year</p>

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	<ul style="list-style-type: none"> - Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable. - Monitoring the method the IT resources needed to achieve strategic goals and provide high-level direction. - Ensuring proper balance of IT investments for sustaining HFC's growth and aware of IT risks and controls. 	<ul style="list-style-type: none"> -Mr. Saurabh Nigam -Mr. Devendra Sharma -Mr. Manish Srivastava -Mr. Yuvraja Chanakya Singh -Mr. Manikant R. Singh <p>Quorum: Minimum 2 members are required to be present</p>	
Corporate Social Responsibility (CSR) Committee	<ul style="list-style-type: none"> - Formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy. - Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company including the activities as specified in Schedule VII of Companies Act, 2013. Approve the implementing agency as per the eligibility criteria mentioned in Sec 135 of Companies Act 2013 and relevant rules as amended from time to time. - Recommend the manner of execution of such projects or programmes. - Recommend the modalities of utilization of funds and implementation schedules for the projects or programmes. - Monitoring and reporting mechanism for the projects or programmes. 	<p>Members:</p> <ul style="list-style-type: none"> -Mr. Tammir Amr -Mr. Gaurav Burman -Mr. Shivashish Chatterjee -Mr. Yuvraja Chanakya Singh <p>Quorum: Minimum 1/3rd or 2 whichever is higher.</p>	Twice a year
IT Steering Committee	The Committee shall provide oversight and monitoring of the progress of the project, including deliverables to be realized at each phase of the project and milestones to be reached according to the project timetable.	<p>Members:</p> <ul style="list-style-type: none"> Mr. Shivashish Chatterjee Mr. Rajul Bhargava Mr. Amber Gautam Mr. Devendra Sharma Mr. Yuvraja Chanakya Singh Ms. Shilpi Varshney <p>Quorum:</p>	Twice a year

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		Minimum 2 members are required to be present.	
Note: - Company Secretary & Compliance Officer shall be the Secretary of all the committees formed by the Board			

- c) **Compliance Certificate**-The management shall place Compliance Certificate at every half year Board meeting, which provides confirmation that all the laws applicable to the company have been complied with.

DMI HFC will ensure that it collects information from the all the Directors individually, to the effect that he is a Director or a member of a specified body corporate or a firm and hence he is to be regarded as concerned or interested in or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm. It will be ensured that such notice is renewed every financial year. The concerned Director will ensure that such general notice or renewal thereof is brought upon and read at the first meeting of the Board after it is given.

In order to obviate conflict of interest in the lending operations of DMI HFC, it will not grant any loan/non-fund based facility to or invest in:

- (i) Its directors or their relatives
- (ii) to any firm in which any of its Directors is interested as Partner, Manager, Employee or Guarantor
- (iii) Any individual in respect of whom any of its Directors is a Guarantor.
- (iv) any company of which, or the subsidiary or the holding company of which, any of the Directors of the company is a Director, Managing Agent, Manager, Employee, or Guarantor or any firm in which they (said Directors of the company) hold substantial interest.

The above shall not constrain the Company's ability to grant normal business-related advances to its Directors and employees.

d) In addition to the above, DMI HFC shall follow the following guidelines:

- (i) All the employees of DMI HFC are obliged to carry out their duties in an honest, fair, diligent and ethical manner, within the scope of the authority conferred upon them and in accordance with the laws, rules, regulations, agreements, guidelines, standards and internal policies and procedures.

The Board of Directors of the Company is entrusted with the fiduciary responsibility of oversight of the affairs of the Company. As Directors of the Company, they have a duty to make decisions and implement policies in the best interest of the Company and its Stakeholders.

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- The Directors and Senior Management personnel are required to act in accordance with the highest standards of personal and professional integrity, honesty, ethical and legal conduct, when acting on behalf of the Company or in connection with the Company's business or operations and at social events. An honest conduct is considered as such when a conduct is free from fraud or deception. DMI HFC considers ethical conduct to be confirming to the accepted professional standards of conduct and include ethical handling of actual or apparent conflicts of interests between personal and professional relationships.
- (ii) Executive Directors and Senior Management personnel shall not work for or receive payments for services from any competitor, customer, distributor or supplier of the Company without approval of the Board.
 - (iii) Directors and Senior Management personnel shall not use personal influence to make the Company do business with a company/institution in which his or her relatives are interested. As a general rule, Directors and Senior Management personnel shall avoid conducting Company's business with a relative or with an entity in which a relative is associated in any significant role. In case of conflicts, disclosure shall be made to the Board of Directors and a prior approval shall be obtained.
 - (iv) Personnel shall neither accept gifts, services or other items of more than Rs 2,000 per year from any person or entity nor give/or offer any gift of more than Rs 10,000 per year to any person or entity. Similar guidelines would be applicable to gratuities or any offer, payment, promise to pay, or authorization to pay any money, or anything of value that could be interpreted to adversely affect business decisions or likely to compromise their personal or professional integrity. Gift items of nominal value, such as small promotional items bearing another company's name, business meals, gifts received because of personal relationships and not because of official position, mementos received because of attending a widely held gatherings as panelist/speaker and other customary gifts may be allowed with prior approval from Compliance. (Gifts are not always physical objects - they might also be services, favors or other items of value).
 - (v) Directors and Senior Management personnel shall not divert business opportunities of the Company, by exploiting for their own personal gain, business opportunities that are discovered through the use of corporate propriety information or position. However the Directors and Senior Management personnel may pursue such business opportunities provided Compliance has provided approval and once they are fully disclosed to the company and the company declined to pursue such opportunities.
 - (vi) The assets of the Company shall be used for legitimate business purposes and shall not be used for personal purposes. Incidental personal use, if reasonable does not amount to violation of these guidelines.

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- (vii) It is the general obligation of the Directors to conduct the business and operations of the Company in accordance with the laws, rules, regulations, agreements, guidelines, standards including accounting standards governing its operations. The Directors and Senior Management personnel shall also comply with the internal policies and procedures of the Company to the extent applicable to them.

- (viii) It is the duty and obligation of every Director and Senior Management personnel to comply with these internal guidelines on corporate governance. Any violation of these internal guidelines on corporate governance shall be reported to the any member of the Board of the Company. These internal guidelines on corporate governance shall be posted on the website, if any, of the Company.

e) Maintenance of independence of the statutory auditors audit firm

- DMI HFC shall ensure that, from a corporate governance point perspective, adequate measures are adopted for maintenance of independence by the statutory audit firm.

- DMI HFC shall appoint/re-appoint/rotate the firms/partner(s) of the Chartered Accountant firm conducting statutory audit as per the provisions of the NHB Directions and the Companies Act, 2013.

6. Review of Policy

The policy shall be reviewed on an Annual basis by the Board of directors.