



# ***Corporate Governance Policy of the Company***

***Version No.12***

***FY 2023-2024***

**Board Secretariat Department**

**Registered Office  
#29/1, Sir M N Krishna Rao Road  
Basavanagudi  
Bengaluru – 560 004**



## **CORPORATE GOVERNANCE POLICY-2023-24**

### **1. Introduction:**

In recent years, there has been a constantly increasing global trend and need towards improved corporate governance practices, accountability and responsibility. Corporate governance is about commitment to values and about the conduct of business with ethics. Corporate Governance encompasses the values, ethics and the best business practices followed by the Company. It comprises a unique combination of factors like statutory regulations, compliances, values, political and economic environments, transparency, accountability, voluntary practices and disclosures. It involves set-off relationships between the management and board of directors, shareholders and all its stakeholders.

The most important part of corporate governance is the timely and accurate disclosure of information regarding the financial position, performance, board constitution, ownership of the company and the related matters. The Corporate governance arrangements are those through which an organization directs and controls itself and the people associated with it by establishing standards and codes of conduct.

Good Corporate Governance is a way of life that necessitates taking into account the stakeholders interests in every business decision.

### **2. Philosophy**

The Company's philosophy on corporate governance is the adherence to the highest levels of transparency, accountability and equity, in all areas of its operations and in all interactions with its stakeholders, including shareholders, employees, government and other agencies and commitment to achieve the highest standards of corporate governance. It believes that all operations must be spearheaded towards attaining the final objective of enhancing stakeholders value continuously.

At the core of its corporate governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the Company. The Company believes that an active, well-informed and independent Board with an active participation is necessary to ensure the highest standards of corporate governance.

The Company is committed to establish and maintain best corporate governance practices. The Company's Board follows ethical standards of Corporate Governance and adhere to the norms and disclosures requirements mentioned in the Clause 49 and to achieve the objectives of the principles laid down under Clause 49 of the Listing Agreement(s) with Stock Exchanges and provisions of the Companies Act 2013 and related rules.

### **3. Principles:**

Keeping in view the company's size, complexity, operations, corporate traditions, applicable laws, CFHL Governance framework is based on the following main principles;

- a.** Constitution of Board of Directors of appropriate composition, size, varied expertise and commitment to discharge their functions, responsibilities, duties and disclosures.
- b.** Constitution of Committees of the Board of appropriate composition, size, varied expertise and commitment to discharge their responsibilities and duties.
- c.** Ensuring timely flow of information to the Board and its Committee to discharge their functions effectively.

- d.** To protect and facilitate the exercise of shareholders' rights (including voting rights), to provide timely and adequate information to shareholders, equitable treatment of all shareholders (including minority and foreign shareholders), facilitation of effective shareholder participation (including inexpensive voting mechanism), adequate mechanism to address the grievances of shareholders, including minority shareholders etc..
- e.** Maintain a sound system of risk management and internal control.
- f.** Independent verification and safeguarding integrity of the company's financial reporting.
- g.** Related party transactions, if any, to be entered into by the Company duly following the procedural aspects based on the materiality of the transaction(s).
- h.** Timely and balanced disclosure of all material information concerning the company to all its stakeholders.
- i.** Transparency and accountability.
- j.** Fair and equitable treatment of all stakeholders.
- k.** Compliance with all Statutes, Rules, Regulations and agreements as are applicable from time to time.

#### **4. Composition of Board and Board Committees**

##### **a. Board of Directors**

The Board is responsible to exercise their business judgement to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging their duties the Directors shall comply with the Code of Conduct as adopted by the Board.

Directors are expected to attend and actively participate in Board Meetings and Meetings of Committees on which they serve as members and spend the needed time and meet as frequently as necessary to properly discharge their responsibilities.

The Board is responsible for overall compliance with the corporate governance of the Company. It oversees and directs the management of the Company's business and affairs. In doing so, it must act honestly, in good faith, and in the best interests of the Company.

The matters relating to the Code of conduct for the Board of Directors and the matters such as the size of the Board, its composition, appointment of directors, independent directors, meetings, compensation/sitting fees etc., are incorporated in the "Hand Book on Corporate Governance" placed as an annexure to this Policy.

The Board shall ensure that the requirements such numbers of independent directors, combination of executive and non-executive members, periodicity of the Committee meetings, performance evaluation of the directors, their remuneration/compensation, code of conduct, vigil mechanisms etc. as prescribed are complied with.

##### **b. Independent Director**

The Board shall comprise such numbers of independent directors as specified under the Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations 2015] and such independent director shall meet the criteria of independence, limits on the number of directorships, performance, role, responsibility, functions and duties as may be prescribed.

An independent director [as defined under SEBI(LODR)] who resigns or is removed from the board of the Company shall be replaced by a new independent director at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy, whichever is later. However, where the Company fulfils the requirement of independent

directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply.

No person shall be appointed or continue as an alternate director for an independent director of a listed entity with effect from October 1, 2018.

**c. Committees of the Board**

The functioning of the Board shall be further supplemented/facilitated by its Audit Committee, Management Committee, Risk Management Committee, Nomination Remuneration & HR Committee and Stakeholders Relationship Committee, Corporate Social Responsibility Committee, IT Strategy Committee. The Committees should meet at periodical intervals as per the statutory requirement or depending upon the need, as the case maybe. The Board shall constitute the Board Committees which are mandatory and may also constitute any other Committees depending on the need.

A director shall not be a member in more than ten committees or act as Chairperson of more than five Committees across all listed Companies in which he is a director. Furthermore, it is a mandatory annual requirement for every director to inform the Company about the Committee positions he occupies in other Companies and notify changes as and when they take place. (for the purpose of considering the limit of Committees in which a Director can serve, all public limited companies, whether listed or not, shall be included and all other Companies including private limited companies, foreign companies and Companies under Section 8 of the Companies Act, 2013, shall be excluded. For the purpose of determination of limit, Chairmanship and membership of the Audit Committee and Stakeholders' relationship Committee alone shall be considered.)

The details of the existing committees of Board are as below:-

**i. Audit Committee**

The Board shall constitute an Audit Committee.

A qualified and independent Audit Committee shall be set up, as per the terms of and in compliance with the provisions of Companies Act, 2013 and applicable regulations of the SEBI (LODR) Regulations, 2015.

Other comprehensive details relating to the Audit Committee viz., the composition, the number of meetings, powers, roles and responsibilities etc. are incorporated in the "Hand Book on Corporate Governance" placed as an annexure to this Policy (Chapter – II).

**ii. Nomination Remuneration & HR Committee**

The Company through its Board shall constitute a Nomination & Remuneration Committee, in terms of and in compliance with the provisions of Companies Act, 2013 and applicable regulations of the SEBI (LODR) Regulations, 2015.

All other comprehensive details relating to the composition, the number of meetings, powers, roles and responsibilities etc. of the Committee are incorporated in the "Hand Book on Corporate Governance" placed as an annexure to this Policy (Chapter – III).

**iii. Stakeholders' Relationship Committee**

The Company through its Board shall constitute Stakeholders' Relationship Committee in terms of and in compliance with the provisions of Companies Act, 2013 and applicable regulations of the SEBI (LODR) Regulations, 2015. This Committee shall oversee the performance of the Registrar and Share Transfer Agent (R & T Agent) and recommend measures for overall improvement of the quality of stakeholders/investor services. The Committee shall also oversee and review all matters relating to transfer of securities. The Committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividend.

Other comprehensive details relating to the composition, the number of meetings, powers, roles and responsibilities, scope and functions of the Committee etc. are incorporated in the

"Hand Book on Corporate Governance" placed as an annexure to this Policy (Chapter – IV).

**iv. Risk Management Committee**

The Company through its Board shall constitute a Risk Management Committee. The Board shall define the roles and responsibilities of the Committee and may delegate monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit. The majority of the Committee shall consist of members of the Board of Directors.

Other comprehensive details relating to the composition, the number of meetings, powers, roles and responsibilities, scope and functions of the Committee etc. are incorporated in the "Hand Book on Corporate Governance" placed as an annexure to this Policy (Chapter – V).

**v. Corporate Social Responsibility Committee**

The Company through its Board shall constitute a Corporate Social Responsibility Committee in terms of the section 135 of the Companies Act, 2013 and related rules. The Board shall define the roles, responsibilities and functions of the Committee.

Other comprehensive details relating to the composition, the number of meetings, powers, scope and functions of the Committee etc. are incorporated in the "Hand Book on Corporate Governance" placed as an annexure to this Policy (Chapter – VI).

**vi. Management Committee**

The Board may constitute a Committee to consider proposals for housing loans, rates of interest on such loans, review of sanctions made etc., as per the delegation of powers, including certain other important authorisations to take business decisions and other assignments in terms of the powers delegated to the Committee by the Board from time to time.

Other comprehensive details relating to the composition, the number of meetings, powers, scope and functions of the Committee etc. are incorporated in the "Hand Book on Corporate Governance" placed as an annexure to this Policy (Chapter – VII).

**vii. IT Strategy Committee**

The Board is required to constitute a Committee as per NHB guidelines NHB(ND)/DRS/Policy Circular No.90/ 2017-18. Other comprehensive details are incorporated in the "Hand Book on Corporate Governance" placed as an annexure to this Policy (Chapter – VIII).

**5. Related Party Transactions**

The Board shall ensure compliance of the requirements of the related party transactions as prescribed under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Companies Act, 2013 and related rules.

The details including the definitions, materiality of the transaction, role of the Audit Committee in respect of the related party transactions etc. are incorporated in the "Hand Book on Corporate Governance" placed as an annexure to this Policy (Chapter – XVI).

**6. Code of conduct for Directors including Independent Directors**

The matters relating to the Code of conduct for the Directors of the Company and obtaining their affirmation on an annual basis and placing the same before the Board for information. The said Code of Conduct is placed before the Board separately forming part of the "Hand Book on Corporate Governance" as an annexure to this Policy (Chapter-IX).

**7. Code of conduct for Senior Management**

The matters relating to the Code of conduct for the Senior Management and obtain their affirmation on an annual basis and placing the same before the Board for information. The said Code of Conduct is placed before the Board separately forming part of the "Hand Book on Corporate Governance" as an annexure to this Policy (Chapter-X).

**8. Code of Conduct for prohibition of Insider Trading, fair disclosure etc.**

The Company shall put in place a Code of Conduct for the Company on `Prohibition of Insider

Trading', 'Fair Disclosure of UPSI' and 'minimum standards to regulate, monitor and report trading by insiders' in compliance of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.

The details on Code of Conduct for prevention of insider trading etc. for the Company is placed separately forming part of the "Hand Book on Board Matters" as an annexure to this policy (Chapter – XI). The said guidelines to be circulated amongst the employees and published on the website of the Company.

#### **9. Material events or information for disclosures to stock Exchanges**

The Board shall frame a policy on disclosures of material events and information as required under Regulation 30 of the SEBI (LODR) Regulations, 2015 and ensure that the same is informed to the stock exchange and uploaded on the Company's website. Any modifications/amendments as approved by the Board from time to time shall be informed to the stock exchange and uploaded on the Company's website.

Board shall ensure disclosures of material events or information, upon its occurrence, as required under Part A (listed equity shares) and Part B (listed non-convertible debt securities) of Schedule III on matters listed therein, within the prescribed period.

The material events or information described are like revision in ratings, outcome of meetings of the Board of Directors, material agreements, proceedings of general meetings, schedule of analysts or institutional investor meet and presentation of financial results made by the Company, amendments to Memorandum and Articles of Association of the Company, major litigations, frauds or defaults by directors, KMPs, employees, defaults in payment of interest/redemption of NCDs, etc.

The Board may form a Committee for deciding on the materiality of an event or information described in Para B of Part A of Schedule III for disclosure to stock exchanges in terms of Regulation 30(3) of the said Regulations.

The Policy as above are incorporated in the "Hand Book on Corporate Governance" placed as an annexure to this Policy (Chapter – XII).

#### **10. Compliance Policy**

The Board shall ensure compliance of the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the provisions of Companies Act, 2013 and related rules, as amended from time to time.

The Company shall ensure disclosure, in terms of Regulations 34 & 53 of the said Regulations, as described in Schedule V attached thereto, related party disclosures, management discussion and analysis, disclosures of accounting treatment, Corporate Governance report, declaration by the Chief Executive Officer relating to affirmation of Code of Conduct by the members of the Board and senior management, compliance certificate from Auditors or the Practicing Company Secretaries regarding compliance of conditions of Corporate Governance, disclosures with respect to DEMAT suspense account/ unclaimed suspense account etc. and also disclosure of reports, statements, policies etc. as required under the provisions of Companies Act, 2013 and related rules. Further, the Board shall ensure compliance of the requirements under the applicable laws/ regulations/ guidelines etc. and the like.

Other comprehensive details relating to the compliance etc. stated above are incorporated in the "Hand Book on Corporate Governance" (Chapter- XIII).

#### **11. Familiarisation Programme for Independent Director**

The Regulation 25(7) of the SEBI(LODR) Regulations, 2015 stipulates that the Company shall familiarize the independent directors through various programs about the listed entity, including the nature of the industry in which the Company operates, business model of the Company, roles, rights, responsibilities of independent directors and any other relevant information. The details of such familiarization programs shall be disclosed on the Company's website and a web link thereto shall be given in the Annual Report.

Other comprehensive details relating to the familiarization programme stated above are

incorporated in the “Hand Book on Corporate Governance” (Chapter- XIV).

**12. Whistle Blower Policy**

The Company has the Whistle Blower/ Vigil Mechanism, as per the Companies Act, 2013 related rules and Regulation 22 of SEBI (LODR) Regulations 2015, the whistle blower Policy/ mechanism has been revisited and duly approved by the Board of Directors of the Company. This policy aims to provide an avenue for its employees to raise concerns about unethical behavior, actual or suspected fraud or violation of Company’s Code of Conduct, violations of legal or regulatory requirements, incorrect or misrepresentation of any statements and reports, etc.

Other comprehensive details relating to the policy stated above are incorporated in the “Hand Book on Corporate Governance” (Chapter- XV).

-----



## **HAND BOOK ON CORPORATE GOVERNANCE**

**Board Secretariat Department  
Registered Office  
Bangalore**



## INDEX

Chapter	Contents	Page No.
I.	Board of Directors and Independent Directors	09-17
II.	Audit Committee	18-22
III.	Nomination Remuneration & HR Committee	23-39
IV.	Stakeholders' Relationship Committee	40-42
V.	Risk Management Committee	43-44
VI.	Corporate Social Responsibility Committee	45
VII.	Management Committee	46
VIII.	IT Strategy Committee	47
IX.	Code of Conduct for Directors including Independent Directors	48-59
X.	Code of Conduct for Senior Management of Canfin Homes Ltd.	60-65
XI.	Code of Conduct under SEBI (Prohibition of Insider Trading) Regulations, 2015 including Code of Fair Disclosure of UPSI and minimum standards to regulate, monitor and report trading by insiders.	66-75
XII.	Policy on material events and information for disclosure to stock exchanges in terms of SEBI (LODR) Regulations	76-90
XIII.	Familiarisation Programme for Independent Directors (In terms of SEBI (LODR) Regulations, 2015)	91-92
XIV.	Evaluation policy for Board, Committee and Directors	93-101

*\*Compliance policy, Whistle Blower policy and Related Party Transactions Policy are removed from the chapters of Corporate Governance Policy, from the Version No.11 of this policy. No other changes are made.*

## CHAPTER - I

### BOARD OF DIRECTORS AND INDEPENDENT DIRECTORS

#### 1. Appointment of Directors

The invitation to join the Board is extended on behalf of the Board by the Chairman of the Board. The first and foremost requirement to be appointed as a Director of any Company is to have DIN i.e. Director Identification Number as per section 154 of the Companies Act, 2013. Also before a person is appointed as a director of the Company he/she must give his consent in Form DIR-2 as pursuant to section 152(5) and Rule 8 of the Companies (Appointment and Qualification of Director) Rules, 2014.

As per regulation 26(4) of SEBI(LODR) Regulations, 2015, any person who is to be appointment as the non-executive director of the Company shall disclose their shareholding, held either by them or on a beneficial basis for any other persons in the Company, in the notice to the general meeting called for appointment of such director.

As per Reg.17(1C) of the SEBI (LODR) Regulations, the Company shall ensure that approval of shareholders for appointment of a person on the Board of Directors is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

As per regulation 36(3) of SEBI(LODR) Regulations, 2015, in case of appointment of a new director or re-appointment of a director the shareholders shall be provided with the following information:

- i. a brief resume of the director;
- ii. Previous experience;
- iii. nature of his expertise in specific functional areas;
- iv. disclosure of relationships between directors inter-se;
- v. names of listed entities in which the person also holds the directorship and the membership of Committees of the board along with listed entities from which the person has resigned in the past three years; and
- vi. shareholding of non-executive directors in the Company, including shareholding as a beneficial owner.
- vii. In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements.

As per the HFCs – Corporate Governance (NHB) Directions, 2016 the Company shall ensure the following:

- i. Fit & proper criteria of the director at the time of their appointment and reappointment.
- ii. Also to obtain a declaration and undertaking from the directors giving their additional information.
- iii. Obtain a Deed of Covenant which is to be executed between the Company and the proposed director.

In addition to the above the director is supposed to give other declarations and undertakings as mentioned in the annexure. On appointment of the new director he/she shall be apprised of the working of the Company and various codes of conduct adopted by the Company in its functioning.

#### 2. Tenure

As per the provision of section 196(2) of the Companies Act, 2013, Maximum tenure for appointment of Managing Director, Whole Time Director or Manager is 5 (Five) Year at a time, subject to extension(s), if any. Company may re-appoint them for next term in last one year of current term (Section 196(2) proviso). Non-Executive Non-Independent directors shall be eligible for retirement by rotation as well as reappointment.

An independent director can be appointed for a term of up to five consecutive years. In case of his reappointment for further five-year special resolution is required to be passed in general meeting and disclosure of such appointment is to be made in the Board's report. Further independent director can be considered for re-appointment after expiration of three years of ceasing to become an independent director but he must not be appointed/associated with the company directly or indirectly in any other capacity during the said period of three years.

### **3. Compensation/Sitting fees**

#### **(i) Executive Directors**

Executive Director(s)/Managing Director(s)/Wholetime Director(s) shall be eligible/paid such remuneration and perquisites within the limits envisaged under Schedule XIII of the Companies Act. The remuneration payable shall be approved by the Board as well as the shareholders of the Company. As a policy, no sitting fees shall be payable to Executive Director(s)/Managing Director.

#### **(ii) Non-Executive/ Independent Directors:**

Non-Executive Directors/ Independent Directors are paid sitting fees for attending the meetings of the Board and its Committees. The sitting fees to be paid shall be within the prescribed limits of Companies Act and other applicable provisions of various regulations, as the case may be, from time to time.

All compensation paid to Non-Executive/ Independent Directors, if any, shall be fixed by the Board of Directors and shall be approved by shareholders in general meeting. The shareholders' resolution shall specify the limits for the maximum number of stock options, if any, that can be granted to non-executive directors, including independent directors, in any financial year and in aggregate.

The requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Companies Act for payment of sitting fees without approval of the Central Government. All the details relating to the compensation so paid shall also be disclosed in the Annual Report of the Company.

### **4. Agenda for the Meeting**

The agenda for the Board Meetings will be sent to the Directors at least 7 days prior to the Meeting. Each Board member is free to suggest the inclusion of items on the agenda. With the permission of the Chair, each Board member is also free to raise at any Board Meeting matters that are not on the agenda. All information relevant to the agenda to be discussed at an upcoming Board Meeting shall be distributed in writing or electronically to all members to facilitate informed decisions at the Meeting. However, with reference to any sensitive/confidential matter on the agenda, relevant information shall be made available only at the time of the Board Meeting.

### **5. Attendance at Board Meetings**

The Board Meetings shall be attended by the Directors and on invitation of the Board by the executives of the Company, depending upon the requirement and who can provide an insight into the items being discussed.

All the Executive as well as Non-Executive Directors shall make it a point to attend all meetings of the Board. In case a Director cannot attend a Meeting, he or she shall obtain leave of absence from the Board and the same cannot be presumed. The granting of leave of absence or otherwise by the Board that fact should be recorded in the minutes of the meeting.

The Board, in its sole discretion, shall also have access to any independent advisors.

### **6. Planning**

At the Board Meeting the Board shall make strategic and operating plans for the Company. The Board shall review the plans periodically as may be necessary.

### **7. Minutes**

The minutes of all meetings of the Board shall be approved by the Chairman of the Board or Chairman of the meeting, as the case may be and placed before the succeeding meeting of the Board for noting.

## **8. Independent Directors**

As per the definition provided in the SEBI(LODR) Regulations, 2015 an Independent Director means a Non-Executive Director, other than a nominee director of the Company:

- i. who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
- ii. who is or was not a promoter of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity;
- iii. who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;
- iv. who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- v. none of whose relatives has or had pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- vi. who, neither himself, nor whose relative(s) —
  - A. holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company or any company belonging to the promoter group of the listed entity, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed; Provided that in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment.
  - B. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
    - 1) a firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or
    - 2) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
  - C. holds together with his relatives two per cent or more of the total voting power of the listed entity; or
  - D. is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;
  - E. is a material supplier, service provider or customer or a lessor or lessee of the listed entity;
- vii. Who is not less than 21 years of age.
- viii. Who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director

Other comprehensive details relating to the Board of directors viz., the composition, the number of meetings, powers, roles and responsibilities etc. are incorporated in the charter for Board placed as an annexure to this chapter (Annexure-1).

