

CORPORATE GOVERNANCE POLICY



SRG HOUSING FINANCE LIMITED

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CORPORATE GOVERNANCE POLICY

(The Policy is formulated as per directive of NHB)

I. REVISION HISTORY

REVISED/ AMMENDED

(This policy is approved by the Board of Directors of the Company in their Meeting held on 16th March, 2017.

II. INTRODUCTION

Pursuant to directions issued by National Housing Bank i.e. "Housing Finance Companies- Corporate Governance (National Housing Bank) Directions, 2016" hereinafter called the "NHB Directions" the Board of Directors of the Company approved and adopted the revised "Corporate Governance Policy" by enhancing the scope of the guidelines wherever necessary but without sacrificing the spirit underlying the said guidelines. This Policy shall be published on the company's web-site, for the information of various stakeholders.

III. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At SRG Housing Finance Limited (SRGHFL), Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success, and we remain committed to maximizing stakeholders' value, be it shareholders, employees, customers, investors or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all. We have a defined policy framework for ethical conduct of businesses.

SRGHFL is committed to ensure high standards of transparency and accountability in all its activities. The best management practices and high levels of integrity in decision making are followed to ensure long term wealth generation and creation of value for all the stakeholders. The company follows all the principles of corporate governance in its true spirit and at all times.

IV. KEY ELEMENTS

1. Constitution of Committees of the Board

I. Audit Committee

(i) SRGHFL shall constitute an Audit Committee, consisting of not less than three members of its Board of Directors.

Explanation I: The Audit Committee constituted by the Company as required under Section 177 of the Companies Act, 2013 shall be the Audit Committee for the purposes of this paragraph.

Explanation II: The Audit Committee constituted under this paragraph shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013.

(ii) The Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

II. Nomination Committee

SRGHFL shall form a Nomination Committee to ensure 'fit and proper' status of proposed/ existing directors.

Explanation I: The Nomination Committee constituted under this paragraph shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013.

III. Risk Management Committee

To manage the integrated risk, SRGHFL shall form a Risk Management Committee, besides the Asset Liability Management Committee.

2. Fit and Proper Criteria

SRGHFL Shall:

I. Ensure that a policy is put in place with the approval of the Board of Directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis. The policy on the fit and proper criteria shall be on the lines of the Guidelines contained in Annex-1 of the said NHB Directions.

II. Obtain a declaration and undertaking from the directors giving additional information on the directors. The declaration and undertaking shall be on the lines of the format given in Annex-2 of the said NHB Directions.

III. Obtain a Deed of Covenant signed by the directors, which shall be in the format as given in Annex-3 of the said NHB Directions.

IV. Furnish to the National Housing Bank a quarterly statement on change of directors, and a certificate from the Managing Director of the Company that fit and proper criteria in selection of the directors have been followed. The statement must reach National Housing Bank, New Delhi within 15 days of the close of the respective quarter. The statement submitted by the company for the quarter ending March 31, should be certified by the auditors.

Provided that the National Housing Bank, if it deems fit and in public interest, reserves the right to examine the fit and proper criteria of directors of the Company.

3. Disclosure and transparency

I. SRGHFL shall put up to the Board of Directors, at regular intervals, as may be prescribed by the Board in this regard, the following:

(i) The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the company;

(ii) Conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

II. SRGHFL shall also disclose the following in its Annual Financial Statements, with effect from March 31, 2017:

(i) Registration / license / authorisation, by whatever name called, obtained from other financial sector regulators;

(ii) Ratings assigned by credit rating agencies and migration of ratings during the year;

(iii) Penalties, if any, levied by any regulator;

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

(v) Asset-Liability profile, NPAs and movement of NPAs, details of all off balance sheet exposures, exposure to real estate, exposure to capital market, disclosure of complaints as also securitization / assignment transactions and other disclosures, as given in Annex-4 of the said NHB Directions.

4. Application of other laws not barred

The provisions of this policy shall be in addition to, and not in derogation of the provisions of any other laws, rules, regulations or directions, for the time being in force.

5. Rotation of partners of the Statutory Auditors Audit Firm

SRGHFL shall rotate the partner/s of the Chartered Accountant firm conducting the audit, every three years so that same partner does not conduct audit of the company continuously for more than a period of three years.

However, the partner so rotated will be eligible for conducting the audit of the company after an interval of three years, if the company, so decides. Company shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

6. Framing of Internal Guidelines

This policy has been framed as internal guidelines of the company on corporate governance with the approval of the Board of Directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site for the information of various stakeholders.

Vinod K. Jain
Managing Director

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