-----

**Board of Directors Charter****1. Objective:**

The Board, as a main functionary, is primarily responsible for efficient management of the affairs of the company and to ensure value creation for its stakeholders. Therefore, the foremost requirement of good governance is the clear identification of powers, roles, responsibilities and accountability of the Board, CEO/Chairman of the Board and other Directors in the form of a Board Charter.

**2. Composition:** (u/s.149 of Companies Act, related rules and Regulation 17 of SEBI LODR)

- a) Minimum three Directors & maximum fifteen (excluding Nominee Directors) Directors.  
As per Reg.17(1)(c) board of directors of the top 2000 listed entities (with effect from April 1, 2020) shall comprise of not less than six directors.
- b) The Board may have more than fifteen directors only when he/she has been appointed after passing a special resolution in General Meeting.
- c) The Board will consist of a Chairman who functions in Non-Executive Capacity and a Managing Director & CEO and other Directors.
- d) The Board of Directors shall have an optimum combination of executive and non-executive directors with at least one independent woman director and not less than fifty per cent of the Board of Directors shall comprise of non-executive directors. [Reg.17(1)]

Where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors:

Provided that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of independent directors.

- e) The Board of Directors shall have at least one director who has stayed in India for a total period of not less than 182 days during the financial year. [Sec.149(3) of the Companies Act, 2013]
- f) The Board shall have at least one-third of the total number of directors as independent directors.
- g) The Board shall not have a person or continue the directorship of any person as a non-executive director who has attained the age of 75 years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motions shall indicate the justification for appointing such a person. [Reg 17(1A) of SEBI LODR]
- h) In the absence of the Chairperson, the Senior-most Independent Non-Executive Director shall be appointed as the Chairperson for the meeting of the Board or as the members of the Board nominate for the particular meeting.

Since the Company is amongst the top 500 listed entities, with effect from 01.04.2022, Company shall ensure that the Chairperson of the board shall -

- (a) be a non-executive director;
- (b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013:

Since the Company is amongst the top 500 listed entities, w.e.f. 01/04.2022, Company shall ensure that the Chairperson of the board shall -

- (a) be a non-executive director;
- (b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013:

**3. Quorum:** (u/s.174 of Companies Act)

- a) One-third of total strength of the Board or three directors, whichever is higher, including at least one independent director. [Reg. 17(2A) of SEBI LODR]

- b) Each Director to make every effort to attend each Board meeting. Attendance in person/through video conference is required.
- c) Where at any time the number of interested directors exceeds or is equal to two-thirds of the total strength of the Board of Directors, the number of directors who are not interested directors and present at the meeting, being not less than two, shall be the quorum during such time.

**4. Stipulated periodicity of meetings:** (u/s.173 & Regulation 17 of SEBI LODR)

The Board of Directors shall meet at least six (6) times a year, with a maximum time gap of one hundred and twenty days between two consecutive meetings of the Board.

**5. Maximum number of directorships:** (Reg. 17A of SEBI(LODR)]

The directors of listed entities shall comply with the following conditions with respect to the maximum number of directorships, including any alternate directorships that can be held by them at any point of time –

- a) A person shall not be a director in more than eight listed entities with effect from April 1, 2019 and in not more than seven listed entities with effect from April 1, 2020:  
Provided that a person shall not serve as an independent director in more than seven listed entities.
- b) Notwithstanding the above, any person who is serving as a whole-time director / managing director in any listed entity shall serve as an independent director in not more than three listed entities.

For the purpose of this sub-regulation, the count for the number of listed entities on which a person is a director / independent director shall be only those whose equity shares are listed on a stock exchange.]

**6. Role and responsibilities of the Board:** (Regulation 17 of SEBI LODR)

- a) The Board of Directors shall periodically review compliance reports pertaining to all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.
- b) The Board of Directors of the Company shall satisfy itself that plans are in place for orderly succession for appointment to the Board of Directors and senior management.
- c) The Board of Directors shall lay down a code of conduct for all members of Board of Directors and senior management of the Company. The code of conduct shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013.
- d) The Chief Executive Officer and the Chief Financial Officer shall provide the compliance certificate to the Board of Directors as specified in Part B of Schedule II of SEBI(LODR) Regulations, 2015.
- e) The Company shall lay down procedures to inform members of Board of Directors about risk assessment and minimization procedures. The Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan for the company.
- f) The performance evaluation of independent directors shall be done by the entire Board of Directors which shall include performance of the directors and fulfilment of the independence criteria as specified in these regulations and their independence from the management: Provided that in the above evaluation the directors who are subject to evaluation shall not participate.
- g) The board of directors shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors to the shareholders for their approval in general meeting. [Reg.17(6) of SEBI LODR]
- h) The statement to be annexed to the notice as referred to in sub-section (1) of section 102 of the Companies Act, 2013 for each item of special business to be transacted at a general meeting shall also set forth clearly the recommendation of the board to the shareholders on each of these specific items. [Reg.17(11) of SEBI LODR]

**7. Duties of the Directors** (u/s 166 of Companies Act, 2013):

- a) Subject to the provisions of Companies Act, 2013, a director of a company shall act in accordance with the articles of association of the Company.
- b) A director of the company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company,



- its employees, the shareholders, the community and for the protection of environment.
- c) A director of the company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
  - d) A director of the company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
  - e) A director of the company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
  - f) A director of the company shall not assign his office and any assignment so made shall be void.

**8. Functions of the Board:** (Regulation 17(7) & Part A of Schedule II of SEBI-LODR):

The Board shall consider the following:

- a) Annual operating plans and budgets and any updates.
- b) Capital budgets and any updates.
- c) Quarterly results for the company and its operating divisions or business segments.
- d) Minutes of meetings of audit committee and other committees of the board.
- e) The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- f) Show cause, demand, prosecution notices and penalty notices which are materially important.
- g) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- h) Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- i) Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- j) Details of any joint venture or collaboration agreement.
- k) Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- l) Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc
- m) Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- n) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- o) Non-compliance of any regulatory, statutory or listing requirements and shareholders services such as non-payment of dividend, delay in share transfer etc.
- p) Such other functions as may be specified under the Companies Act, related rules and SEBI regulations, and such other functions as determined by the Board from time to time.

**9. Powers of Board:** [Sec 179(3) of Companies Act r/w Rule 8 of The Companies (Meetings of Board and its Powers) Rules, 2014]

The Board of Directors of the company shall exercise the following powers on behalf of the company by means of resolutions passed at meetings of the Board, namely:—

- a) to make calls on shareholders in respect of money unpaid on their shares;
- b) to authorise buy-back of securities under section 68;
- c) to issue securities, including debentures, whether in or outside India;
- d) to borrow monies;
- e) to invest the funds of the company;
- f) to grant loans or give guarantee or provide security in respect of loans;
- g) to approve financial statement and the Board's report;
- h) to diversify the business of the company;
- i) to approve amalgamation, merger or reconstruction;
- j) to take over a company or acquire a controlling or substantial stake in another company;
- k) to make political contributions
- l) to appoint or remove Key Managerial Personnel (KMP)
- m) to appoint internal auditors and secretarial auditor.

n) any other matter which may be prescribed

Board may delegate to any committee of directors, the Managing Director, the manager or any other principal officer of the company or in the case of a branch office of the company, the principal officer of the branch office, the powers specified in clauses (d) to (f) by a resolution passed at meeting of the Board.

**10. Restrictions on Powers of Board: [u/s.180 of the Companies Act, 2013]**

The following powers of Board are subject to restrictions and shall not be exercised without the consent of the company by a Special resolution in a general meeting:

- a) to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings.
- b) to invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation.
- c) to borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business.

**10. Disclosure/Declarations to be made by the Board members:**

Sl. no	Reference (Applicable Sections/Regulations)	Particulars	Periodicity
1.	Section 164(2) of the Companies Act, 2013 r/w rule 14 of the Companies (Appointment and Qualification of Directors) Rules,	Intimation by Director of disqualification, if any, in Form DIR-8	At the time of joining the Board; (Immediate)  As and when there is a change in particulars;  During the last month of every Financial year [on or before March 31 of every year]
2.	Section 184 & r/w rule 9 of the Companies (Meetings of the Board and its Powers) Rules, 2014]	Disclosure of Interests in Form MBP-1	At the first meeting of Board in which the director participates; (Immediate)  As and when there is a change in particulars, at the first board meeting held after such change;  During the last month of every Financial year [on or before March 31 of every year]
3.	Section 189 & r/w rule 16 of the Companies (Meetings of the Board and its Powers) Rules, 2014]	Disclosure of Particulars of concern or interest of Directors in other companies or bodies corporate, firms or other association of individuals. (Specifically, other Directorships /Committee Membership/Chairmanship)	Within a period of thirty days of appointment or relinquishment of his office in other Company; (Immediate)  As and when there is a change in particulars;
4.	Regulation 17A of SEBI LODR Regulations, 2015	Every director shall ensure that at any point of time he or she is not a director in more than 8 listed entities w.e.f. 01.04.2019 and in not more than 7 listed entities w.e.f. 01.04.2020.	At any point of time



		Also a person shall not serve as an independent director in more than 7 listed entities. A whole-time director / managing director shall serve as an independent director in not more than 3 listed entities. For the purpose the count for the number of listed entities on which a person is a director / independent director shall be only those whose equity Shares are listed on a stockexchange.]	
5.	Section 165 of the Companies Act, 2013	The Directors shall ensure that they do not hold office as a director, including alternate directorship, in more than 20 (Twenty) companies. Maximum number of public companies in which a person can be appointed as a director shall not exceed 10 (Ten) (For the purpose of reckoning limit of public companies, directorship in private companies that are either holding or subsidiary company of a public company shall be included and for reckoning the limit of directorships of 20 Companies, the directorship in a dormant company shall not be included)	At any point of time
6.	Regulation 26(1) & (2) of SEBI LODR Regulations, 2015	Every director shall ensure that at any point of time he or she is not serving as a member in more than 10 committees or act as Chairperson of more than 5 committees across all listed entities in which he is a director which shall be determined as follows: (a) the limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded; (b) for the purpose of determination of limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered.	At the time of joining the Board; (Immediate)  As and when there is a change in particulars;  During the last month of every Financial year [on or before March 31 of every year]
7.	Regulation 26(3) of SEBI (LODR) Regulations, 2015 and Section 149(8), Schedule IV of the Companies Act, 2013	Declaration by Directors for 'Affirmation of compliance with the Code of Conduct'	During the last month of every Financial year [on or before March 31 of every year]

8.	Section 149(6), 149(7) of the Companies Act, 2013 & Regulation 25(8) of SEBI (LODR) Regulations, 2015	Declaration by Independent Directors for 'Criteria of independence'	During the last month of every Financial year [on or before March 31 of every year]
9.	Requirements under Companies (Acceptance of Deposits) Rules, 2015	Directors shall disclose to the Company as and when they pay any money to the Company and the Company shall make a declaration to that effect in the Annual Deposit Advertisement.	As and when any amount of money is given by the Director to the Company.
10.	Requirements under Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021	Declaration by all the directors under 'Fit and Proper' Criteria as per NHB Directions	At the time of joining the Board; (Immediate)  As and when there is a change in particulars;  During the last month of every Financial year [on or before March 31 of every year]
11.	Requirements under Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021	Declaration and undertaking by Director in the format given by NHB	At the time of joining the Board; (Immediate)  As and when there is a change in particulars;  During the last month of every Financial year [on or before March 31 of every year]
12.	Requirements under Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021	Deed of Covenants	At the time of joining the Board; (Immediate)
13.	[Regulation 7 (1) (a) read with Regulation 6 (2) of SEBI (Prohibition of Insider Trading) Regulations, 2015	Initial disclosure to the company regarding Securities held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)	At the time of joining the Board; (Immediate)  As and when there is a change in particulars;
14.	Section 152(5) and rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014	Consent to act as a director of the Company to be submitted by the director at the time of his/her appointment	At the time of joining the Board; (Immediate)

\*\*\*\*\*

## **CHAPTER - II**

### **AUDIT COMMITTEE**

As per the provisions of Section 177 of Companies Act 2013 and regulation 18 of SEBI(LODR) 2015, Board of every listed public Company shall constitute an Audit Committee.

The Audit Committee (AC) of our company has been duly constituted by our Board of Directors in compliance with Section 177 of the Companies Act, 2013 read along with the applicable rules thereto (hereinafter referred to as 'the Act') and regulation 18 of SEBI(LODR) 2015.

Comprehensive details relating to the Committee viz., the composition, the number of meetings, powers, roles and responsibilities etc. are incorporated in the Charter for Audit Committee placed as an annexure to this chapter (Annexure-1).

-----

## **Audit Committee Charter**

### **1) Objectives**

The objectives of the Audit Committee (AC) of the Board of Directors of the Company is to assist the Board and to act as a catalyst in helping the Company achieve its objectives by assisting the Board in overseeing the (i) accuracy, integrity and transparency of the Company's financial statements (ii) compliance with legal and regulatory requirements (iii) performance of the Company's statutory auditors and the internal audit function (iv) Approval of transactions with related parties. (v) acquisitions and investments made by the Company.

The role, responsibilities and powers of the Committee shall include the matter set out in this Charter and such other items as may be prescribed by applicable laws or by Board as amended from time to time.

### **2) Composition:**

- a) Minimum three Directors as members. [Reg.18(1)(a), sec 177(2)]
- b) At least two-thirds of the members of audit committee shall be independent Directors. [Reg.18(1)(b), Sec 177(2)]
- c) All members of audit committee shall be 'financially literate' and the Committee will have at least one member who shall have accounting or related financial management expertise. [Reg.18(1)(c), Sec 177(2)]
- d) The chairperson of the audit committee shall be an independent director and he shall be present at Annual General Meeting to answer shareholder queries. [Reg.18(1)(d)]
- e) The Company Secretary to act as the secretary to the audit committee. [Reg.18(1)(e)]

Though Managing Director is not a member of the Audit Committee, in case of need the Audit Committee may invite the Managing Director for the meeting. \*

### **3) Stipulated periodicity of meetings:**

The audit committee shall meet at least six (6) times in a year and not more than one hundred and twenty days shall elapse between two consecutive meetings. [Reg.18(2)(a)]

### **4) Quorum:**

The quorum shall either be two members or one third of the members of the audit committee, whichever is greater, with a minimum of two independent directors. [Reg.18(2)(b)]

### **5) Role, functions and responsibilities of the Audit Committee:**

A. The role of the Audit Committee shall include the following [Reg 18(3) r/w Part C of Schedule II of the SEBI]:

1. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, remuneration and terms of appointment of auditors of the Company; [also u/s.177 of Companies Act, 2013].
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to: [also u/s.177 of Companies Act, 2013].
  - a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - b) changes, if any, in accounting policies and practices and reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgment by management;
  - d) significant adjustments made in the financial statements arising out of audit findings;

- e) compliance with listing and other legal requirements relating to financial statements;
  - f) disclosure of any related party transactions;
  - g) modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  6. monitoring and reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
  7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process; [also u/s.177 of Companies Act, 2013].
  8. approval or any subsequent modification of transactions of the Company with related parties; [also u/s.177 of Companies Act, 2013].
  9. scrutiny of inter-corporate loans and investments; [also u/s.177 of the Act].
  10. valuation of undertakings or assets of the Company, wherever it is necessary; [also u/s.177 of the Act].
  11. evaluation of internal financial controls and risk management systems; [also u/s.177 of Companies Act, 2013].
  12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  14. discussion with internal auditors of any significant findings and follow up there on;
  15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  18. to review the functioning of the whistle blower mechanism;
  19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
  20. carrying out any other function as is mentioned in the terms of reference of the audit committee specified by the Board in writing.
  21. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- B. The audit committee shall mandatorily review the following information:
1. management discussion and analysis of financial condition and results of operations;
  2. statement of significant related party transactions (as defined by the audit committee), submitted by management;
  3. management letters / letters of internal control weaknesses issued by the statutory auditors;
  4. internal audit reports relating to internal control weaknesses; and
  5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
  6. statement of deviations: [also u/R.32(3) of SEBI LODR]
    - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

7. The Audit Committee shall review the annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, certified by the statutory auditors of the Company, till such time the full money raised through the issue has been fully utilized. [u/R.32(5) of SEBI LODR]

C. Audit Committee must ensure that an Information System Audit of the critical and significant internal systems and processes is conducted at least once in two years to assess operational risks faced by the HFC (As per Para 50.1.2 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021).

**6) Powers of Audit Committee:**

A. Related Party Transactions (RPT) [Reg 23 (2)]:

- (a) Related Party Transactions (RPT) [Reg 23 (2)]: All related party transactions and subsequent material modifications shall require prior approval of the audit committee as mentioned in the Related Party Transactions policy of the Company. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.
- (b) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions, namely-
- i. the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
  - ii. the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
  - iii. the omnibus approval shall specify:
- (1) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
  - (2) the indicative base price / current contracted price and the formula for variation in the price if any; and
  - (3) such other conditions as the audit committee may deem fit:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- (c) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.
- (d) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- B. The following shall be indicated to the Audit committee in the compliance certificate to be furnished by chief executive officer and chief financial officer. [Reg.17(8) and point D of Part B of Schedule II]
- (a) significant changes in internal control over financial reporting during the year;
  - (b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (c) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.
- C. The audit committee at its discretion shall invite the head of the finance function/CFO, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee. Provided that occasionally the audit committee may meet without the presence of any executives of the Company. [Reg.18(1)(f)]
- D. The audit committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other

professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary. [Reg.18(2)(c)]

- E. Vigil mechanism/whistle blower mechanism: To consider the genuine concerns, if any, lodged under whistle blower/vigil mechanism established by the Company for directors and employees. [Vigil mechanism shall provide for adequate safeguards against victimisation of director(s) or employee(s) or any other person who avail the mechanism and also provide for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases]. [as per Sec 177(9) &(10) and Reg 22(1) & (2)]
- F. 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. [as per Sec 177(5)]
- G. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in sub-section (4) of Section 177 of Companies Act, 2013 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. [as per Sec 177(6)]
- H. Such other powers as given by the Board, Companies Act, 2013 & related Rules and by SEBI or such other statutory or regulatory authority, from time to time.

-----

### **CHAPTER – III**

#### **NOMINATION REMUNERATION & HR COMMITTEE**

##### **Preamble**

As per the Companies Act 2013, Board of every Company shall constitute a Nomination Remuneration & HR Committee. Further Board shall have a policy on Nomination & Remuneration duly approved by them and get the same displayed in the Company's website.

The Nomination Remuneration & HR Committee (NRC) of our Company has been duly constituted by our Board of Directors in their meeting held on June 04, 2014 in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto (hereinafter referred to as 'the Act'). The Nomination Remuneration & HR Committee recommends the present policy to the Board of Directors in compliance with Section 178(3) of the Companies Act, 2013 read along with the applicable rules thereto.

##### **Constituents of the Nomination & Remuneration Policy:**

The Nomination & Remuneration policy shall have two components:

**A. NOMINATION POLICY:** The following aspects shall be covered within the ambit and scope of the Nomination Policy:

i) The constitution of Nomination Remuneration & HR Committee (NRC) shall be as per Annexure-1.

ii) NRC shall lay down basic criteria for selection and to identify persons who are qualified to become Directors of the Company. Formulation of such criteria shall be aimed at determining qualifications, expertise, track record, integrity, positive attributes, independence of a Director and other 'fit and proper' criteria. NRC shall ensure 'fit and proper' criteria of the directors, as per Annexure-2, at the time of appointment and on a continuing basis.

iii) NRC shall review the information, declarations and undertakings given by the existing and proposed Director(s) giving additional information in the prescribed format (Annexure-3) in terms of 'Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016' (vide notification No.NHB.HFC.CG- DIR.1/MD&CEO/2016 dated 09/02/2017) // Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and the Chairman of NRC shall authenticate the same.

iv) NRC shall ensure that the deeds of covenants are signed by the Directors in the format prescribed (Annexure-4) and approved by the Board pursuant to his/her terms of appointment.

v) Whenever a new director is to be inducted, then NRC shall review the profiles of candidates and evaluate their credentials against the laid down criteria to establish that they are 'fit and proper' for the position for which they are being considered.

vi) The appointment, renewal, re-appointment, re-categorisation and/or removal of the Directors identified in accordance with laid down criteria, including extension or continuation of the term of appointment (Annexure-5), shall be recommended by NRC to the Board. The term

'Director' used in this policy shall carry the same meaning as defined under Companies Act, 2013 and include independent director.



vii) NRC shall review the criteria laid down under CFHL service regulations/HRM policy/ Promotion policy for selection of employees for Senior Management of the Company. Further, it shall lay down criteria for direct selection of candidates for Senior Management positions, wherever decided. NRC shall review the proposal of removal of such Senior Management Personnel and ensure that the same is noted by the Board. NRC shall also review the proposal for appointment or removal of any Key Managerial Personnel (KMP) and recommend to the Board for such appointment or removal and the Board shall approve for such appointment or removal of KMP by means of a resolution passed at meetings of the Board in accordance with Rule 8(3) of Companies (Meetings of Board and its Powers) Rules, 2014.

viii) Determination of broad guidelines for appointment and/ or removal/ retirement of Senior Managerial Personnel and Key Managerial Personnel (Annexure-6)

## **B. REMUNERATION POLICY:**

i) The Remuneration policy shall among other things cover remuneration for the Directors at periodical intervals. Further it shall review the remuneration /salary/perquisites for directly recruited senior management personnel, Key Management Personnel and all other regular employees governed by CFHL service regulations at the intervals as per guidelines laid down in HRM policy and recommend to the Board.

ii) However, in the case of Managing Director, deputed from the Sponsor Bank, the Remuneration, perquisites and other entitlements shall be applicable as per norms laid down by the Sponsor Bank. In respect of appointment of Managing Director from the market, the NRC shall recommend salary/Remuneration/ Compensation/perquisites etc. to the Board.

iii) Incentive programmes /schemes/performance-based benefits/employee stock option scheme (ESOP) etc. shall be framed and recommended to the Board by NRC.

The broad guidelines of remuneration policy are given in Annexure-7.

### **Definitions:**

In this policy, unless stated otherwise or unless repugnant to the context, the following terms shall have the meanings as ascribed hereunder:

**(a) Key Managerial Personnel:** Key Managerial Personnel means and includes:

- (i) Chief Executive Officer or the Managing Director or the Manager;
- (ii) Whole-time director duly appointed by the Board;
- (iii) Chief Financial Officer;
- (iv) Company Secretary;

**(b) Senior Management:** Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would include all members of management one level below the Managing Director/whole-time Director/General Manager including all functional heads. The Deputy General Manager(s), Assistant General Manager(s) and Chief Manager(s) of the Company shall be considered to be functional heads for the purpose of this policy.

The Nomination & Remuneration policy shall be reviewed on annual basis by the Nomination Remuneration & HR Committee of the Board and recommend to Board for adoption.

### **Nomination Remuneration & HR Committee Charter**

#### **1) Objective:**

The Nomination Remuneration & HR Committee (NRC) is a committee of the Board of Directors of the Company established in accordance with the Company's constitution and authorised by the Board to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this charter and such other roles and responsibilities. The Committee shall as per this charter and as per the policy approved by the Board have primary objective of identifying persons who are qualified to become directors, senior management etc. and recommend the same to the Board. NRC shall formulate the policy for determining qualifications, positive attributes and independence of Director and their remuneration, Key managerial personnel and other employees.

#### **2) Composition:**

- a) Minimum three directors [Reg.19(1)(a) of SEBI(LODR) & Sec.178(1) of the Act].
- b) All members of the committee shall be non-executive directors. [Reg 19(1)(b)]
- c) At least fifty percent of the directors shall be independent directors. [Reg 19(1)(c)]
- d) The Chairperson of the committee shall be an independent director. [Reg 19(2)]
- e) If the Chairperson of the Company, whether executive or non-executive, may be appointed as a member of NRC and shall not chair such Committee. [Reg 19(2) proviso]
- f) The Company Secretary shall act as the Secretary to the Committee Meetings.

#### **3) Quorum:**

- a) The quorum shall be either two members or one third of the members of the committee, whichever is greater, including atleast one independent director in attendance. [Reg 19(2A)-SEBI LODR]
- b) The Chairperson of the Nomination Remuneration & HR Committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries. [Reg 19(3)-SEBI LODR]

#### **4) Stipulated periodicity of meetings:**

As and when required, minimum one meeting in a financial year. [Reg 19(3A)-SEBI LODR]

#### **5) Role/responsibility/functions:** The NRC shall;

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;(LODR)

For every appointment of an independent director, the Nomination Remuneration & HR Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director.

The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates.
- b) Formulate the criteria for evaluation of performance of independent directors and the board of directors; (LODR)
  - c) devise a policy on diversity of board of directors; (LODR)
  - d) 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 of directors their appointment and removal. (LODR & CA 2013)

- e) Consider whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors. (LODR)
- f) carry out evaluation of every director's performance.
- g) recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel, senior management and other employees.
- h) Carry out additional functions as is contained in the SEBI (LODR) or other regulatory requirements applicable to the Company.
- i) while formulating the policy the NRC shall ensure that;
  - i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

Such policy shall be placed on the website of the Company, if any, and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.

Senior Management: The expression 'Senior Management' means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

-----

**Fit and Proper Criteria as per NHB Directions****"Fit and Proper 'Criteria for Directors of Housing Finance Companies**

The importance of due diligence of Directors to ascertain suitability for the post by way of qualifications, technical expertise, track record, integrity, etc. needs no emphasis for any financial institution. It is proposed to follow the same guidelines mutatis mutandis in case of Housing Finance Companies also. While the National Housing Bank carries out due diligence on Directors before issuing Certificate of Registration to HFC, it is necessary that HFCs put in place an internal supervisory process on a continuing basis. Further, in order to streamline and bring in uniformity in the process of due diligence, while appointing Directors, HFCs are advised to ensure that the procedures mentioned below are followed and minimum criteria fulfilled by the persons before they are appointed on the Boards:

- a) HFCs should undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a Director on the Board, based upon qualification, expertise, track record, integrity and other „fit and proper criteria. HFCs should obtain necessary information and declaration from the proposed / existing Directors for the purpose in the format given at Annexure-2.
- b) The process of due diligence should be undertaken by the HFCs at the time of appointment / renewal of appointment.
- c) The Boards of the HFCs should constitute Nomination Committees to scrutinize the declarations.
- d) Based on the information provided in the signed declaration, Nomination Committees should decide on the acceptance or otherwise of the Directors, where considered necessary.
- e) HFCs should obtain annually as on 31st March a simple declaration from the Directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith Annexure-3.
- f) The Board of HFCs must ensure in public interest that the nominated/ elected Directors execute the deeds of covenants in the format given in Annexure-4.

-----

Name of HFC:

Declaration and undertaking by Director  
(with enclosures as appropriate as on\_\_\_\_\_)

- i) Personal details of Director
  - a. Full Name:
  - b. Date of Birth:
  - c. Educational Qualifications:
  - d. Relevant Background and Experience:
  - e. Permanent Address:
  - f. Present Address:
  - g. E-mail Address:
  - h. Telephone Number:
  - i. DIN:
  - j. PAN and Name & address of Income Tax Circle:
  - k. Relevant Knowledge and experience:
  - l. Any other information relevant to Directorship of the HFC:
- ii) Relevant Relationship of Director:
  - a. List of relatives if any who are connected with the Company {As per Section 2(77) of the Companies Act, 2013}
  - b. List of entities if any in which he/she is considered as being interested (As per section 184 of the Companies Act, 2013}
  - c. List of entities in which he/she is considered as holding substantial interest within the meaning of HFC (NHB) Directions, 2010 As per Annexure 3(a)
  - d. Name of HFC in which he/she is or has been Member of the board (giving details of period during which such office was held) As per Annexure 3(b)
  - e. Fund and Non-Fund facilities, if any, presently availed of by him/her and/or by entities listed in II (b) and (c) above from the Company As per Annexure 3(c)
  - f. Cases, if any, where the director or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from the HFC or any other HFC/Bank. As per Annexure 3(d)

- iii) Records of professional achievements
  - a. Relevant professional achievement
- iv) Proceedings, if any, against the Director
  - a. If the director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/ occupation at any time.
  - b. Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations.
  - c. Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director
  - d. Whether the director attracts any of the disqualifications envisaged under Section 274 of the Companies Act 1956 and corresponding provisions of New Companies Act, 2013?
  - e. Has the director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?
  - f. Has the director at any time been found guilty of violation of rules/regulations/ legislative requirements by customs/ excise /income tax/foreign exchange/other revenue authorities, if so give particulars
  - g. Whether the director has at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA, RBI, etc.
- v) Any other explanation / information in regard to items I to III and other information considered relevant for judging fit and proper

#### Undertaking

I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the HFC fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above. I also undertake to execute the deed of covenant required to be executed by all Directors of the HFC.

Place:

Signature

Date:

vi) Remarks of Chairman of Nomination Committee / Board of Directors of HFC

Place: Signature

Date:

**Annexure 3(a)**

List of entities in which the director is holding substantial interest (10% individually/jointly) within the meaning of HFC (NHB) Directions, 2010 as on - \_\_\_\_\_

Sl. No.	Name of the Entity	No. of Shares held

**Annexure 3(b)**

Name of HFC in which the director is or has been Member of the board (giving details of period during which such office was held) as on \_\_\_\_\_

Sl. No.	Name of Company	Period	
		From	To

**Annexure 3(c)**

Fund and Non-Fund facilities, if any, presently availed of by the director and/or by relatives and/or by entities listed in annexure 3 under para (ii)(a) and (ii)(b) above from the Company as on \_\_\_\_\_

Sl. No.	Facility	Fund/Non-Fund

**Annexure 3(d)**

Cases, if any, where the director or entities listed in annexure 3 under para (ii)(a) and (ii)(b) above are in default or have been in default in the past in respect of credit facilities obtained from the HFC or any other HFC/ Bank as on \_\_\_\_\_

Sl. No.	Case	Status

//On stamp paper of //

**Form of Deed of Covenants with a Director**

THIS DEED OF COVENANTS is made this ..... day of.....Two Thousand.....BETWEEN.....having its registered office at .....(hereinafter called the "HFC") of the one part and Mr/Ms..... of ..... (hereinafter called the "Director") of the other part.

**WHEREAS**

- A. The director has been appointed as a director on the Board of Directors of the HFC (hereinafter called "the Board") and is required as a term of his/her appointment to enter into a Deed of Covenants with the HFC.
- B. The director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his/her said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS:

- 1 The director acknowledges that his / her appointment as director on the Board of the HFC is subject to applicable laws and regulations including the Memorandum and Articles of Association of the HFC and the provisions of this Deed of Covenants.
- 2 The director covenants with the HFC that:
  - i) The director shall disclose to the Board the nature of his / her interest, direct or indirect, if he / she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the HFC and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he / she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement.
  - ii) The director shall disclose by general notice to the Board his / her other directorships, his / her memberships of bodies corporate, his / her interest in other entities and his / her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.
  - iii) The director shall provide to the HFC a list of his / her relatives as defined in the Companies Act, 1956 or 2013 and to the extent the director is aware of directorships and interests of such relatives in other bodies" corporate, firms and other entities.
  - iv) The director shall in carrying on his / her duties as director of the HFC:
    - a. use such degree of skill as may be reasonable to expect from a person with his / her knowledge or experience;
    - b. in the performance of his / her duties take such care as he / she might be reasonably expected to take on his / her own behalf and exercise any power vested in him / her in good faith and in the interests of the HFC;



- c. shall keep himself / herself informed about the business, activities and financial status of the HFC to the extent disclosed to him / her;
  - d. attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his / her obligations as director of the HFC;
  - e. shall not seek to influence any decision of the Board for any consideration other than in the interests of the HFC;
  - f. shall bring independent judgment to bear on all matters affecting the HFC brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
  - g. shall in exercise of his / her judgement in matters brought before the Board or entrusted to him / her by the Board be free from any business or other relationship which could materially interfere with the exercise of his / her independent judgement; and
  - h. shall express his / her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his / her independent judgement;
- v) The director shall have:
- a. fiduciary duty to act in good faith and in the interests of the HFC and not for any collateral purpose;
  - b. duty to act only within the powers as laid down by the HFC's Memorandum and Articles of Association and by applicable laws and regulations; and
  - c. duty to acquire proper understanding of the business of the HFC.
- vi) The director shall:
- a. not evade responsibility in regard to matters entrusted to him / her by the Board;
  - b. not interfere in the performance of their duties by the whole-time Directors and other officers of the HFC and wherever the director has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board; and
  - c. not make improper use of information disclosed to him / her as a member of the Board for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by the HFC in his / her capacity as director of the HFC only for the purposes of performance of his / her duties as a director and not for any other purpose.
  - d. make declaration to the effect that:
    - i) he/she has not been associated with any unincorporated body that is accepting deposits;
    - ii) he/she has not been associated with any company, the application for Certificate of Registration (CoR) of which has been rejected by the National Housing Bank;
    - iii) there is no criminal case, including for offence under section 138 of the Negotiable Instruments Act, against him/her.
- 3 The HFC covenants with the director that:
- i) the HFC shall apprise the director about:
    - a. Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
    - b. control systems and procedures;

- c. voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;
  - d. qualification requirements and provide copies of Memorandum and Articles of Association;
  - e. corporate policies and procedures;
  - f. insider dealing restrictions;
  - g. constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
  - h. appointments of Senior Executives and their authority;
  - i. remuneration policy;
  - j. deliberations of committees of the Board, and
  - k. communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the HFC, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.
- ii) the HFC shall disclose and provide to the Board including the director all information which is reasonably required for them to carry out their functions and duties as a director of the HFC and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the director by the Board or any committee thereof;
- iii) the disclosures to be made by the HFC to the Directors shall include but not be limited to the following:
- a. all relevant information for taking informed decisions in respect of matters brought before the Board;
  - b. HFC's strategic and business plans and forecasts;
  - c. organisational structure of the HFC and delegation of authority;
  - d. corporate and management controls and systems including procedures;
  - e. economic features and marketing environment;
  - f. information and updates as appropriate on HFC's products;
  - g. information and updates on major expenditure;
  - h. periodic reviews of performance of the HFC; and
  - i. report periodically about implementation of strategic initiatives and plans.
- iv) the HFC shall communicate outcome of Board deliberations to Directors and concerned personnel and prepare and circulate minutes of the meeting of Board to Directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and
- v) advise the director about the levels of authority delegated in matters placed before the Board.
- 4 The HFC shall provide to the director periodic reports on the functioning of internal control system including effectiveness thereof.
- 5 The HFC shall appoint a compliance officer who shall be a senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank and National Housing Bank and other concerned statutory and governmental authorities.

- 6 The director shall not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as director of the HFC to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the HFC.
- 7 The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.
- 8 Any and all amendments and / or supplements and / or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the director and the duly authorised representative of the HFC.
- 9 This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

For the HFC

Director

By .....

Name:

Name:

Title:

In the presence of:

1.....

2. ....

## **PROVISIONS FOR APPOINTMENT AND REMOVAL OF DIRECTORS**

### **1. Appointment Criteria and Qualifications**

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, liable to retire by rotation or an Independent Director and recommend to the Board his /her appointment.

b) A person should possess adequate qualification, expertise and experience to be eligible for appointment as director. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for being appointed as Director, liable to retire by rotation or an Independent Director.

The Committee also has discretion to recommend to the Board, the appointment /re-classification of 'a director liable to retire by rotation' or 'an independent director in terms of clause 49 of the listing agreements' to 'an Independent Director under the Act'.

c) No person shall be eligible to be appointed as a director of the Company if he suffers from any of the disqualifications contained in Section 164 of the Companies Act, 2013 or if he is disqualified by virtue of any other Section of Companies Act, 2013 or any rules made thereunder.

d) An Independent Director shall hold office for a term of three consecutive years, on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

e) No Independent Director shall hold office for more than two consecutive terms of three years each but such Independent Director shall be eligible for appointment after expiry of three years (hereinafter referred to as cooling-off period) of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the cooling-off period, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

### **2. Board Diversity**

Company shall aim to enhance the effectiveness of the Board by diversifying its composition and to obtain the benefit out of such diversity in better and improved decision making. In order to ensure that the Company's boardroom has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, the Company shall consider a number of factors, including but not limited to skills, educational qualification, industry experience, expertise, background, gender, ethnicity and physical disability. In order to ensure a balanced composition of executive, non-executive and independent directors on the Board, the Company shall consider candidates from a wide variety of backgrounds, without discrimination and based on the above factors.

The Nomination and Remuneration Committee (NRC) of the Company shall review and assess the Board composition in terms of the provisions of the Companies Act, 2013 and related rules and also the provisions of listing agreement and shall recommend to the Board, the appointment of new Directors considering the benefits of diversity, but not limited to, those described above, in order to ensure effective discharge of its duties and responsibilities.

### **3. Evaluation**

The Committee shall carry out evaluation of performance of every Director. Such an evaluation shall be carried out on yearly basis. The evaluation shall be done on the basis of the following criteria i.e; whether Directors:

- (a) act objectively and constructively while exercising their duties;
- (b) exercise their responsibilities in a bona fide manner in the interest of the company;
- (c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) refrain from any action that would lead to loss of his independence;
- (f) inform the Board immediately when they lose their independence;
- (g) assist the company in implementing the best corporate governance practices;
- (h) strive to attend all meetings of the Board of Directors and the Committees;
- (i) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (j) strive to attend the general meetings of the company;
- (k) keep themselves well informed about the company and the external environment in which it operates;
- (l) do not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (m) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
- (n) abide by Memorandum and Articles of Association, policies and procedures including code of conduct, insider trading guidelines etc. of the Company.

### **4. Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable statute/Acts, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director subject to the provisions and compliance of the said statute/Acts, rules and regulations.

### **5. Retirement**

The Directors shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company unless otherwise provided in the Memorandum of Association and Articles of Association and the Act or rules made thereunder.

-----

**PROVISIONS FOR APPOINTMENT AND REMOVAL OF  
SENIOR MANGEMENT PERSONNEL**

**Appointment:**

The Committee shall lay down criteria for ascertaining integrity, qualification, expertise and experience of the person for appointment as Senior Management Personnel in conjunction with provisions of HRM & promotion policy of the company as amended from time to time and recommend to Board for their due approval. The Committee shall have access to the HRM & promotion policies as well as the general/relevant background information including experience and qualification of the candidates available for selection to position of senior management.

**Removal:**

Due to any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable statutes/Acts, CFHL rules and regulations as per HRM policy & CFHL service regulations, the Committee may review the performance/conduct of the senior management personnel and recommend, to the Board with reasons recorded in writing for removal of Senior Management Personnel.

**Retirement:**

The Senior Management Personnel shall retire as per the CFHL Staff Regulations prevailing from time to time and the provisions of Companies Act.

-----

## REMUNERATION POLICY

### Remuneration of Directors, Key Managerial Personnel and Other Employees:

- (i) The remuneration /compensation /commission/perquisites/benefits/facilities etc. to the Whole-time Director /Managing Director recruited from the market shall be determined by the Nomination and Remuneration Committee and recommend to the Board.
- (ii) The remuneration / compensation / commission etc. shall be subject to rules laid down by the Government, wherever the same is required under the Company law or any rules made there under.
- (iii) Such remuneration/ Compensation/ Commission, etc. or any increments thereof shall be within the statutory limits specified under the Companies Act or any rules or schedule thereto.
- (iv) However, in the case of Managing Director/General Manager/other employees deputed from the Sponsor Bank, the Remuneration, perquisites, entitlements and other service conditions applicable to such Executives in the Sponsor Bank shall be applicable.
- (v) The Whole-time Director /Managing Director/Manager, as defined under the Act, shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.
- (vi) If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director/ Managing Director/Manager in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- (vii) If any Whole-time Director/ Managing Director/Manager draws or receives, by way of remuneration from the Company any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
- (viii) The Director, including an Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. The sitting fees for attending the Board meeting shall be Rs.20,000/- and for attending Committee meeting shall be Rs.10,000/- for the present. Any increase in the sitting fees shall be recommended by the Nomination and Remuneration Committee to the Board for approval.
- (ix) The directors shall be entitled for the expenses on travel, accommodation & local transport for attending the above meetings on terms as applicable to Managing Director.
- (x) The remuneration / compensation / commission etc. including its break-up payable will be recommended by the Nomination and Remuneration Committee, to the Board for approval.
- (xi) The remuneration / compensation / commission/ incentive etc. including its break- up payable to the senior management personnel, Key Management Personnel and all

other regular employees as payable under CFHL service regulations shall be subject to review by the Nomination and Remuneration committee at the intervals as per guidelines laid down in HRM policy. The Board shall be guided by the recommendations and suggestions of the Nomination and Remuneration committee suggested to the Board pursuant to such review.

- (xii) The remuneration / compensation / commission etc. payable to MD & incentives to Employees under Employees Stock Option (ESOP) shall be subject to the prior/post approval of the Board and shareholders of the Company and Central Government, wherever required under the Company law or any rules made thereunder.
- (xiii) The remuneration/ Compensation/ Commission, etc. or any increments thereof shall be within the statutory limits wherever the same is required under the Company law or any rules made thereunder.
- (xiv) The Nomination and Remuneration Committee shall ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- (xv) Where any insurance is taken by the Company on behalf of its Whole-time Director/ Managing Director/ KMPs or any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

-----



## **CHAPTER IV**

### **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

As per the provisions of section 178(5) of the Companies Act, 2013 the Board of Directors of a Company which consists of more than 1000 shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee. As per regulation 20 of SEBI(LODR), 2015 every listed Company shall constitute a Stakeholders Relationship Committee to specifically look into various aspects of interest of shareholders, debenture holders and other security holders.

Comprehensive details relating to the Committee viz., the composition, the number of meetings, powers, roles and responsibilities etc. are incorporated in the charter for Stakeholders Relationship Committee placed as an annexure to this chapter (Annexure-1).

-----

### **Stakeholders Relationship Committee Charter**

#### **1) Objective**

The Stakeholder Relationship Committee (SRC) is a committee of the Board of Directors established in accordance with the Company's constitution and authorised by the Board to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this charter and such other roles and responsibilities. The Committee shall as per this charter and as per the policy approved by the Board have primary objective of considering and resolving the grievances of security holders of the Company, formulation of policies and procedures in line with the statutory guidelines, to ensure speedy disposal of various requests received from security holders from time to time, to process transfer / transmission of shares and other securities, monitor and review any investor complaints received by the Company or through SEBI; and SCORES and ensure its timely and speedy resolution, in consultation with the Company Secretary and RTA of the Company.

#### **2) Composition:** [Sec.178 of Companies Act & Reg.20 of SEBI (LODR)]

- a) A minimum of three members (as constituted by the Board from time to time)
- b) The Chairperson of the Committee shall be the non-executive director.
- c) At least three directors, with at least one being an independent director, shall be members of SRC. [Reg.20(2A) of SEBI LODR]

#### **3) Quorum:**

- a) Any two members present at the meeting of the committee shall form the quorum and if on any date of the meeting on which the Chairman is not able to attend the meeting or not present within half an hour of the time fixed for the meeting, the remaining members of the committee shall appoint a Director as the Chairman for the meeting.
- b) The participation of directors by video conferencing or by any other audio-visual means shall also be counted for the purpose of quorum.
- c) The Company Secretary shall act as the Secretary to the committee.

#### **4) Stipulated periodicity of the meetings:**

The committee shall meet at least twice a year i.e., once in six months and such additional number of meetings be held as decided by the Chairperson of the Committee depending upon the requirement.

#### **5) Powers/Authority of the Committee:**

- a) Powers as per the provisions of Companies Act, 2013, Articles of Association of the Company, the powers conferred under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, various statutes, notifications from various statutory regulatory authorities from time to time
- b) Powers delegated by the Board of Directors of the Company from time to time.
- c) The Chairperson of the Committee or in his absence any other member of the Committee authorized by the Chairperson in this behalf shall be present at the general meetings of the Company to answer the queries of the security holders. [Sec.178(7) of the Act, and Reg.3 of SEBI (LODR)].

#### **6) Role/Functions of the Committee:**

- a) The Committee shall consider and resolve the grievance of the security-holders of the Company [S.178(6) of the Act].
- b) The Committee to specifically look into various aspects of interest of shareholders, debenture holders and other security holders [Reg.20(1) of SEBI LODR].

- c) As per Part D of Schedule II of SEBI(LODR) the role of the committee shall inter-alia include the following:
- i. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
  - ii. Review of measures taken for effective exercise of voting rights by shareholders.
  - iii. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the RTA.
  - iv. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.]

Apart from the above, the Committee shall approve/ ratify/ review/ note, as authorised by the Board from time to time, the following:

- (a) The transfers/ transmissions, sub-divisions, consolidation, renewal, exchange of shares and debentures and other securities issued by the Company from time to time;
- (b) issue within the statutory time limit of such lodgment for transfer, Pucca Transfer Receipts in denominations corresponding to the market units of trading, signed by a responsible Official of the Company upto 10,000 units of each of the said securities, per case of transfer etc.
- (c) in cases where transfers etc., exceed 10,000 units of shares/debentures and other securities per case, the said subject be placed before the Committee for approval.
- (d) to invite any executives of the Company or any members of the R & T Agents, if need be, for discussion of any issues pertaining to R & T Agreement or any other matter relating to the shares, debentures of any other securities issued by the Company from time to time and also regarding the matters pertaining to the shareholders, debenture holders or any other holders of securities of the Company.
- (e) to review the shareholding pattern, dematerialization of shares, share quotes, holdings of promoters, movement of shares in the hands of top 10 shareholders of the Company periodically.
- (f) Issue of duplicate share certificates within the prescribed time
- (g) And such other matters as delegated by the Board of Directors from time to time.

P.S:

(1) SRC Committee is mandatory since the Company consists of more than 1000 shareholders, debenture-holders, deposit-holders and such other security holders (sec 178 of the Companies Act, 2013)

(2) Non-compliance of Section 178 of the Act attracts a penalty of Rupees five lakh rupees and every officer of the company who is in default shall be liable to a penalty of one lakh rupees.

-----

## **CHAPTER V**

### **RISK MANAGEMENT COMMITTEE**

#### **1. Objective:**

The objective of the Risk Management Committee (RMC) of the Board shall be to assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks. The Committee has overall responsibility for monitoring and approving the risk management framework and associated practices of the Company.

The risk management committee is also responsible for reviewing and approving risk disclosure statements in any public documents or disclosures. RMC will be the working interface between the Board and the Management and shall approve and monitor the overall Risk Management framework in the Company for management of Credit risk, Market risk, Operational risk, Asset Liability Management, Compliance risk etc.

As per Para 50.3 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, to manage the integrated risk, all HFCs shall form a Risk Management Committee, besides the Asset Liability Management Committee.

#### **2. Composition:**

- a) The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director [Reg21(2)-SEBI LODR]
- b) The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee. [Reg 21(3)-SEBI LODR]
- c) The members of the risk management committee will be appointed by the Board on the recommendation of the Nominations Remuneration & HR committee.

#### **3. Quorum:**

The quorum shall be either two members or one third of the members of the committee, whichever is greater, including atleast one independent director in attendance.

#### **4. Stipulated periodicity of meetings:**

As and when required, minimum two (half yearly) meetings in a financial year. [Reg 21(3A)-SEBI LODR]

#### **5. Role/responsibility/functions:**

- a) The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit, such function shall specifically cover cyber security. [Reg.21(4) of SEBI LODR].

##### **b) In Credit Risk:**

- i) Oversee the Credit Risk Management and ensure that principal credit risk facing the Company have been properly identified and being appropriately managed.
- ii) Approve Credit risk exposure limits for various portfolios/ products/ Geographic's etc.
- iii) Approve credit risk management and measurement policies, the same are placed before the Board.
- iv) Prescribed credit risk management process in conformity with regulatory guidelines of NHB, RBI, etc.
- v) Evolve suitable financial models and systems to measure credit risk.
- vi) Arrange and evaluate for Credit risk, stressed test. vii) Development of new products.

**c) In Market Risk:**

- i) Implement policies for market risk measurement, management and reporting.
- ii) Evolve Risk Management processes (peoples, systems, operations, limits and controls).
- iii) Review and approve market risk limits.
- iv) Ensure the robustness of financial models and effectiveness of systems used to calculate market risk.

**d) In Operational Risk**

- i) Review operation risk profile and key operational risk exposures (including regulatory) and economic environment having significant impact on the risk profile of the Company.
- ii) Review and recommend Operation Risk Management Framework, policies and procedures.
- e) Asset Liability Management- Evaluate the overall risk faced by the Company including liquidity and interest rate risk.
- f) The RMC shall also act as compliance Committee to discuss level of compliance risk, discuss and review compliance policy at periodical intervals for evaluating the effectiveness and steps to address the compliance risk in the Company.
- g) The risk management committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- h) The role and responsibilities of the risk management committee shall include such other items as may be prescribed by applicable law, from time to time.
- i) The risk management committee shall have access to any internal information necessary to fulfil its oversight role. The risk management committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

-----

## CHAPTER – VI

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

#### 1) Objective

The objective of the Corporate Social Responsibility Committee of the Board of Directors of the Company shall be to assist the Board and the Company in fulfilling its corporate social responsibility.

#### 2) Composition:

- a) Minimum three directors [Sec 135(1) of Companies Act, 2013]
- b) Minimum one director of the said committee shall be an Independent Director.
- c) The Committee shall have a Chairperson.
- d) The Company Secretary shall act as the Secretary to the Committee.

#### 3) Quorum:

The quorum shall be either two members or one-third of the members of the committee, whichever is greater.

#### 4) Stipulated periodicity of meetings:

As and when required, minimum one meeting in a financial year.

#### 5) Role, functions and responsibilities of Corporate Social Responsibility Committee:

CSR Committee shall-

- a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of Companies Act, 2013. [Sec.135(3)(a) of Companies Act, 2013]
- b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above; [Sec.135(3)(b) of Companies Act, 2013]
- c) Monitor the Corporate Social Responsibility Policy of the Company from time to time.
- d) Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company. [Rule 5(2) of The Companies (CSR Policy) Rules, 2014]
- e) The Board report of the Company shall include an annual report of CSR containing particulars as provided by the Companies (CSR Policy) Rules, 2014 as amended from time to time signed by the Chairman of the Committee and Chief Executive Officer or Managing Director of the Company.
- f) Carry out additional functions as is contained in the Companies Act, 2013 or other regulatory requirements applicable to the Company and such other functions as delegated by the Board from time to time.
- g) The adequacy of this charter shall be reviewed and reassessed by the Committee as may be deemed fit by the Committee and appropriate recommendations shall be made to the Board to update the same based on the changes that may be brought about to the regulatory framework, from time to time.

-----

## **CHAPTER – VII**

### **MANAGEMENT COMMITTEE**

**1. Composition:**

- a) Minimum three Directors.
- b) The Company Secretary is the Secretary to the Management Committee.

**2. Quorum:**

The quorum shall be either two members or one third of the members of the Committee, whichever is greater.

**3. Stipulated periodicity of meetings:**

As and when the Company receives credit/any other proposals falling under the powers of the Management Committee, as authorised by the Board from time to time.

**4. Role/responsibility/functions:**

- a) To consider proposals for sanction of loans to individuals/builders, rates of interest on such loans, terms and conditions for sanction and certain other financial sanctions and
- b) Any other assignments in terms of the powers delegated to the Committee by the Board from time to time.

-----

## **CHAPTER – VIII**

### **IT STRATEGY COMMITTEE**

As per NHB guidelines (NHB(ND)/DRS/Policy Circular No.90/ 2017-18), all HFC's are required to conduct gap analysis between their current IT framework and stipulations as laid out in the specified circular. As per above mentioned circular there is requirement of constituting an IT Strategy Committee for review and amend IT strategies as and when required.

For the purpose the Board suggested to take steps like, have a sub-Committee within IT framework, to invite an IT expert to the Board as special invitee, frame strategies and place before the Board for approval, to have security audit certificate etc.

The IT Strategy Committee is constituted with an Independent Director as the Chairperson and an Executive Director, General Manager, Head of IT Dept. and an expert from outside, if need be, as members of the Committee.

The said Committee is authorized to take all necessary steps towards compliance of requirements under the said NHB Circular dated 15/06/2018 and such other assignments and authority as delegated by the Board from time to time and to incur related expenses, if any, within the limits of IT budget.

-----



## CHAPTER IX

### CODE OF CONDUCT FOR DIRECTORS INCLUDING INDEPENDENT DIRECTORS

#### 1. The Purpose of a code of conduct

A code is a comprehensive collection of laws, instructions or precepts on a given subject area and a code of conduct is a comprehensive statement of the guiding principles of conduct by which a Company expects its directors to behave when carrying out their work. Such a code states the values for which the Company stands and by which it professes to do its business. A code of conduct states publicly to customers, shareholders, competitors and all those who come into contact with the Company what standards of dealing they can expect from the Company.

The regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 mandates for framing a code of conduct for Board of Directors of the Company and the Code of Conduct shall suitably incorporate the duties of Independent Directors as laid down in the Companies Act, 2013.

#### 2. Its value

If a Company's Director is to be held to account for his conduct, it is elementary fairness that he/she should have been told what was expected of him and that he/she should know in what way his/her conduct has fallen short of those expectations. A clear, concise and accessible written statement of the standards or a benchmark by which he is expected to behave in his working environment is a basic requirement.

#### 3. Its content

A code of conduct usually contains general statements of principle grouped into areas covering diligence, efficiency and thrift; confidentiality and the handling of secret information; personal responsibility and independent judgment; fair dealing and integrity and professional training. The code can also be broadly divided into provisions dealing with personal integrity and those dealing with managerial responsibilities for upholding the integrity of the Company, such as:

- (a) devising and putting in place appropriate systems of operation;
- (b) ensuring that subordinates are informed and aware of their duties;
- (c) applying systems of supervision and accountability;
- (d) applying proper selection procedures;
- (e) enforcing the code of conduct and maintaining Company discipline.

A Company code of conduct should reflect and reinforce the basic standards set in the criminal legislation dealing with dishonesty and corruption, legislation that in turn provides the foundation of the code. Any consequence of breach of certain provisions of the code will amount to an offence. It is equally a function of a code of conduct to guide directors from situations in which their integrity can be compromised or the good standing of the Company damaged.

Pre-eminently a code should essentially state the guiding principles and at the same time, provide advice sufficiently specific to be of use in any given situation.

A code should, of course, require compliance with the law. The duty to act lawfully means that the directors must not do anything prohibited by the law.

A code of conduct of the Company should state that honesty; integrity and fair dealing are its important assets in business. Consequently, all directors must ensure that the Company's reputation is not damaged by dishonesty, disloyalty or corruption.

The code of conduct for directors will usually go on to deal with:

- (i) the personal conduct of directors;
- (ii) relations with suppliers and contractors;
- (iii) relations with customers and consumers;
- (iv) responsibilities to shareholders and the financial community;

- (v) employment practices; and
- (vi) responsibilities to the community.

Cultural differences will make for different approaches to its preparation.

While it is important that the Company's statement of what it stands for and what it expects of its people should emanate from the top. It is equally important that directors should contribute to drafting the content and setting its tone. The code must address the ethical issues people have to face every day.

A code must be pragmatic and practical, it must work, it must be good for profits. Above all, those who are to lead their working lives in accordance with its guidance must accept it. They are more likely to live by it if they have had a hand in its preparation.

#### **4. Its promulgation and observance**

Not only every director should receive his or her own copy but also everyone must understand the importance of compliance and the consequences of not complying. But above all, it is the responsibility of management to ensure that the practices of the Company are consistent with the code, that there is no contradiction between the standards and targets they are expected to meet. It must also be the responsibility of every one of us to make sure that the Directors are constantly aware of the standards set by the code and in practice and discharge duties in conformity with them.

#### **5. Its enforcement**

When a Company has stated in a code of conduct what it stands for and how it wants its directors to behave and when directors, management and staff apply the code's guidance in their daily work, what must follow is enforcement of the rules. A code honoured more in the breach than the observance could hardly be expected to have any positive effect on the way the Company does its business.

#### **6. Its periodic review**

A code of conduct needs to be kept up to date. It should be reviewed at regular intervals to ensure that it reflects changes in applicable laws and give appropriate emphasis to current issues of concern.

#### **7. The code of conduct**

##### **A. Introduction by the Chairman:**

- (a) The reputation of the Company for honest dealing
- (b) The value of reputation of the Directors
- (c) Upholding the reputation paramount
- (d) Code sets out the standards of behaviour that have earned reputation to the Board of Directors
- (e) These are the standards which all the directors are expected to uphold in conducting the Company's business. They go beyond the requirements of the law.
- (f) All the Directors to observe this code.

##### **B. Core Standards**

###### **(a) Personal conduct**

1. The Board of Directors must observe the laws of India in everything they do, in particular, comply with all applicable laws, regulations, rules and regulatory orders.
2. The Directors must not adopt any unfair means/un-esthetical practices in discharging their duties in any circumstance anywhere. The Directors must function in a manner most conducive

to the interests of the Company and to the welfare of the Nation as a whole.

3. Each member of the Board has a responsibility to the Company, its stockholders and each other. Although this duty does not prevent them from engaging in personal transactions and investments; it does demand that the Directors avoid situations where a conflict of interest might occur or appear to occur. The Company is subject to scrutiny from many different individuals and organisations. The Directors should always strive to avoid even the appearance of Impropropriety.

4. The Directors should exercise power as members of a collective body, sitting along with others on the Board. An individual director or a committee may be authorised by the Board to finally decide a matter or make a recommendation to the Board for its direction.

5. The dealings of the Directors with all who have contact with them must be straight, fair, honest, courteous and efficient. The Directors should act with that amount of care and prudence, which an ordinary person is expected to take in his own business.

6. The Directors must never offer any gift or favour to anyone in order to influence that person in the way he does his job.

7. The Directors must not ask for any gift or favour from anyone if that gift or favour has an influence the way the Directors do their jobs. While moderate business entertaining is acceptable, the Directors must guard against hospitality that appears to be aimed at influencing them in the way they do their jobs, whenever possible hospitality should be reciprocated.

8. In the course of business the Directors generate, receive and store information that is valuable to outsiders. The Directors must not disclose such information without permission. The Directors have a responsibility to ensure such information, under their control or to which the Directors have access, is properly safeguarded.

9. The Directors must not allow their personal interests to conflict with their official duties in the Company. If any of the Directors has a personal interest that may influence, or appear to influence, the way the Directors do their job, the Directors must declare such interest to the Board as soon as possible after the relevant circumstances and no such interested director shall vote on any such contract, loan or proposal.

10. The Directors must make sure that their dealings with customers, suppliers, contractors and colleagues do not place them in a position of obligation that may lead to a conflict of interest. A conflict of interest exists when a person with fiduciary responsibility is in a situation where self-interest and the interests of the Company might be in conflict. The measures for monitoring and managing the situation of conflict of interest are disclosure of interest by the members of the Board at the time of appointment, later on periodical intervals, regularly updating their directorship/membership/partnership/shareholding etc., member giving declaration in writing to clarify the situation, if need be, post facto ratification by the Board of an inadvertent non-disclosure subject to recording the reasons for non-disclosure.

Any conscious and deliberate non-disclosure would be treated as misconduct and the Board may decide on appropriate action and if the conflict of interest is significant, ongoing and irreconcilable, the Board may recommend reassigning of the allocated function.

11. As a general rule, the Directors should avoid conducting Company's business with a relative, or with a business in which a relative is associated in any significant role. The term 'relative' in terms of Companies Act, 2013 and the rules framed thereunder, include spouse, Father

(including step-father), mother (including step-mother), son (including step-son), son's wife, daughter, daughter's husband, brother (including step-brother) and sister (including step-sister). If any transactions falling under the definition of related party transactions as per the provisions of Companies Act, 2013, related rules, SEBI regulations and as detailed in the Related Party Transaction Policy of the Company is unavoidable, the Directors must fully disclose the nature of the related party transaction to the Board where at the subject is placed for consideration. Any such dealings with a related party must be conducted in such a way that no preferential treatment is given to that business.

12. The Directors are not required to watch or involve in the routine of every day's business of the Company and its management functions. It is the Chief Executive viz., the Managing Director, along with Executives and Officers who has to manage the affairs. The Board has to oversee the implementation of policies and performance of the Company at the corporate level.

13. The Directors should, under the normal circumstances, desist from sending any instructions to the individual officers of the Company or give directions to such officers on any matter.

14. The Directors are expected to work collectively as a team in the Board Meetings. If any information is required, it should be sought only for the purpose of taking a decision or reviewing the situation at the Board level. The Management on its part is supposed to furnish the full facts and complete papers in advance.

15. The Directors should not approach or influence for sanction of any kind of facility from an individual Branch Manager or any other official.

16. The Directors shall follow the code of conduct approved by the Board of Directors for prevention of Insider Trading including restrictions on communication and trading by insiders, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, minimum standards to regulate, monitor and report trading by insiders.

17. The Directors shall submit the periodic disclosures/ declarations/ certificates etc. as prescribed under the various laws viz., Companies Act, 2013 and related rules, SEBI (Prohibition of Insider Trading) Regulations, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and such other applicable laws in the prescribed forms and within the prescribed time.

18. All constructive ideas for the better management of the Company and for making valuable contribution would be welcome.

19. Apart from certain exceptional circumstances, the Company's services and facilities are not to be used for private purposes.

20. The Company's confidential information is a valuable asset. The confidentiality of the agenda papers/notes of the Board/Committee meetings be ensured. All confidential information must be used for the Company's business purposes only.

#### **(b) Competitors**

It is the Company's policy to lawfully compete in the market place. This commitment to fairness includes respecting the rights of the competitors and abiding by all applicable laws in the course of competing. The purpose of the policy is to maintain the Company's reputation as a lawful competitor and to help ensure the integrity of the competitive market place. The Company expects its competitors to respect the rights of the Company to compete lawfully in the marketplace, and the Directors must respect their rights equally.

**(c) Responsibilities to shareholders and the financial community**

The Directors believe in fair and open competition. The Directors treat the competitors of the Company honourably and the Directors aim to develop and maintain long-term relationships with customers based on mutual trust.

The Directors acknowledge that the shareholders and potential shareholders are entitled to know all information that is necessary to evaluate how their investments are or would be managed. The Directors make available true and accurate information on the management of the Company, its financial position and its general plans to all who have a legitimate interest in the Company. It is the policy of the Company to maintain complete and accurate records and accounts and to present them in accordance with all applicable laws and professional accounting standards. The Directors do not tolerate any false, artificial or misleading statement or entry in any of the Company's books, accounts, records, documents or financial statements.

The Directors should continue to maintain the highest standards of Corporate Governance.

None of the Directors must ever make use or divulge any of the insider information, namely, information that has not been made public, for personal advantage, relating to or to the affairs of the Company, except in circumstances in which it is, in accordance with law or practices and usages customary among related companies, necessary or appropriate for the Company to divulge such information.

The Managing Director and the Committees of the Board shall exercise such powers and discharge such duties as may be delegated by the Board from time to time.

The Directors shall perform their duties as per the provisions of section 166 of the Companies Act, 2013, which are enumerated below, though not exhaustive. The Directors shall;

- (1) act in accordance with the articles of the company.
- (2) act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- (3) exercise his duties with due and reasonable care, skill and diligence.
- (4) not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) not assign his office and any assignment so made shall be void.
- (7) devote sufficient time and attention to professional obligations for informed and balanced decision making.
- (8) have a clear understanding of the aims and objectives, capabilities and capacity and various policies of the Company.
- (9) exercise the duties with due and reasonable care, skill, diligence and independent judgment.
- (10) be required to intimate the change in the directorships held within thirty days of such change.
- (11) bring an independent judgement to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standard of conduct and an objective view in the evaluation of the performance of the Board and the Management.
- (12) ensure that the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.

- (13) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice.
- (14) strive to attend and participate constructively & actively, in all general meetings, meetings of the Board and its committees of which they are Chairman or member.
- (15) ensure that adequate deliberations are held before approving related party transactions and shall assure that the same are in the best interest of the company.

The Directors shall perform their responsibilities and functions prescribed under regulation 4(2)(f) (Chapter II) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, as enumerated in Annexure 1 to this Code.

**(d) Code for independent directors specifying their duties**

The Independent Directors, shall be guided by the professional conduct for Independent Directors specified under the Companies Act, 2013, in Schedule IV – “Code for Independent Directors”, which lays down the guidelines of professional conduct, role, obligations and duties, along with appointment/reappointment process, evaluation mechanism and requirement for separate meetings of Independent Directors, which is appended as Annexure 2 to this Code.

**(e) Employment practices of the company**

The health, safety and welfare of the employees are a prime concern of the Company. It is the responsibility of the Board of Directors to comply with all health, safety and welfare measures as are applicable and to provide good working conditions.

The Company aims to achieve equality of opportunity and treatment for all its employees in recruitment, training, career-path, promotion, transfer, benefits and discipline. All the employees are treated as individuals according to their ability to meet job requirements. The dignity and individuality of every employee will be respected. The privacy and confidentiality of employees’ records will be safeguarded.

**(f) Responsibility to the community**

Participation by directors in community activities and civic affairs are encouraged. The Company supports charitable organisations and encourages Directors to do likewise.

**C. Other Standards**

**(a) Personal conduct**

The Directors must always be aware that their conduct when they are off duty can reflect on the Company’s reputation. Their social life is usually not entirely separate from their working life. Personal conduct, whether on or off duty, that adversely affects work performance is not acceptable.

**(b) Relations with customers, consumers etc.**

The Directors aim to provide an efficient and courteous service to the stakeholders of the Company. The Directors aim to keep the stakeholders truthfully informed about the Company’s capabilities without mis-representation, exaggeration or overstatement.

The Directors aim to provide the stakeholders with services that meet high standards of quality and reliability.

**(c) Employment practices – information flow**

Employees are kept informed of all the Company matters affecting them, including the Company’s goals, an atmosphere of mutual trust and respect between the Company and its employees are always open.

**D. Compliance and enforcement**

It is the personal responsibility of every director to understand and comply with this Code of Conduct. Any breach of the code will be promptly dealt with by the Board of the Company. Channels of complaint are open to shareholders and potential shareholders, customers and suppliers, contractors and directors and employees of the Company. All complaints will be considered impartially and efficiently.

**E. Updation based on amendments to applicable laws**

The provisions under this Code shall stand modified as and when any amendments /insertions are made by the statutory, regulatory and such other authorities from time to time.

-----



**RESPONSIBILITIES AND FUNCTIONS OF THE BOARD OF DIRECTORS UNDER THE SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

The Board of Directors shall have the following responsibilities in terms of Regulation 4(2)(f) (Chapter II) of the said regulations:

(i) Disclosure of information:

- The Directors shall disclose to the board of directors if we have, directly, indirectly or on behalf of third parties, a material interest in any transaction or matter directly affecting the Company.
- The Directors shall conduct ourselves to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

(ii) Key functions of the board of directors: The Board of Directors shall;

- Review and guide corporate strategy, major plans of action, risk policy, annual budgets and business plans, set performance objectives, monitor implementation and corporate performance, and oversee major capital expenditures, acquisitions and divestments.
- Monitor the effectiveness of the Company's governance practices and making changes as needed.
- Select, compensate, monitor, when necessary, replace key managerial personnel and oversee succession planning.
- Align remuneration of board of directors with the long term interests of the Company and its shareholders.
- Ensure a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
- Monitor and manage potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- Ensure the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- Oversee the process of disclosure and communications.
- Monitor and review board of director's evaluation framework.

(iii) Other responsibilities include: The Board of Directors shall;

- provide strategic guidance to the Company, ensure effective monitoring of the management and shall be accountable to the Company and the shareholders.
- set a corporate culture and the values by which executives throughout a group shall behave.
- act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and the shareholders.
- encourage continuing directors training to ensure that the members of board of directors are kept up to date.
- treat all shareholders fairly, where decisions of the board of directors may affect different shareholder groups differently.
- maintain high ethical standards and shall take into account the interests of stakeholders.
- exercise objective independent judgement on corporate affairs.
- consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.



- ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the listed entity to excessive risk.
- have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the Company's focus.
- define and disclose the mandate, composition and working procedures of the Board Committees
- commit themselves effectively to their responsibilities.
- have access to accurate, relevant and timely information.
- facilitate the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors.

-----

**COMPANIES ACT, 2013****SCHEDULE IV**

[Pursuant to Section 149(7)]

**CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**I. Guidelines of professional conduct:**

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

**II. Role and functions:**

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders; (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**III. Duties :**

The independent directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense

- of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
  - (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
  - (5) strive to attend the general meetings of the company;
  - (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
  - (7) keep themselves well informed about the company and the external environment in which it operates;
  - (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
  - (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
  - (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
  - (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
  - (12) act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
  - (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **IV. Manner of appointment:**

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:
  - (a) the term of appointment;
  - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - (d) provision for Directors and Officers (D and O) insurance, if any;
  - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
  - (f) the list of actions that a director should not do while functioning as such in the company; and
  - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.

- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

**V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

**VI. Resignation or removal:**

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

**VII. Separate meetings:**

- (1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
  - (a) review the performance of non-independent directors and the Board as a whole;
  - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**VIII. Evaluation mechanism:**

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

[Note: The provisions of sub-paragraph (2) and (7) of paragraph II, paragraph IV, paragraph V, clause (a) and (b) of sub-paragraph (3) of paragraph VII and paragraph VIII shall not apply in the case of Government company as defined under clause 94%) of section of the Companies Act, 2013 (18 of 2013), if the concerned Ministries or Departments of the Central Government or as the case may be the State Government and such requirements are complied with by the Government companies.]

-----

## CHAPTER X

### CODE OF CONDUCT FOR SENIOR MANAGEMENT PERSONNEL OF CAN FIN HOMES LTD.

#### 1. The Purpose of a code of conduct

A code is a comprehensive collection of laws, instructions or precepts on a given subject area and a code of conduct is a comprehensive statement of the guiding principles of conduct by which a Company expects its Senior Management personnel to behave when carrying out their work. Such a code states the values for which the Company stands and by which it professes to do its business. A code of conduct states publicly to customers, shareholders, competitors and all those who come into contact with the Company what standards of dealing they can expect from the Company.

The regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 mandates for framing a code of conduct for the Senior Management of the listed Company.

#### 2. Its value

If a Senior Management personnel is to be held to account for his/her conduct, it is elementary fairness that he/she should have been told what was expected of him/her and that he/she should know in what way his/her conduct has fallen short of those expectations. A clear, concise and accessible written statement of the standards or a benchmark by which he/she is expected to behave in his/her working environment is a basic requirement.

For this purpose, the term "Senior Management" shall mean and include Personnel of the Company in the Cadre of Chief Managers and above, who are members of its core management team excluding Board of Directors and including all the Functional Heads.

#### 3. Its content

A code of conduct usually contains general statements of principle grouped into areas covering diligence, efficiency and thrift; confidentiality and the handling of secret information; personal responsibility and independent judgement; fair dealing and integrity and professional training. The code can also be broadly divided into provisions dealing with personal integrity and those dealing with managerial responsibilities for upholding the integrity of the Company, such as:

- (a) Devising and putting in place appropriate systems of operation;
- (a) Ensuring that subordinates are informed and aware of their duties;
- (c) Applying systems of supervision and accountability;
- (d) Applying proper selection procedures; and
- (e) Enforcing the code of conduct and maintaining Company discipline.

A Company code of conduct should reflect and reinforce the basic standards set in the criminal legislation dealing with dishonesty and corruption, legislation that in turn provides the foundation of the code. Any consequence of breach of certain provisions of the code will amount to an offence. It is equally a function of a code of conduct to guide the Senior Management from situations in which their integrity can be compromised or the good standing of the Company damaged.

Pre-eminently a code should essentially state the guiding principles and at the same time, provide advice sufficiently specific to be of use in any given situation.

A code should, of course, require compliance with the law. The duty to act lawfully means that the Senior Management personnel must not do anything prohibited by the law.

A code of conduct of the Company should state that honesty; integrity and fair dealing are its important assets in business. Consequently, all Senior Management personnel must ensure that the Company's reputation is not damaged by dishonesty, disloyalty or corruption.

The code of conduct for Senior Management personnel will usually go on to deal with:

- (i) the personal conduct of Senior Management personnel;
- (ii) relations with suppliers and contractors;
- (iii) relations with customers and consumers;
- (iv) responsibilities to shareholders and the financial community;
- (v) employment practices; and
- (vi) responsibilities to the community.

#### **4. Its promulgation and observance**

Not only every Senior Management personnel should receive his or her own copy but also everyone must understand the importance of compliance and the consequences of not complying. But above all, it is the responsibility of management to ensure that the practices of the Company are consistent with the code, that there is no contradiction between the standards and targets they are expected to meet. It must also be the responsibility of every one of us to make sure that we are constantly aware of the standards set by the code and in practice and discharge duties in conformity with them.

#### **5. Its enforcement**

When a Company has stated in a code of conduct what it stands for and how it wants its Senior Management to behave and when Senior Management personnel apply the code's guidance in their daily work, what must follow is enforcement of the rules. A code honoured more in the breach than the observance could hardly be expected to have any positive effect on the way the Company, does its business.

#### **6. Its periodic review**

A code of conduct needs to be kept up to date. It should be reviewed at regular intervals to ensure that it reflects changes in applicable laws and give appropriate emphasis to current issues of concern.

### **7. The Code of Conduct**

#### **A. Introduction by the Managing Director:**

- (a) Our reputation for honest dealing
- (b) The value of our reputation
- (c) Upholding our reputation paramount
- (d) Code sets out the standards of behaviour that have earned our reputation
- (e) These are the standards which all of us are expected to uphold in conducting the Company's business. They go beyond the requirements of the law.
- (f) We are all to observe this code.

#### **B. Core Standards**

##### **(a) Personal Conduct**

1. The Senior Management personnel must observe the laws of India in everything we do in particular, comply with all applicable laws, regulations, rules and regulatory orders.
2. The Senior Management personnel should not adopt any unfair means/un-ethical practices in discharging their duties. They must function in a manner most conducive to the interests of the Company and to the welfare of the Nation as a whole.
3. The dealings of Senior Management personnel with all who have contact with him/her must be straight, fair, honest, courteous and efficient. He/she should act with that

amount of care and prudence, which an ordinary person is expected to take in his own business.

4. The Senior Management personnel must never offer any gift or favour anyone in order to influence that person in the way he does his job.
5. Senior Management personnel, as the people of the Company, must not ask for any gift or favour from anyone if that gift or favour has an influence the way they do their jobs. While moderate business entertaining is acceptable, they must guard against hospitality that appears to be aimed at influencing us in the way they do their jobs, whenever possible hospitality should be reciprocated.
6. In the course of business, Senior Management personnel generates, receives and stores information that is valuable to outsiders. He/she must not disclose such information without permission. He/she has a responsibility to ensure such information under his/her control or to which he/she has access is properly safeguarded.
7. The Senior Management personnel must not allow his/her personal interests to conflict with his/her official duties in the Company. In case he/she has a personal interest that may influence, or appear to influence, the way he/she does his/her job, he/she must declare such interest to the Company as soon as possible after the relevant circumstances and no such interested personnel shall vote on any such contract, loan or proposal. He/she must make sure that his/her dealings with customers, suppliers, contractors and colleagues do not place him/her in a position of obligation that may lead to a conflict of interest.
8. As a general rule, the Senior Management personnel should avoid conducting Company's business with a relative, or with a business in which a relative is associated in any significant role. The term 'relative' in terms of Companies Act, 2013, include spouse, Father (including step-father), mother (including step-mother), son (including step-son), son's wife, daughter, daughter's husband, brother (including step-brother) and sister (including step-sister). If any transactions falling under the definition of related party transactions as per the provisions of Companies Act, 2013, related rules, SEBI regulations and as detailed in the Related Party Transaction Policy of the Company is unavoidable, the Senior Management Personnel must fully disclose the nature of the related party transaction and enter into such transactions only after obtaining prior approval of the competent authority. Any such dealings with a related party must be conducted in such a way that no preferential treatment is given to that business.
9. The Senior Management personnel shall serve the Company honestly and faithfully and shall use utmost endeavors to promote the interests of the Company and shall show courtesy and attention in all transactions and interactions with the Officers of Government and Company's constituents.
10. The Senior Management personnel shall not contribute to the press, without the prior sanction of the competent authority or without such sanction, make public or publish or cause to be published or pass on to others any document, paper or information which may come into our possession in our official capacity.
11. No Senior Management personnel shall accept, solicit or seek any outside activity, employment or office, whether stipendiary or honorary without the previous sanction of the competent authority, he/she shall also inform the Company if any member of his/her family is engaged in a trade or business or owns or manages an insurance agency or commission agency and no such personnel shall act as an agent of, or canvass business in favour of an insurance Company or corporation in his individual capacity.



12. Every Senior Management personnel shall maintain the strict secrecy regarding the Company's affairs of its constituents and shall not divulge, directly or indirectly any information of a confidential nature either to a member of the public or to the Company's staff unless compelled to do so by judicial or other authority or unless instructed to do so by a Superior Officer in the discharge of his duties.
13. The Senior Management personnel shall not absent himself from his duties without having obtained prior permission of the competent authority, nor shall absent himself in case of sickness or accident without submitting a proper medical certificate. If he/she absents himself from duty without leave or overstays his leave, except under circumstances beyond his control, shall not be entitled to draw any pay and allowances for the period of such absence and further be liable to such disciplinary measure as the competent authority may impose.
14. The Senior Management personnel, must not absent himself/herself from his/her station overnight, without prior intimation to the Registered Office, barring certain emergent/exceptional circumstances which may be subsequently got ratified.
15. The Senior Management personnel shall not borrow money from, or in any way place himself under a pecuniary obligation to a broker or an Officer or employee of the Company subordinate to him or any firm or persons having dealings with the Company. He/she shall not make or permit any member of his family to make any investment likely to embarrass or influence him/her in the discharge of his/her official duties.
16. The Senior Management personnel of the Company on his first appointment shall submit a return of his assets and liabilities giving full particulars regarding immovable property, shares, debentures and cash, other movable properties, debts and other liabilities. He/she shall submit such returns every year on a date to be specified by the Company.

No such personnel shall, except with the previous knowledge of the competent authority acquire or dispose of any immovable property, sale, gift or otherwise either in his name or in the name of any member of his family. The Company may any time, by general or special order, require such a personnel to furnish a full and complete statement of such movable/immovable property held or acquired by him or on his behalf or by any member of his family.

17. The Senior Management personnel who is arrested for debt or on a criminal charge or is detained in pursuance of any process of law, may, if so directed by the competent authority, be treated as being or having been under suspension, from the date of his arrest or as the case may be, of his detention, up to such date or during such period, as the competent authority may direct. He/she shall be liable to dismissal or to any of the other penalties, if he is committed to prison for debt or is convicted of an offence which in the opinion of the competent authority, either involves moral turpitude, or has a bearing on any of the affairs of the Company; or on the discharge by the Officer or employee of his duties in the Company; the opinion in this respect of the competent authority shall be conclusive and binding on the employee.
18. The Senior Management Personnel of the Company shall strictly follow the Code of conduct approved by the Board of Directors, from time to time, for prevention of Insider Trading including restrictions on communication and trading by insiders, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, minimum standards to regulate, monitor and report trading by insiders.
19. The Senior Managerial personnel, while carrying out their duties, shall ensure that it is executed in terms of the authorisations granted and within the limits prescribed under the relevant policies, codes, guidelines, resolutions and other directives issued by the



competent authority, from time to time.

20. The Senior Management Personnel shall submit their periodic disclosures/ declarations/ certificates etc., as prescribed under various laws and internal policies of the Company in the prescribed forms and within the prescribed time.
21. Apart from certain exceptional circumstances or unless permitted, the Company's services and facilities are not to be used for private purposes.
22. All constructive ideas for the better management of the Company and for making valuable contribution would be welcome.

Let us function as a team and contribute our efforts to achieve the goals of the organisation.

**(b) Competitors**

It is the Company's policy to lawfully compete in the market place. This commitment to fairness includes respecting the rights of our competitors and abiding by all applicable laws in the course of competing. The purpose of the policy is to maintain the Company's reputation as a lawful competitor and to help ensure the integrity of the competitive market place. The Company expects its competitors to respect our rights to compete lawfully in the marketplace, and we must respect their rights equally.

**(c) Responsibilities to shareholders and the financial community**

The Senior Management Personnel shall believe in fair and open competition. They shall treat the competitors of the Company honorably and shall aim to develop and maintain long-term relationships with customers based on mutual trust.

The Senior Management Personnel shall acknowledge that the shareholders and potential shareholders are entitled to know all information that is necessary to evaluate how their investments are or would be managed. The Senior Management Personnel shall make available true and accurate information on the management of the Company, its financial position and its general plans to all who have a legitimate interest in the Company. It is the policy of the Company to maintain complete and accurate records and accounts and to present them in accordance with all applicable laws and professional accounting standards. Any false, artificial or misleading statement or entry in any of the Company's books, accounts, records, documents or financial statements will not be tolerated.

The Senior Management Personnel should continue to maintain the highest standards of Corporate Governance. They should follow the Code of Conduct relating to the laws like SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI (LO&DR) Regulations 2015, etc. and amendments thereto from time to time.

None of the Senior Management Personnel must ever make use or divulge any of the insider Information, namely, information that has not been made public, for personal advantage, relating to or to the affairs of the Company, except in circumstances in which it is, in accordance with law or practices and usages customary among related companies, necessary or appropriate for the Company to divulge such information.

The Managing Director/General Manager and the Senior Management Personnel shall exercise such powers and discharge such duties as are required by applicable Laws, Rules and Regulations and as may be delegated by the Board from time to time.

**(d) Employment practices of the Company**

The health, safety and welfare of the employees are a prime concern of the Company. It is the responsibility of all of us to comply with all health, safety and welfare measures as are applicable and to provide a good and working conditions.

The Company aims to achieve equality of opportunity and treatment for all its employees in recruitment, training, career-path, promotion, transfer, benefits and discipline. All the employees are treated as individuals according to their ability to meet job requirements. The dignity and individuality of every employee will be respected. The privacy and confidentiality of all the employees' records will be safeguarded.

The Senior Management Personnel who believes he or she is being required to act in a way that is inconsistent with the standards in this code or who believes others are breaching the code should report the matter to the Audit Committee under the Whistle Blower Policy. The Company undertakes to ensure, to the best of its capacity, that no prejudice whatsoever results to an employee who makes such a report on reasonable grounds or in good faith.

**(e) Responsibility to the community**

Participation by Senior Management Personnel in community activities and civic affairs are encouraged. The Company supports charitable organisations and encourages its Senior Management Personnel to do likewise.

**C. Other Standards**

**(a) Personal conduct**

We must always be aware that our conduct when we are off duty can reflect on the Company's reputation. Our social life is usually not entirely separate from our working life. Personal conduct, whether on or off duty, that adversely affects work performance is not acceptable.

**(b) Relations with customers and consumers**

We aim to provide an efficient and courteous service to our customers.

We aim to keep our customers truthfully informed about the Company's capabilities without mis-representation, exaggeration or overstatement. We aim to provide our customers with services that meet high standards of quality and reliability.

**(c) Employment practices - Information Flow**

The Senior Management Personnel are kept informed of all the Company matters affecting them, including the Company's goals, an atmosphere of mutual trust and respect between the Company and its Senior Management Personnel are always open.

**D. Compliance and enforcement**

It is the personal responsibility of the Senior Management Personnel to understand and comply with this Code of Conduct. All the Senior Management Personnel shall affirm compliance with this Code of Conduct on an annual basis, by sending their compliance report in the prescribed format, to the Human Resources Department at the Registered Office, Bangalore, within April 15, every year.

The Appropriate Competent Authority prescribed under the Can Fin Homes Staff Service Regulations will promptly deal with any breach of the code.

Channels of complaint are open to shareholders and potential shareholders, customers and suppliers, contractors and Senior Management Personnel of the Company. All complaints will be considered impartially and efficiently.

**E. Updation based on amendments to applicable laws**

The provisions under this Code shall stand modified as and when any amendments /insertions are made by the statutory, regulatory and such other authorities from time to time.

-----

## CHAPTER XII

### CODE OF CONDUCT IN TERMS OF SEBI (PIT) REGULATIONS, 2015

(Including code of fair disclosure of UPSI and minimum standards to regulate, monitor and report trading by insiders)

#### A. Code of conduct for prevention of Insider Trading for Can Fin Homes Ltd. (CFHL)

##### 1. Preamble

In order to have an internal procedure for prevention of insider trading in the Company in compliance of the SEBI (Prohibition of Insider trading) Regulations, 2015.

##### 2. The definitions of some important terminologies (as per regulation 2 of the said regulations) are given below:

Unless the context otherwise requires:—

- (a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);
- (b) "Board" means the Securities and Exchange Board of India;
- (c) "Compliance officer" means any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed company or the head of an organization, as the case may be;
- (d) "Connected person" means:
  - (1) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
  - (2) "Deemed to be connected persons" shall mean the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established,
    - (i) an immediate relative of connected persons as defined above; or
    - (ii) a holding company or associate company or subsidiary company; or
    - (iii) an intermediary as specified in section 12 of the Act or an employee or director thereof; or
    - (iv) an investment company, trustee company, asset management company or an employee or director thereof; or
    - (v) an official of a stock exchange or of clearing house or Company; or
    - (vi) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
    - (vii) a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
    - (viii) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or

- (ix) a banker of the company; or
  - (x) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent of the holding or interest;
- (e) "Generally available information" means information that is accessible to the public on a non-discriminatory basis;
- (f) "Immediate relative" means a spouse of a person, and includes parent, sibling, and Child of such person or of the spouse, any of whom is either dependent financially of such person, or consults such person in taking decisions relating to trading in securities;
- (g) "Insider" means any person who is:
- i) a connected person; or
  - ii) in possession of or having access to unpublished price sensitive information;
- (h) "Promoter" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof;
- (i) "Securities" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund; "trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly;
- (j) "Trading day" means a day on which the recognized stock exchanges are open for trading;
- (k) "Unpublished price sensitive information" (UPSI) means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –
- (i) financial results;
  - (ii) dividends;
  - (iii) change in capital structure;
  - (iv) mergers, de-mergers, acquisitions, delisting's, disposals and expansion of business and such other transactions;
  - (v) changes in key managerial personnel; and
- (l) "Material Information/events" as stipulated under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (please refer Chapter X for the list of material information/events for disclosure).

### **3. Restrictions on communication and trading by Insiders**

(1) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

(2) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

Any person in receipt of unpublished price sensitive information pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive

information in compliance with these regulations.

**(3)** Notwithstanding anything contained in this regulation, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:-

- (i) entail an obligation to make an open offer under the takeover regulations where the board of directors of the Company is of informed opinion that the proposed transaction is in the best interests of the Company;
- (ii) not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the Company is of informed opinion that the proposed transaction is in the best interests of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the board of directors may determine.

**(4)** For purposes of sub-regulation (3), the board of directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of sub-regulation (3), and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

**(5)** The board of directors or head(s) of the organisation of every person required to handle unpublished price sensitive information shall ensure that a structured digital database is maintained containing the nature of unpublished price sensitive information and the names of such persons who have shared the information and also the names of such persons with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

**(6)** The board of directors or head(s) of the organisation of every person required to handle unpublished price sensitive information shall ensure that the structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from the Board regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

**4.** No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information. Provided that the insider may prove his innocence by demonstrating the circumstances including the following:

- (i) the transaction is an off-market *inter-se* transfer between promoters who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;
- (ii) the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision; Provided that such unpublished price sensitive information was not obtained by either person under sub-regulation (3) of regulation 3 of these regulations.
- (iii) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
- (iv) the transaction in question was undertaken pursuant to the exercise of stock options in

respect of which the exercise price was pre-determined in compliance with applicable regulations.

(v) in the case of non-individual insiders: –

(a) the individuals who were in possession of such unpublished price sensitive information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such unpublished price sensitive information when they took the decision to trade; and

(b) appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;

(vi) the trades were pursuant to a trading plan set up in accordance with regulation 5.

In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the Board.

The Board may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of these regulations.

#### **5. Trading Plans.**

(1) An insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

(2) Such trading plan shall:–

(i) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;

(ii) not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second trading day after the disclosure of such financial results;

(iii) entail trading for a period of not less than twelve months;

(iv) not entail overlap of any period for which another trading plan is already in existence;

(v) set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and

(vi) not entail trading in securities for market abuse.

(3) The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.

(4) The trading plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.

*Provided that* the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the compliance officer shall

confirm that the commencement ought to be deferred until such unpublished price sensitive information becomes generally available information so as to avoid a violation of sub-regulation (1) of regulation 4.

- (5) Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

#### **6. General provisions as per the said Regulations**

- (1) Every public disclosure shall be made in such form prescribed by SEBI.
- (2) The disclosures to be made by any person shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.
- (3) The disclosures of trading in securities shall also include trading in derivatives of securities, if permitted by law and if applicable, and the traded value of such derivatives shall be taken into account.
- (4) The disclosures made shall be maintained by the Company for a minimum period of five years, in such form as may be specified.

#### **7. Disclosures by certain persons.**

##### **(1) Initial Disclosures.**

- (a) Every person on appointment as key managerial personnel or a director of the Company or upon becoming a promoter or member of the promoter group shall disclose his holding of securities of the Company as on the date of appointment or becoming a promoter, to the company within seven days of such appointment or becoming a promoter.

##### **(2) Continual Disclosures.**

- (a) Every promoter, member of the promoter group, designated person and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified;
- (b) Every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information. Explanation- It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-regulation, shall be made when the transactions effected after the prior disclosure cross the threshold specified in clause 2(a).

##### **(3) Disclosures by other connected persons**

*The Company, being listed, may, at its discretion require any other connected person or class of connected persons to make disclosures of holding and trading in securities of the company in such form and at such frequency as may be determined by the company in order to monitor compliance with these regulations.*

As per Regulation 8(1) of the said Regulations, the code of practices and procedures for fair disclosure of unpublished price sensitive information based on the principles as per Schedule A and the code to regulate, monitor and report trading by the employees and other connected persons based on the minimum standards as per Schedule B of the said regulations, framed by the Board of Directors are given below:



## **B. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive information (UPSI) in terms of Regulation 8 of SEBI (Prohibition of Insider Trading Regulations, 2015)**

### **1. Purpose**

The purpose of this Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (the "Code") is to clearly outline the procedures and practical guidelines that would be followed by Can Fin Homes Ltd. for transparent, regular, consistent and timely public disclosure and dissemination of Unpublished Price Sensitive Information. Can Fin Homes Ltd. is committed to accurate, factual and timely disclosure based on applicable legal and regulatory requirements.

### **2. The Principles and Obligation**

The Company endeavours to preserve the confidentiality of Unpublished Price Sensitive Information and to prevent misuse of such information. Every insider (Promoter/Director/Employee-etc.) who deals with Unpublished Price Sensitive Information has a duty to safeguard the confidentiality of all such information obtained in the course of performance of his or her duties in the Company. There shall be no selective disclosure of information and the Company and insider shall endeavour to ensure equal accessibility of Unpublished Price Sensitive Information to all the stakeholders associated with the Company. This Code is framed without diluting the principles set out in Schedule A attached to the Regulations. The Code and the amendments thereto shall be promptly intimated to the stock exchanges as required under Regulation 8.

### **3. Scope/Applicability**

This Code shall be applicable and binding on all the employees, officers, directors and those persons authorized to speak on behalf of the Company. This Code shall come into force with immediate effect.

**4. The definitions of some important terminologies:** The important definitions of the words used in this Code are as defined supra under Para A of this Chapter, in the code for prohibition of Insider Trading.

### **5. Policy**

(a) The Company shall make prompt public disclosure of Unpublished Price Sensitive Information, such as decision on dividend payment, acquisition, amalgamation, restructuring etc; and such other information that would materially affect the price, as soon as credible and concrete information comes into being and will make the same information generally available by way of making an appropriate disclosure to the Stock Exchange(s) on which the Company's shares are listed as per the SEBI Regulations as amended from time to time.

(b) The Company shall ensure that Unpublished Price Sensitive Information is disseminated uniformly and universally and shall avoid selective disclosure.

(c) The Company would designate one of its senior officers as the Chief Investor Relations Officer from time to time, who shall be responsible to deal with the dissemination of information and disclosure of any Material Information.

Employees must not respond under any circumstances to inquiries from the stock exchanges, the media or others, unless authorized to do so by the Managing Director & CEO of the Company.



**(d)** If any Unpublished price sensitive information is disclosed selectively, inadvertently or otherwise, the Chief Investor Relations Officer on having knowledge of such partial dissemination shall upload the information on the website of the Company and if required intimate the Stock Exchange(s) to ensure that the Unpublished Price Sensitive Information is generally available.

**(e)** The Company shall ensure at all times that appropriate and fair response to queries on news reports are made and requests for verification of market rumors by regulatory authorities are provided promptly. However, the Company shall not be under an

obligation to respond to speculative news/press reports.

**(f)** If the media reports carry such information which is largely accurate and the information underlying the speculation or rumor or news/press report is based on insider information, which has been leaked, the Company shall ensure to respond to the same to make such information generally available.

If the market information or news/press report is false or inaccurate, the Company is not under an obligation to make any announcement / negative disclosures. However, if the Stock Exchange(s) were to make a query to clarify the position, the Company shall make a formal announcement to the Stock Exchange(s) and shall not selectively disclose any information / make a negative disclosure.

**(g)** The Company communicates with its institutional shareholders through meetings with analysts and discussions between fund managers and management. The Company also participates at investor conferences from time to time . All interactions with institutional shareholders, fund managers and analysts are based on generally available information that is accessible to the public on a non - discriminatory basis. The presentations made to analysts and fund managers are placed on the Company's website. The official news releases are also displayed on the said website.

**(h)** The main channel of communication to the shareholders is through the annual report. Details relating to quarterly performance and financial results are disseminated to the shareholders through press releases and uploaded on the Company's website.

**(i)** Briefings are given to update the market after each quarterly results are announced through group meetings or teleconference. Meetings with investors (bilateral and general) are being held to ensure that the investment community receives a balanced and complete view of the Company's performance, while always observing applicable rules concerning selective disclosure, equal treatment of shareholders and insider trading. Individual meetings will also be held with the institutional shareholders, fund managers and analysts to share generally available information.

**(j)** The Company shall strive to develop best practices to make transcripts or records of proceedings of official meetings with analysts and other investor relations conference(s) on the Company's website to ensure official confirmation and documentation of disclosures made.

**(k)** The Company shall ensure that the Unpublished Price Sensitive Information is being handled on a "need to know" basis. The Company shall ensure that the Unpublished Price Sensitive Information is being disclosed or communicated needs to have access to such information for furtherance of legitimate purposes, performance/discharge of respective duties or discharge of legal / contractual obligation and such possession of Unpublished Price Sensitive Information will not give rise to any conflict of interest or misuse of such information.

**(l)** The Company while disclosing the Unpublished Price Sensitive Information on a need to know basis to any person (s) shall appropriately communicate to such person(s), being in possession of Unpublished Price Sensitive Information to ensure that he/she shall:

- a.** not misuse the unpublished price sensitive information in his/her possession.
- b.** not communicate any Unpublished Price Sensitive Information as in his/her possession to any other insider or outside entity.
- c.** report to the Chief Investor Relations Officer/Compliance Officer, misuse of Unpublished Price Sensitive Information as noticed by him/her with appropriate evidence supporting the same.

In case, the Unpublished Price Sensitive Information is being disclosed to person(s) who is not an employee of the Company, apart from complying with point a, b and c above, such person(s) shall also be required to enter into a Confidentiality Agreement with the Company in the format as may be prescribed by the Company.

**(m)** The Company shall maintain and store records in respect of disclosures made by it through any means under the relevant provisions of the Companies Act, 2013, Rules made thereunder, SEBI Act, 1992, Rules, Regulations and Guidelines issued there under and the SEBI (LODR) Regulations 2015s, for audit and future reference.

**(n)** No designated employee including his/her immediate relatives shall either on his/her own behalf or on behalf of any other person, trade or undertake to trade or cause to trade in the Securities of the Company (i) when he/she is in possession of any Unpublished Price Sensitive Information and (ii) during the Restricted Trading Period which will be communicated at periodical intervals.

**(o)** This Code shall be reviewed from time to time and any amendments or modifications thereto shall be subject to the review and approval of the Board of Directors of the Company.

**B. Minimum Standards for Code of Conduct to Regulate, Monitor and Report Trading by Insiders  
[As per SCHEDULE B – Regulation 9(1) and (2)]**

**1. Purpose**

The purpose of this Code of conduct is to regulate, monitor and report trading by Insiders towards achieving compliance with the Regulations, adopting the minimum standards set out in Schedule B to the Regulations, without diluting the provisions in any manner.

**2. The Principles and Obligation**

The Company endeavours to regulate and monitor the reporting of trading by Insiders in terms of the Regulations.

**3. Scope/Applicability**

This Code of conduct shall be applicable and binding on all the employees, officers, directors and the connected persons. This Code shall come into force with immediate effect.

**4. The definitions of some important terminologies**

The important definitions of the words used in this Code are as defined under Para A of this Chapter, in the code for prohibition of Insider Trading.

**5. Policy**

- (a) The compliance officer shall report to the board of directors and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the board of directors at such frequency as may be stipulated by the board of directors but not less than once in a year.
- (b) All information shall be handled within the organisation on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of his legal obligations. The code of conduct shall contain norms for appropriate Chinese Walls procedures, and processes for permitting any designated person to "cross the wall".
- (c) Designated Persons and immediate relatives of designated persons in the organisation shall be governed by an internal code of conduct governing dealing in securities.
- (d) Designated persons may execute trades subject to compliance with these regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the designated persons. The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.
- (e) The timing for re-opening of the trading window shall be determined by the compliance officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available.
- (f) When the trading window is open, trading by designated persons shall be subject to preclearance by the compliance officer, if the value of the proposed trades is above such thresholds as the board of directors may stipulate.
- (g) Prior to approving any trades, the compliance officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any

unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

- (h) The code of conduct shall specify any reasonable timeframe, which in any event shall not be more than seven trading days, within which trades that have been pre-cleared have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.
- (i) The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra trade. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations. Should a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.

Provided that this shall not be applicable for trades pursuant to exercise of stock options.

- (j) The code of conduct shall stipulate such formats as the board of directors deems necessary for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance, and for reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these regulations.
- (k) Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension etc., that may be imposed, by the persons required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, for the contravention of the code of conduct.
- (l) The code of conduct shall specify that in case it is observed by the persons required to formulate a code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, that there has been a violation of these regulations, they shall inform the Board promptly.
- (m) Designated persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the company on an annual basis and as and when the information changes:
  - a) immediate relatives
  - b) persons with whom such designated person(s) shares a material financial relationship
  - c) Phone, mobile and cell numbers which are used by them

In addition, the names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one-time basis.

- (n) Listed entities shall have a process for how and when people are brought 'inside' on sensitive transactions. Individuals should be made aware of the duties and responsibilities attached to the receipt of Inside Information, and the liability that attaches to misuse or unwarranted use of such information.

-----

## CHAPTER XIII

### POLICY ON MATERIAL EVENTS AND INFORMATION FOR DISCLOSURE TO STOCK EXCHANGES IN TERMS OF SEBI (LODR) REGULATIONS, 2015

#### I. Purpose

Securities and Exchange Board of India (SEBI) notified and introduced the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on 02/09/15 (hereinafter referred to as 'LODR regulations') effective from 01/12/ 15, which aims to consolidate and streamline the provisions of existing SEBI (LODR) Regulations 2015s for different segments of the capital market. These regulations focus at greater transparency, increased and timely disclosures and compliances.

Regulation 30 of the Listing Regulations deals with the disclosure of material events and/ or information by the listed Companies which will enable its investors to make well-informed investment decisions. Listing Regulations divide the events that need to be disclosed broadly in two categories i.e. the events that have to be necessarily disclosed without applying any test of materiality and events that should be disclosed by the listed Companies only if considered material. Further, in order to ensure sense of standardization and maintain uniformity in making disclosures by Listed Companies, SEBI vide Circular no. CIR/CFD/CMD/4/2015 dated 09/09/15 has issued a circular indicating the details that needs to be provided while disclosing events and guidance on when an event /information can be said to have occurred.

Consequent to the above notification, the Board of Directors of the Company have approved on 20/10/15 for adoption of the LODR regulations, including regulation 30 on disclosure of material events to the extent applicable to the Company. The Board of Directors of the Company have authorised a Committee of 5 executives comprising Dy. General Managers, Assistant General Managers and Key Managerial Personnel for the purpose of determining materiality of any event(s) or information for disclosure under LODR regulations. The Board of Directors have authorised the Company Secretary and the Chief Financial Officer, severally, to disclose such material events to the Stock Exchanges(s) as required under the above regulations.

This Policy shall be applicable with effect from 01/12/15. This policy shall be read with the provisions relating to disclosure of Unpublished Price Sensitive Information (UPSI) as per the Code of conduct for fair disclosure of the Company framed in terms of the SEBI (Prohibition of Insider Trading) Regulations, 2015 approved by the Board at its meeting held on 04/05/15.

#### II. Definitions:

- (i) 'Company' means Can Fin Homes Ltd.
- (ii) 'Non-convertible debt securities' which is 'debt securities' as defined under regulation 2(1)(e) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iii) 'listing agreement' shall mean an agreement that is entered into between a recognised stock exchange and an entity, on the application of that entity to the recognised stock exchange, undertaking to comply with conditions for listing of designated securities;
- (iv) "promoter" and "promoter group" shall have the same meaning as assigned to them respectively in clauses (za) and (zb) of regulation 2(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

- (v) 'Specified securities' means 'equity shares' and 'convertible securities' as defined under clause (zj) of sub-regulation (1) of regulation 2 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (vi) 'Stock Exchanges' shall mean to include National Stock Exchange of India Ltd. and the BSE Limited, where the equity shares and/or debts of the Company are listed.

Note - The words and phrases used in this Policy and not defined here shall derive their meaning from the applicable laws.

### **III. Applicability**

The Company is required to comply with the provisions of Regulation 30 of Chapter IV of Listing Regulations since the equity shares of the Company are listed on Stock Exchanges viz. National Stock Exchange of India and the BSE limited. Further, the Company is also required to comply with Regulation 51 of Chapter V of Listing Regulations since the Non-Convertible Debt securities i.e. Non-Convertible Debentures being listed on National Stock Exchange of India.

### **IV. Disclosure of events for the Specified Securities**

The disclosures required to be made under this policy are broadly categorised as:

- A. Events or information to be necessarily disclosed without applying any test of materiality including events or information arising out of outcome of Meeting of the Board of Directors.
- B. Events or information to be disclosed, if considered material by the Company.
- C. Other Disclosures.

#### **A. Events or information to be necessarily disclosed without applying any test of materiality.**

The below enumerated events or information shall be deemed to be material and shall be disclosed to the Stock Exchange(s) as soon as reasonably possible upon occurrence of an event i.e. upon receipt of Board Approval/ Shareholders Approval or when the Company or any of its officer becomes aware of such event or information; but not later than twenty-four hours from the occurrence of such an event or information. Though only broad outlines are given in this policy, the disclosure in detail as per SEBI Circular CIR/CFD/CMD/4/2015 dated 09/09/15 shall be made to the stock exchanges by the Company.

However, if the Company is unable to make any such disclosure/intimation within the specified timelines, it shall along with an explanation for such delay, take immediate steps to disclose/inform such event/ information to the Stock Exchanges.

The events and information falling under this category which are mandatory for disclosure to the stock exchanges are given in Annexure 1.

#### **B. Events or information to be disclosed, if considered material by the Company**

The following shall be the criteria for determination of materiality of events/ information in terms of Part B of Part A of Schedule III as indicated in SEBI Circular CIR/CFD/CMD/4/2015 dated 09/09/15, for disclosure to the stock exchanges:

- (a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- (b) the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;
- (c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the board of directors of Company, the event / information is considered material.

The Board of Directors on the recommendations of the Committee, considering the criteria as above and the factors that may have direct or indirect impact on the reputation of the Company

or which may have a significant impact on the business operations or performance of the Company, has laid down the events/information (though many of the events listed in Annexure 2 are not applicable to the Company for the present), which may be considered as material, as and when it becomes applicable, for making appropriate disclosure to the stock exchanges as soon as reasonably possible to be communicated and as may be required under the above regulations. The Board of Directors shall have the ultimate authority to take a view on the materiality of an event or information.

The events and information falling under this category, which shall to disclosed as and when it becomes applicable, are given in Annexure 2.

### **C. Other Disclosures**

The Company shall intimate any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.

### **V. Disclosure of events or information relating to non-convertible debentures:**

The Company Shall make disclosures in terms of regulation 30 read with regulation 51(2) of the SEBI (LODR) Regulations, 2015, in respect of the non-convertible debentures. The material events and information which are to be disclosed are given in Annexure 3.

### **VI. Continuous disclosure requirement relating to material developments**

The Company shall disclose/update the stock exchanges on all material developments, if any, with regard to the events/information already intimated, as listed out in Clauses A, B and C of disclosure events for specified securities or any other material event or information as may be earlier disclosed to the stock exchanges, on regular basis, until such event is resolved.

### **VII. Disclosure of information on the website of the Company**

The Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under the above regulation, and such disclosures shall be hosted on the website of the Company [www.canfinhomes.com](http://www.canfinhomes.com) for a minimum period of five years and thereafter as per the archival policy of the Company, as disclosed on its website.

Communication sent to the Stock Exchanges with regard to further developments on the events/information as disclosed must also be updated on the Company's website simultaneously, but in no case later than two working days of such intimation/disclosure to the stock exchanges.

### **VIII. Response to queries or reported events or information**

1. The Company shall provide specific and adequate reply/explanation/ clarifications to the queries, if any, raised by stock exchange(s) with respect to any events or information pertaining to the Company.
2. The Company may on its own initiative accept, confirm, deny or clarify with respect to any reported event or information pertaining to the Company. However, the Company shall not be under an obligation to respond to speculative news/press/media reports.

### **IX. Review**

This policy shall be subject to review /amendment as may be deemed necessary by the Board of Directors to comply with any regulatory amendments or statutory modifications to the listing regulations or any other Act/Law/regulations. However, the provisions of this Policy shall stand modified as and when any amendments/ insertions are made to the provisions of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, if such provisions are mandatorily applicable to the Company.



**A. Events or information to be necessarily disclosed without applying any test of materiality.**

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the Company or any other restructuring:
  - 1.1. Acquisition (including agreement to acquire):
    - a) name of the target entity, details in brief such as size, turnover etc.;
    - b) whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arms length";
    - c) industry to which the entity being acquired belongs;
    - d) objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the Company);
    - e) brief details of any governmental or regulatory approvals required for the acquisition;
    - f) indicative time period for completion of the acquisition;
    - g) nature of consideration - whether cash consideration or share swap and details of the same;
    - h) cost of acquisition or the price at which the shares are acquired;
    - i) percentage of shareholding / control acquired and / or number of shares acquired;
    - j) brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);

[Explanation: For the purpose of the above disclosures the term 'acquisition' shall have the same meaning as defined in explanation of sub-para (1) of Para (A) of Part (A) of Schedule III of Listing Regulations].

- 1.2. Amalgamation/ Merger:
  - a) name of the entity(ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.;
  - b) whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";
  - c) area of business of the entity(ies);
  - d) rationale for amalgamation/ merger;
  - e) in case of cash consideration – amount or otherwise share exchange ratio;
  - f) brief details of change in shareholding pattern (if any) of Company.
- 1.3. De-merger:
  - a) brief details of the division(s) to be demerged;
  - b) turnover of the demerged division and as percentage to the total turnover of the Company in the immediately preceding financial year / based on financials of the last financial year;
  - c) rationale for demerger;
  - d) brief details of change in shareholding pattern (if any) of all entities;
  - e) in case of cash consideration – amount or otherwise share exchange ratio;
  - f) whether listing would be sought for the resulting entity.
- 1.4. Sale or disposal of unit(s) or division(s) or subsidiary of the Company:
  - a) the amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the Company during the last financial year;
  - b) date on which the agreement for sale has been entered into;
  - c) the expected date of completion of sale/disposal;
  - d) consideration received from such sale/disposal;
  - e) brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies. If yes, details thereof;
  - f) whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";
  - g) additionally, in case of a slump sale, indicative disclosures provided for amalgamation/merger, shall be disclosed by the Company with respect to such slump sale.



For the purpose of this sub-clause, "slump sale" shall mean the transfer of one or more undertakings, as a result of the sale for a lump sum consideration, without values being assigned to the individual assets and liabilities in such sales.

1.5. Other Restructuring:

- a) details and reasons for restructuring;
- b) quantitative and/ or qualitative effect of restructuring;
- c) details of benefit, if any, to the promoter/promoter group/group companies from such proposed restructuring;
- d) brief details of change in shareholding pattern (if any) of all entities.

2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.

2.1. Issuance of securities:

- a) type of securities proposed to be issued (viz. equity shares, convertibles etc.);
- b) type of issuance (further public offering, rights issue, depository receipts (ADR/GDR), qualified institutions placement, preferential allotment etc.);
- c) total number of securities proposed to be issued or the total amount for which the securities will be issued (approximately);
- d) in case of preferential issue the Company shall disclose the following additional details to the stock exchange(s):
  - i. names of the investors;
  - ii. post allotment of securities - outcome of the subscription, issue price / allotted price (in case of convertibles), number of investors;
  - iii. in case of convertibles - intimation on conversion of securities or on lapse of the tenure of the instrument;
- e) in case of bonus issue the Company shall disclose the following additional details to the stock exchange(s):
  - i. whether bonus is out of free reserves created out of profits or share premium account;
  - ii. bonus ratio;
  - iii. details of share capital - pre and post bonus issue;
  - iv. free reserves and/ or share premium required for implementing the bonus issue;
  - v. free reserves and/ or share premium available for capitalization and the date as on which such balance is available;
  - vi. whether the aforesaid figures are audited;
  - vii. estimated date by which such bonus shares would be credited/dispatched;
- f) in case of issuance of depository receipts (ADR/GDR) or FCCB the Company shall disclose following additional details to the stock exchange(s):
  - i. name of the stock exchange(s) where ADR/GDR/FCCBs are listed (opening – closing status) /proposed to be listed;
  - ii. proposed no. of equity shares underlying the ADR/GDR or on conversion of FCCBs;
  - iii. proposed date of allotment, tenure, date of maturity and coupon offered, if any of FCCB's;
  - iv. issue price of ADR/GDR/FCCBs (in terms of USD and in INR after considering conversion rate);
  - v. change in terms of FCCBs, if any;
  - vi. details of defaults, if any, by the Company in payment of coupon on FCCBs & subsequent updates in relation to the default, including the details of the corrective measures undertaken (if any);
- g) in case of issuance of debt securities or other non-convertible securities the Company shall disclose following additional details to the stock exchange(s):
  - i. size of the issue;
  - ii. whether proposed to be listed? If yes, name of the stock exchange(s);
  - iii. tenure of the instrument - date of allotment and date of maturity;
  - iv. coupon/interest offered, schedule of payment of coupon/interest and principal;
  - v. charge/security, if any, created over the assets;
  - vi. special right/interest/privileges attached to the instrument and changes thereof;
  - vii. delay in payment of interest / principal amount for a period of more than three months from the due date or default in payment of interest / principal;

- viii. details of any letter or comments regarding payment/non-payment of interest, principal on due dates, or any other matter concerning the security and /or the assets along with its comments thereon, if any;
- ix. details of redemption of preference shares indicating the manner of redemption (whether out of profits or out of fresh issue) and debentures;
- h) any cancellation or termination of proposal for issuance of securities including reasons thereof.

2.2. Split/consolidation of shares:

- a) split/consolidation ratio;
- b) rationale behind the split/consolidation;
- c) pre and post share capital – authorized, paid-up and subscribed;
- d) expected time of completion;
- e) class of shares which are consolidated or subdivided;
- f) number of shares of each class pre and post-split or consolidation;
- g) number of shareholders who did not get any shares in consolidation and their pre-consolidation shareholding.

2.3. Buy back of securities:

- a) number of securities proposed for buyback;
- b) number of securities proposed for buyback as a percentage of existing paid up capital;
- c) buyback price;
- d) actual securities in number and percentage of existing paid up capital bought back;
- e) pre & post shareholding pattern.

2.4. Any restriction on transferability of securities:

- a) authority issuing attachment or prohibitory orders;
- b) brief details and reasons for attachment or prohibitory orders;
- c) name of registered holders against whom restriction on transferability has been placed;
- d) total number of securities so affected;
- e) distinctive numbers of such securities if applicable;
- f) period for which order would be applicable (if stated).

2.5. Any action, which will result in alteration of the terms or structure of any existing securities, including, but not limited to:

- a) forfeiture of shares;
- b) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
- c) proposal to issue any class of securities;
- d) alterations of capital, including calls;
- e) change in the terms regarding redemption/cancellation/retirement in whole or in part of any securities issued by the Company.

3. Revision in Rating(s)

The Company shall notify the stock exchange(s), the details of any new rating or revision in rating assigned from a credit rating agency to any debt instrument of the Company or to any fixed deposit programme or to any scheme or proposal of the Company involving mobilization of funds whether in India or abroad. In case of a downward revision in ratings, the Company shall also intimate the reasons provided by the rating agency for such downward revision.

4. Outcome of meetings of the board of directors: The Company shall intimate to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider or decide the following:

- 4.1. dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
- 4.2. any cancellation of dividend with reasons thereof;
- 4.3. the decision on buyback of securities;
- 4.4. the decision with respect to fund raising proposed to be undertaken;
- 4.5. increase in capital by issue of bonus shares through capitalization including the date on which

such bonus shares would be credited/dispatched;

- 4.6. reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
- 4.7. short particulars of any other alterations of capital, including calls;
- 4.8. financial results;
- 4.9. decision on voluntary delisting by the Company from stock exchange(s);

The intimation of outcome of meeting of the board of directors shall also contain the time of commencement and conclusion of the meeting.

Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the Company), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof:
  - 5.1. name(s) of parties with whom the agreement is entered;
  - 5.2. purpose of entering into the agreement;
  - 5.3. shareholding, if any, in the entity with whom the agreement is executed;
  - 5.4. significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.;
  - 5.5. whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship;
  - 5.6. whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";
  - 5.7. in case of issuance of shares to the parties, details of issue price, class of shares issued;
  - 5.8. any other disclosures related to such agreements, viz., details of nominee on the board of directors of the Company, potential conflict of interest arising out of such agreements, etc;
  - 5.9. in case of termination or amendment of agreement, Company shall disclose additional details to the stock exchange(s):
    - a) name of parties to the agreement;
    - b) nature of the agreement;
    - c) date of execution of the agreement;
    - d) details of amendment and impact thereof or reasons of termination and impact thereof.
6. Fraud/ Defaults by promoter or key managerial personnel or by the Company or arrest of key managerial personnel or promoter:
  - 6.1. At the time of unearthing of fraud or occurrence of the default / arrest:
    - a) nature of fraud/default/arrest;
    - b) estimated impact on the Company;
    - c) time of occurrence;
    - d) person(s) involved;
    - e) estimated amount involved (if any);
    - f) whether such fraud/default/arrest has been reported to appropriate authorities.
  - 6.2. Subsequently intimate the stock exchange(s) further details regarding the fraud/default/arrest including:
    - a) actual amount involved in the fraud /default (if any);
    - b) actual impact of such fraud /default on the Company and its financials; and
    - c) corrective measures taken by the Company on account of such fraud/default.
7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer:
  - 7.1. reason for change viz. appointment, resignation, removal, death or otherwise;
  - 7.2. date of appointment/cessation (as applicable) & term of appointment;

- 7.3. brief profile (in case of appointment);
- 7.4. disclosure of relationships between directors (in case of appointment of a director).

7A. In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty-four hours of receipt of such reasons from the auditor.

7B. Resignation of auditor including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:

- i. The letter of resignation along with detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by the listed entities to the stock exchanges.

Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.

- ii. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the detailed reasons as specified in sub-clause (i) above.

8. Appointment or discontinuation of share transfer agent:

- 8.1. reason for appointment or discontinuation;
- 8.2. date on which above would become effective.

9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:

- (i) Decision to initiate resolution of loans/borrowings;
- (ii) Signing of Inter-Creditors Agreement (ICA) by lenders;
- (iii) Finalization of Resolution Plan;
- (iv) Implementation of Resolution Plan;
- (v) Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders

10. One-time settlement (OTS) with a Bank:

- 10.1. reasons for opting for OTS;
- 10.2. brief summary of the OTS.

11. Reference to BIFR and winding-up petition filed by any party / creditors:

- 11.1. reasons for such a reference/petition;
- 11.2. impact of such reference/petition on Company.

12. Issuance of notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the Company and the following:

- 12.1. date of notice/call letters/resolutions etc.;
- 12.2. brief details viz. agenda (if any) proposed to be taken up, resolution to be passed, manner of approval proposed etc.

13. Proceedings of annual and extraordinary general meetings of the Company and the following details in brief:

- 13.1. date of the meeting;
- 13.2. brief details of items deliberated and results thereof;
- 13.3. manner of approval proposed for certain items (e-voting etc.).

14. Amendments to memorandum and articles of association of Company, in brief.

15. Schedule of analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.

Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:

- (i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;
  - (ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls;
16. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:
- a) Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;
  - b) Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;
  - c) Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable;
  - d) Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code
  - e) List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
  - f) Appointment/ Replacement of the Resolution Professional;
  - g) Prior or post-facto intimation of the meetings of Committee of Creditors;
  - h) Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
  - i) Number of resolution plans received by Resolution Professional;
  - j) Filing of resolution plan with the Tribunal;
  - k) Approval of resolution plan by the Tribunal or rejection, if applicable;
  - l) Salient features, not involving commercial secrets, of the resolution plan approved by the Tribunal, in such form as may be specified;
  - m) Any other material information not involving commercial secrets. Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;
  - n) Quarterly disclosure of the status of achieving the MPS;
  - o) The details as to the delisting plans, if any approved in the resolution plan.
17. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:
- a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;
  - b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.
-

**B. Events or information to be disclosed, if considered material by the Company, as and when such events or information becomes applicable to the Company**

1. Commencement or any postponement in the date of commencement of Commercial production or commercial operations of any unit/division:

The Company shall notify the stock exchange(s) regarding the commencement of commercial production or the commencement of commercial operations of any unit/division. In cases where the Company has made prior intimation of date of commencement of commercial production or operations, the Company shall be required to disclose details in case of postponement of the date of commencement.

2. Change in the general character or nature of business brought about by:

2.1. Arrangements for strategic, technical, manufacturing, or marketing tie-up:

a) Agreement / joint venture (JV) with companies:

- i. name of the entity(ies) with whom agreement/ JV is signed;
- ii. area of agreement/JV;
- iii. domestic/international;
- iv. share exchange ratio / JV ratio;
- v. scope of business operation of agreement / JV;
- vi. details of consideration paid / received in agreement / JV;
- vii. significant terms and conditions of agreement / JV in brief;
- viii. whether the acquisition would fall within related party transactions and whether the promoter/promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arms length";
- ix. size of the entity(ies);
- x. rationale and benefit expected.

b) In the event that any such arrangement is called off for any reason, the same shall be disclosed along with the reasons for calling off the proposal.

2.2. Adoption of new line(s) of business:

- a) industry or area to which the new line of business belongs to;
- b) expected benefits;
- c) estimated amount to be invested.

2.3. Closure of operations of any unit/division/branch - (entirety or piecemeal)

- a) date of such binding agreement, if any, entered for sale of such unit/division, if any;
- b) amount & percentage of turnover or revenue or income and net worth of the Company contributed by such unit or division during the last financial year;
- c) date of closure or estimated time of closure;
- d) reasons for closure.

3. Capacity addition or product launch

3.1. Capacity addition:

- a) existing capacity;
- b) existing capacity utilization;
- c) proposed capacity addition;
- d) period within which the proposed capacity is to be added;
- e) investment required;
- f) mode of financing;
- g) rationale.

3.2. Product launch:

- a) name of the product;
- b) date of launch;
- c) category of the product;
- d) whether caters to domestic/ international market;
- e) name of the countries in which the product is launched (in case of international).

4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts, not in the normal course of business:

4.1. Awarding of order(s)/contract(s): Only important terms and conditions which may be as under needs to be disclosed:

- a) name of the entity to which order(s)/contract(s) is awarded;
- b) whether order(s) / contract(s) is awarded to domestic/ international entity
- c) significant terms and conditions of order(s)/contract(s) awarded, in brief;
- d) time period, if any, associated with the order(s)/contract(s);
- e) broad commercial consideration or size of the order(s)/contract(s);
- f) whether the promoter/ promoter group/group companies have any interest in that entity to whom the order(s)/contract(s) is awarded? If Yes, nature of interest and details thereof;
- g) whether the same would fall within related party transactions? If yes, whether the same is done at "arms length".

4.2. Bagging/Receiving of orders/contracts: Only important terms and conditions which may be as under needs to be disclosed:

- a) name of the entity awarding the order(s)/contract(s);
- b) significant terms and conditions of order(s)/contract(s) awarded in brief;
- c) whether order(s) / contract(s) have been awarded by domestic/ international entity;
- d) nature of order(s) / contract(s);
- e) whether domestic or international;
- f) time period by which the order(s)/contract(s) is to be executed;
- g) broad consideration or size of the order(s)/contract(s);
- h) whether the promoter/ promoter group / group companies have any interest in the entity that awarded the order(s)/contract(s)? If yes, nature of interest and details thereof;
- i) whether the order(s)/contract(s) would fall within related party transactions? If yes, whether the same is done at "arms length".

4.3. Amendment or termination of orders/contracts:

- a) name of parties to the order(s)/contract(s);
- b) nature of the order(s)/contract(s);
- c) date of execution of the order(s)/contract(s)
- d) details of amendment or reasons for terminations and impact thereof (to the extent possible);

5. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof: Only important terms and conditions which may be as under needs to be disclosed:

- a) name(s) of parties with whom the agreement is entered;
- b) purpose of entering into the agreement;
- c) size of agreement;
- d) shareholding, if any, in the entity with whom the agreement is executed;
- e) significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.;
- f) whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship;
- g) whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";
- h) in case of issuance of shares to the parties, details of issue price, class of shares issued;
- i) in case of loan agreements, details of lender, nature of the loan, total amount of loan granted, total amount outstanding, date of execution of the loan agreement/sanction letter, details of the security provided to the lenders for such loan;
- j) any other disclosures related to such agreements, viz., details of nominee on the board of directors of the Company, potential conflict of interest arising out of such agreements, etc;
- k) in case of termination or amendment of agreement, Company shall disclose additional details to the stock exchange(s):
  - i. name of parties to the agreement;
  - ii. nature of the agreement;



- iii. date of execution of the agreement;
- iv. details of amendment and impact thereof or reasons of termination and impact thereof.

**6. Disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.:**

**6.1. At the time of occurrence:**

- a) expected quantum of loss/damage caused;
- b) whether loss/damage covered by insurance or not including amount;
- c) estimated impact on the production/operations in case of strikes/lock outs;
- d) factory/unit where the strike/lock out takes place including reasons for such strike.

**6.2. Regularly, till complete normalcy is restored:**

- a) insurance amount claimed and realized by the Company for the loss/damage;
- b) the actual amount of damage caused due to the natural calamity or other force majeure events;
- c) details of steps taken to restore normalcy and the impact of the natural calamity/other force majeure events on production or service, financials of the entity.

**7. Effect(s) arising out of change in the regulatory framework applicable to the Company.**

**8. Litigation(s) / dispute(s) / regulatory action(s) with impact:**

The Company shall notify the stock exchange(s) upon it or its key management personnel or its promoter or ultimate person in control becoming party to any litigation, assessment, adjudication, arbitration or dispute in conciliation proceedings or upon institution of any litigation, assessment, adjudication, arbitration or dispute including any ad-interim or interim orders passed against or in favour of the Company, the outcome of which can reasonably be expected to have an impact.

**8.1. At the time of becoming the party:**

- a) brief details of litigation viz. name(s) of the opposing party, court/ tribunal/agency where litigation is filed, brief details of dispute/litigation;
- b) expected financial implications, if any, due to compensation, penalty etc;
- c) quantum of claims, if any;

**8.2. Regularly till the litigation is concluded or dispute is resolved:**

- a) the details of any change in the status and / or any development in relation to such proceedings;
- b) in the case of litigation against key management personnel or its promoter or ultimate person in control, regularly provide details of any change in the status and / or any development in relation to such proceedings;
- c) in the event of settlement of the proceedings, details of such settlement including - terms of the settlement, compensation/penalty paid (if any) and impact of such settlement on the financial position of the Company.

**9. Frauds/ defaults by directors (other than key managerial personnel) or employees of the Company:**

**9.1. At the time of unearthing of fraud or occurrence of the default/arrest:**

- a) nature of fraud/default/arrest;
- b) estimated impact on the Company;
- c) time of occurrence;
- d) person(s) involved;
- e) estimated amount involved (if any);
- f) whether such fraud has been reported to appropriate authorities.

**9.2. Subsequently intimate the stock exchange(s) further details regarding the fraud/default including:**

- a) actual amount involved in the fraud /default (if any);
- b) actual impact of such fraud /default on the Company and its financials;
- c) corrective measures taken by the Company on account of such fraud/default.

**10. Options to purchase securities (including any Share Based Employee Benefit (SBEB) Scheme) at the time of instituting the scheme and vesting or exercise of options:**

- a) brief details of options granted;
- b) whether the scheme is in terms of SEBI (SBEB) Regulations, 2014 (if applicable);
- c) total number of shares covered by these options;



- d) pricing formula;
  - e) options vested;
  - f) time within which option may be exercised;
  - g) options exercised;
  - h) money realized by exercise of options;
  - i) the total number of shares arising as a result of exercise of option;
  - j) options lapsed;
  - k) variation of terms of options;
  - l) brief details of significant terms;
  - m) subsequent changes or cancellation or exercise of such options;
  - n) diluted earnings per share pursuant to issue of equity shares on exercise of options.
11. Giving of guarantees or indemnity or becoming a surety for any third party:
- a) name of party for which such guarantees or indemnity or surety was given;
  - b) whether the promoter/ promoter group/ group companies have any interest in this transaction?  
If yes, nature of interest and details thereof and whether the same is done at "armslength";
  - c) brief details of such guarantee or indemnity or becoming a surety viz. brief details of agreement entered (if any) including significant terms and conditions, including amount of guarantee;
  - d) impact of such guarantees or indemnity or surety on Company.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals:
- a) name of the regulatory or licensing authority;
  - b) brief details of the approval/license obtained/ withdrawn/ surrendered;
  - c) impact/relevance of such approval/license to the Company;
  - d) withdrawal/cancellation or suspension of licence/approval by the regulatory or licensing authority, with reasons for such action, estimated impact (monetary or otherwise) on the Company and penalty, if any;
  - e) period for which such approval/license is/was valid;
  - f) Subsequently, the Company shall inform the stock exchange(s), the actual impact (monetary or otherwise) along with corrective actions taken by the Company pursuant to the withdrawal, cancellation or suspension of the key license/ approval.
-

**C. Disclosure of events or information relating to non-convertible debentures:**

In terms of regulation 30 read with regulation 51(2) of the SEBI (LODR) Regulations, 2015, the Company shall make the following disclosure to the stock exchanges where the non-convertible securities of the Company are listed.

The Company shall promptly inform to the stock exchange(s) of all information which shall have bearing on performance/operation of the Company or is price sensitive or shall affect payment of interest or redemption of non-convertible debt securities including:

- (1) expected default in timely payment of interests or redemption or repayment amount or both in respect of the non-convertible debt securities and also default in creation of security for debentures as soon as the same becomes apparent;
- (2) any attachment or prohibitory orders restraining the Company from transferring non-convertible debt securities from the account of the registered holders along-with the particulars of the numbers of securities so affected, the names of the registered holders and their demat account details;
- (3) any action which shall result in the redemption, conversion, cancellation, retirement in whole or in part of any non-convertible debt securities;
- (4) any action that shall affect adversely payment of interest on non-convertible debt securities including default by issuer to pay interest on non-convertible debt securities or redemption amount and failure to create a charge on the assets;
- (5) any change in the form or nature of any of its non-convertible debt securities that are listed on the stock exchange(s) or in the rights or privileges of the holders thereof and make an application for listing of the securities as changed, if the stock exchange(s) so require;
- (6) any changes in the general character or nature of business / activities, disruption of operation due to natural calamity, and commencement of commercial production / commercial operations;
- (7) any events such as strikes and lock outs which have a bearing on the interest payment/ dividend payment / principal repayment capacity;
- (8) details of any letter or comments made by debenture trustees regarding payment/non-payment of interest on due dates, payment/non-payment of principal on the due dates or any other matter concerning the security, Company and /or the assets along with its comments thereon, if any;
- (9) delay/ default in payment of interest or dividend / principal amount /redemption for a period of more than three months from the due date;
- (10) failure to create charge on the assets within the stipulated time period;
- (11) any instance(s) of default/delay in timely repayment of interests or principal obligations or both in respect of the debt securities including, any proposal for re-scheduling or postponement of the repayment programmes of the dues/debts of the Company with any investor(s)/lender(s).  
Explanation.- For the purpose of this sub-para, 'default' shall mean Non-payment of interest or principal amount in full on the pre-agreed date and shall be recognized at the first instance of delay in servicing of any interest or principal on debt.
- (12) any major change in composition of its board of directors, which may amount to change in control as defined in Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (13) any revision in the rating;
- (14) the following approvals by board of directors in their meeting:-
  - (a) the decision to pass any interest payment;
  - (b) short particulars of any increase of capital whether by issue of bonus securities through capitalization, or by way of right securities to be offered to the debenture holders, or in any other way;
- (15) all the information, report, notices, call letters, circulars, proceedings, etc concerning non-convertible debt securities;
- (16) any other change that shall affect the rights and obligations of the holders of non-convertible debt securities, any other information not in the public domain necessary to enable the holders of the listed securities to clarify its position and to avoid the creation of a false market in such listed securities or any other information having bearing on the operation/performance of the Company as well as price sensitive information.

**ARCHIVAL PROVISIONS****1. Introduction:**

Sub-Regulation 8 of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective 1st December, 2015), requires every Listed Company to formulate an Archival Policy.

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable (including Regulation 30-on Disclosure of Material Events/Information) was adopted by the Board of Directors of the Company at its 168th meeting held on 20/10/15 and at the said meeting, in terms of regulation 30(3) has authorised the Managing Director to constitute a Committee of 5 executives comprising DGMs, AGMs and KMPs for determining the materiality of an event(s) or information for disclosure under the said Regulations. In terms of the authorisations, the Committee has framed the archival provisions as per Para VI of the Policy on Disclosure of Material Events/information of the Company.

**2. Purpose & Scope:**

Pursuant to the Regulation 30(8) of the Listing Regulations, the Listed Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under Regulation 30. Such disclosures shall be hosted and retained on the website of the Company for a minimum period of 5 (five) years and thereafter as per the Archival Policy of the Company.

These Archival provisions as a part of the policy cited above defines the time period for which material events /information shall continue to be hosted on the website of the Company, after the lapse of the aforementioned minimum period of five years.

**3. Definitions:**

The terms defined in these provisions shall have the meanings as definitions given in the Policy on Material Disclosure of events/information' of the Company.

**4. Policy:**

In terms of the Listing Regulations, disclosure of material events shall be hosted and retained on the Company's website for a minimum period of 5(five) years.

The disclosures under Regulation 30, made by the Company to the stock exchanges, shall be disclosed on the website of the Company under "Stock Exchange Intimations" or such other folder/heading, in the Investors page. The same shall continue to be hosted in the website for five years.

Thereafter, the information would be archived under the heading "Past Disclosures" and be retained on the website for a further period of three years or such period as may be decided by the Committee referred above, from time to time.

**5. Disclosure:**

These provisions shall be disclosed on the Company's website [www.canfinhomes.com](http://www.canfinhomes.com)

## CHAPTER XIII

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

(In terms of SEBI (LODR) Regulations, 2015)

#### 1. Preamble:

The Regulation 25(7) of the SEBI(LODR) Regulations, 2015 stipulates that:

The listed entity shall familiarise the independent directors through various programmes about the listed entity, including the following:

- (a) nature of the industry in which the listed entity operates;
- (b) business model of the listed entity;
- (c) roles, rights, responsibilities of independent directors; and
- (d) any other relevant information.

The details of such familiarisation programmes shall be disclosed on the Company's website and a web link thereto shall be given in the Annual Report.

#### 2. Initial familiarisation module:

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Company also provides to the Director a copy of the Memorandum of Association and Articles of Association of the Company and the latest Annual Report of the Company. The Company conducts an introductory familiarisation program/presentation, when a new Independent Director comes on the Board of the Company.

At the outset, all the independent directors are provided an overview of;

- Criteria of independence applicable to Independent Directors as per SEBI(LODR) Regulations, 2015 and the Companies Act, 2013;
- Time allocation by the Independent Directors on financial controls, overseeing systems of risk management, financial management compliance, Corporate Social Responsibility, Stakeholders conflicts, Board effectiveness, strategic direction, Meetings and performance assessment;
- Roles, functions, Duties, Responsibilities and liabilities of Independent Directors as per the provisions of the Companies Act, 2013 and rules framed thereunder, the listing regulations, the Memorandum & Articles of Association and the rules/regulations/guidelines issued by regulatory authorities.
- Code of Conduct for the Directors of the Company as approved by the Board of Directors from time to time.
- Directors Responsibility Statement forming part of Boards' Report;
- Vigil Mechanism including policy formulation, disclosures, code for Independent Directors, Fraud response plan, obtaining Audit Committee approval, wherever required;
- Risk Management Systems & framework;
- Board Evaluation Process and Procedures;

The Director is also explained in detail the compliances required from him under the Companies Act, 2013 SEBI (LODR) Regulations, 2015 and other relevant regulations and his affirmation taken with respect to the same.

With a view to familiarize him with the Company's operations, the Director is also given detailed presentations giving the organisational set up of the Company, the functioning of various divisions/ departments, the Company's market share and the markets in which it operates, governance and internal control processes and other relevant information pertaining to the Company's business. The Managing Director & CEO also has a personal discussion with the newly appointed Director.

The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him to effectively fulfil his role as a Director of the Company.

### **3. Continual familiarisation modules:**

The Company will follow a structured orientation programme for the Independent Directors to understand and get updated on the business and operations of the Company on a continuous basis. The familiarisation module shall be designed by the Company on the following lines:

<b>Functional Area</b>	<b>Responsibility</b>
Overview of Strategy and business model of the Company	CEO
Financial Performance, Budgeting and Planning	Functional heads to organize
Overview of performance of various businesses	
Statutory reporting including Internal Audit Reports, SEBI Audit Reports and compliance related certifications	

On an on-going basis, the Company, through its Managing Director & CEO and the Senior Managerial Personnel, conducts programs/presentations to familiarise the Independent Directors with the strategy, operations and functions of the Company. Such programs/presentations provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organisation structure, facilities and risk management and such other areas.

Presentations are made regularly to the Board of Directors/Audit Committee (AC) (minutes of AC and other Board Committees are circulated to the Board), where Directors get an opportunity to interact with Executive Committee members and Business Heads.

The Board of Directors has complete access to the information within the Company. Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board/Committee meetings, when Business Heads are asked to make presentations about performance of their Business Division to the Board. Apart from this, they also have independent interactions with the Auditors and external advisors, if any, appointed from time to time. Further, they meet regularly without the presence of any management personnel and their meetings are conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company.

**Training session:** The Company may conduct any training programmes to be conducted at periodical intervals by experts in the fields on the certain topics to afford Board members an opportunity to understand and appreciate the complexities of the industry and their role, significant changes in the laws/ Regulations applicable to the Company, etc.

Management mailers are regularly sent to Directors on all significant Sectors, Company news items, Achievement series, monthly Performance updates, share price movements, branch expansion and such other subjects as they evolve from time to time.

Thus, all efforts shall be made to ensure that the Directors state current on the state of the Company's affairs and the industry in which it operates. The familiarisation programme for the new and continuing Independent Directors of the Company shall ensure valuable participation and inputs from them which will help in bringing forth the best practices into the Company and help in making informed decisions at the Board Level.

### **4. Disclosure of the Policy:**

This Policy shall be uploaded on the Company's website for public information and a web link for the same shall also be provided in the Annual Report of the Company.

## **CHAPTER – XIV**

### **EVALUATION POLICY FOR BOARD, COMMITTEES & DIRECTORS**

#### **I Purpose**

To lay down a framework for evaluation of the Board, its Committees and of the individual directors as per the requirements of Companies Act, 2013 and Circular Nos. CIR/CFD/POLICY CELL/2/2014 dated 17/04/2014 and CIR/CFD/POLICY CELL/7/2014 dated 15/09/2014. Also, as required by regulation 19 and schedule II of SEBI (LODR) Regulations 2015 and SEBI circular SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 05/01/2017.

#### **II Objectives of Board level evaluation policy**

##### *i) For the Board*

- To enhance efficiencies in the functioning of the Board
- To promote better time management and more efficient meetings
- To build trust amongst the Board members

##### *ii) For the Directors*

- To encourage individual director involvement and participation
- To ensure Director's skills are utilized effectively
- To clarify legal duties and responsibilities of individual directors

##### *iii) For the Company*

- To build effective Board-Management relationship
- To help bring strategic focus

##### *iv) For other stakeholders*

- To increase trust and reputation of the Company
- To demonstrate commitment to good governance

#### **III Selection of Directors**

The Nomination & Remuneration Committee shall identify the fit and proper persons in accordance with the criteria laid down and recommend to the Board for appointment as an additional director under the category of independent directors for a particular tenure and not liable to retire by rotation or as directors liable to retire by rotation, as the case may be and the shareholders at the general meeting appoint those Directors as per the provisions of the applicable laws. The Board of Directors shall appoint a Chairman for the Board. The Nomination & Remuneration Committee shall carry out evaluation of every director's performance.

The performance evaluation of the independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. On the basis of the evaluation it shall be determined whether to extend or continue the term of appointment of the independent director in terms of Schedule IV of the Companies Act, 2013.

#### **IV Evaluation framework and process**

- (1) The evaluation process shall be completely anonymous and shall be undertaken annually. The Chairman will be responsible for conducting the evaluation process for Board and the Directors. Upon completion of the evaluation by the Chairman, the results of the evaluation exercise will be shared by the Chairman with the Board in the subsequent Board meeting, including listing of the identified strengths, areas of improvement and actions to be taken, if any, with the assistance of the Board Secretariat Department.
- (2) Evaluation of the Board shall be generally conducted in the context of the following four

attributes:

- a) Skills and knowledge: Does the Board have a mix of skills, experience and expertise as appropriate for the Company?
  - b) Process: Does the Board get sufficient time to discharge its duties? Is the Board well aware of its roles and responsibilities?
  - c) Information: Does the Board receive information in a manner to effectively discharge its duties? Do the Board members receive sufficient information between scheduled meetings?
  - d) Behaviour: Are the Board members able to participate fully in the decision-making process?
- (3) This Policy lays down a mix of self and peer evaluation through a rated questionnaire (given as annexures 1 to 3), which shall address various facets of performance of the Board, its Committees and the individual directors. The Directors shall fill up the questionnaire as a member of the Board and of a Committee once in the financial year during the first fortnight of April month.
- (4) The model questionnaire (annexures 1 to 3) shall be filled up by all the Directors, including the Chairman and submitted to the Chairman of the Board.

-----

## Board Evaluation Questionnaire

**To,  
Shri.  
The Chairman**

(Name of the Director )  
(DIN - )  
Can Fin Homes Ltd.  
Registered Office, Bangalore

Dear Sir,

Sub: Questionnaire for evaluation of Board, Committees and Individual Directors

Please assign the rating/value in the appropriate box, as below:

- 1 - Needs significant improvement
- 2 - Needs improvement
- 3 - Adequate
- 4 - Consistently good
- 5 - Outstanding

<b>Q.No</b>	<b>Operating Framework</b>	<b>Rating/ Value</b>
1	The Board has sufficient time to execute its responsibilities.	
2	Board proposals and reporting are presented in a manner and format which is comprehensive, timely and easily understood and which facilitates informed and effective decision making.	
3	The Board has the appropriate mix of skills, experience and expertise in individual members.	
4	The Board's responsibilities with regards to oversight and governance are clear and well understood.	
5	The minutes of the meetings adequately reflect the proceedings of the Board.	

Additional comments:

-----

-----

-----

<b>Q.No.</b>	<b>Overall performance</b>	<b>Rating/ Value</b>
6	Board meeting priorities are clear and agenda notes cover crucial topics for discussion.	
7	The Board environment fosters a candid and open exchange of ideas and opinions among Board members.	
8	Every Board member is able to participate fully in the decision making process of the Board.	
9	Board members work together effectively.	
10	The Board effectively discharges its responsibilities when deciding upon strategic transactions.	



Additional comments:

-----

-----

-----

<b>Q.No.</b>	<b>Exercise of oversight</b>	<b>Rating/ Value</b>
11	There is clear delegation from the Board to its Committees and to the executive management.	
12	The Board is able to challenge the management effectively.	
13	The Board receives adequate feedback on execution of its decisions and directives.	
14	There is appropriate open communication between the Board, Key Managerial Personnel (KMP) and other executives/ Board Secretariat	
15	The Board provides effective inputs for the creation of annual operating plan.	

Additional comments:

-----

-----

-----

<b>Q.No.</b>	<b>Support to the Board</b>	<b>Rating/ Value</b>
16	Board members receive sufficient information at the time of induction and on an on-going basis.	
17	The Board makes effective use of outside advisers, if and when required.	
18	The Board has sufficient contact with Board Secretariat/ management team and receives relevant information between the scheduled Board meetings.	
19	The Board receives timely information in advance of the meetings.	
20	The information presented to the Board identifies the appropriate issues & risks and market trends & dynamics in which the Company operates and are fully understood by the Board.	

Additional comments:

-----

-----

-----

Place:

Date:

**Signature of the Director**  
(Name )

## Committee Evaluation Questionnaire

To,  
Shri.

The Chairman

(Name of the Director)

(DIN - )

Can Fin Homes Ltd.

Registered Office, Bangalore - 4

Dear Sir,

Sub: Questionnaire for evaluation of the \_\_\_\_\_ Committee

Note: Please assign the rating/value in the appropriate box, as below:

1 - Needs significant improvement

2 - Needs improvement

3 - Adequate

4 - Consistently good

5 - Outstanding

## Generic Questions

Q.No.	Operating Framework	Rating/ Value
1	The Committees have sufficient time to execute their responsibilities.	
2	Proposals are presented in a manner and format which is comprehensive, timely and easily understood and which facilitates informed and effective decision making.	
3	The Committees' responsibilities are clear and well understood.	
4	The minutes of the meetings adequately reflect the proceedings of the Board.	

Additional comments:

-----

-----

-----

Q.No.	Overall Performance	Rating/ Value
5	Committee meeting priorities are clear and agenda notes cover crucial topics for discussion.	
6	The Committees effectively discharges responsibilities and make appropriate recommendations to the Board.	
7	There is effective reporting of key matters to the Board.	

Additional comments:

-----

-----

**Committee specific questions:**

(Please mention 'NA' in case you are not a member of a particular Committee.)

<b>Q.No.</b>	<b>Audit Committee</b>	<b>Rating/ Value</b>
1	The members are well aware about the Terms of reference of the Audit Committee and effectively discharge their duties as members of the Audit Committee.	
2	The Audit Committee members have access to and hold discussions with the statutory auditors.	
3	The members have access to and hold discussions with KMPs/Key control function heads/Audit head / other senior Executives.	
4	The members effectively review the internal financial controls of the Company and the risk management systems.	
5	The members get sufficient time to review the financial performance of the Company; the Chief Financial Officer/ Board Secretariat/Company Secretary provides adequate information for the discussions.	

Additional comments:

-----

-----

-----

<b>Q.No.</b>	<b>Risk Management Committee</b>	<b>Rating/ Value</b>
1	The members are well aware about the Terms of Reference of the Risk Management Committee (RMC) and effectively discharge their duties as members of the Risk Management Committee.	
2	The RMC members have effective oversight on the risk management framework of the Company and review the Company's risk and reward objectives in line with all stakeholders' expectations.	
3	The RMC regularly reviews the asset liabilities management framework and the solvency position of the Company.	
4	The RMC members have access to and hold discussions with the concerned Officers of the Company.	
5	The members provide their comments and suggestions on the administrative policies of the Company.	

Additional comments:

-----

-----

-----

<b>Q.No.</b>	<b>Management Committee</b>	<b>Rating/ Value</b>
1	The members are well aware about the Terms of Reference of the Management Committee and effectively discharge their duties as members of the Committee.	
2	The members have effective oversight on the Credit Policy of the Company and regularly monitor its implementation.	

Additional comments:

-----

-----

-----

<b>Q.No.</b>	<b>Corporate Social Responsibility Committee</b>	<b>Rating /Value</b>
1	The members are well aware about the Terms of Reference of the Corporate Social Responsibility Committee and effectively discharge their duties as members of the Committee.	
2	The members recommend an effective CSR Policy to the Board.	
3	The members have put in place an effective and transparent framework for monitoring of various CSR projects.	
4	The members are regularly updated on the status update of various CSR projects.	
5	The members have oversight over the implementation of the CSR Policy.	

Additional comments:

-----

-----

-----

<b>Q.No.</b>	<b>Stakeholders Relationship Committee</b>	<b>Rating/ Value</b>
1	The members are well aware about the Terms of Reference of the Stakeholders Relationship Committee and effectively discharge their duties as members of the Committee.	
2	The members provide sufficient oversight over the complaints redressal framework in the interest of the stakeholders.	
3	The members are regularly updated with the initiatives taken by the Company for stakeholders interest.	
4	The members receive adequate information for oversight over the unclaimed dividend amounts.	
5	The members regularly discuss and approve for issuance of duplicate share certificates, review the transfers/transmissions, complaints, if any, compliances, shareholding pattern, movement of shareholding of the top 10 shareholders etc.	

Additional comments:

-----

-----

-----

<b>Q.No.</b>	<b>Nomination &amp; Remuneration Committee</b>	<b>Rating/ Value</b>
1	The members are well aware about the Terms of Reference of the Nomination & Remuneration Committee and effectively discharge their duties as members of the Committee.	
2	The members identify and recommend to the Board, persons who may be appointed as directors & KMPs.	
3	The members review HR policies and procedures, issues relating to talent management, performance management, incentives, ESOP etc. and recommend to Board.	

Additional comments:

-----

-----

-----

Place:

Date :

**Signature of the Director**  
(Name )

## Individual Directors' Evaluation Questionnaire

**The Chairman**

(Name of the Director \_\_\_\_\_)(DIN - \_\_\_\_\_)  
 Can Fin Homes Ltd.  
 Registered Office,

Bangalore - 4Dear Sir,

Sub: Questionnaire for evaluation of Shri. \_\_\_\_\_, Director

Note: Please assign the rating/value in the appropriate box, as  
 below: 1 - Needs significant improvement  
 2 - Needs improvement  
 3 - Adequate  
 4 - Consistently good  
 5 - Outstanding

<b>Q.No.</b>		<b>Rating/ Value</b>
1	Do all individual directors, including independent directors come prepared for the Board and Committee meetings	
2	Do all individual directors, including independent directors effectively participate in the Board and Committee meetings	
3	Do the various individual directors; possess sufficient skills and knowledge to discharge their duties as directors on the Board and members of Committees.	

Additional comments:

-----

-----

-----

Place:

Date:

**Signature of the Director**  
 Name