



Corporate Governance Policy

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1. Introduction

India Mortgage Guarantee Corporation Private Limited (“the **Company**”) believes that a good corporate governance system is a necessary condition to ensure its long-term success. The Company ensures good governance through the implementation of effective policies and procedures, which are mandated and regularly reviewed by the Board or the Committees duly constituted by the Board.

Further, the RBI Directions provide that every NBFC-ND-SI should frame internal guidelines on corporate governance with the approval of the Board and publish the same on the Company's website for the information of various stakeholders. The Company, being an NBFC-ND-SI, is covered by the RBI Direction and has framed the policy on Corporate Governance (‘the Policy’).

The objective of the Policy is not only to ensure compliance with legal requirements but also to set standards for business governance/ conduct so that concerned employee(s)/officer(s) act in accordance with the highest standards of governance while working for and on behalf of the Company. All the concerned stakeholders(viz Directors, Shareholders and all Employees) are expected to read and understand this Policy to uphold these standards in day-to-day activities. This Policy shall be aligned with the prevalent regulatory and business requirements and reviewed by the Board at regular intervals.

2. Definitions

- “**Applicable Laws**” means the RBI Directions, the Companies Act, 2013 and the rules/regulations issued thereunder, as amended from time to time or any other law applicable on the Company.
- “**Act**” means the Companies Act, 2013 along with Rules thereunder as amended from time to time.
- “**Board**” means Board of Directors of the Company.
- “**Committee**” means the committee duly constituted by the Board, either as per Applicable Laws or otherwise, to:
 - a. perform the functions and responsibilities as per Applicable Laws,
 - b. perform the functions and responsibilities delegated by the Board for effective management and control of business operations of the Company from time to time,
 - c. to advise and/ or make recommendations to the Board or key stakeholders.
- “**Company**” means India Mortgage Guarantee Corporation Private Limited.
- “**NBFC-ND-SI**” means the Systemically Important Non-Deposit taking/ holding Non-Banking Financial Company as defined by RBI from time to time.
- “**RBI**” means Reserve Bank of India constituted in accordance with the provisions of the Reserve Bank of India Act, 1934.
- “**RBI Directions**” means the Non-Banking Financial Company-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016, and such other directions, notifications, guidelines, and instructions issued by RBI from time to time on corporate governance of NBFCs.
- “**Senior Management**” means and includes Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Risk Officer (CRO), Chief Information Officer (CIO), Chief Human Resources Officer (CHRO), Chief Operations Officer (COO), Chief Distribution Officer (CDO) and Chief Alliance Officer (CAO) of the Company.

3. Board of Directors

Constitution:

The Board shall consist of a minimum of two (02) directors and a maximum of fifteen (15) directors as per the requirement of the Act and subject to the Articles of Association of the Company. The Board shall have an optimum combination of executive, non-executive and independent directors in line with the Applicable Laws and Articles of Association of the Company, as amended from time to time. All the directors shall make the necessary annual disclosures regarding their change in concern or interest in any company or bodies corporate, firms, or other association of individuals including shareholding, directorships and Committee positions and shall intimate changes as and when they take place.

The Board Shall have an Independent Director as per the requirements of RBI Master Directions on the Information Technology to Chair the IT Strategy Committee. The Board may have one or more Independent Directors as required under Applicable laws.

The Company shall have a policy for ascertaining the 'fit and proper' criteria at the time of appointment/ re-appointment of Directors or Senior Management. The Company shall carry out necessary due diligence on the eligibility of Directors or Senior Management considering their qualifications, expertise, track record, integrity, etc.

The Board shall ensure that all the appointed directors meet the fit and proper criteria based on which the Company shall furnish a quarterly certificate to RBI confirming that all the directors meet the fit and proper criteria.

Roles and Responsibilities:

The Board shall exercise their judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. The Board along with its committees provides direction and guidance to the Company's leadership team and further directs, supervises as well as reviews the performance of the Company.

The Board will play a vital role in the policy formulation and its implementation and decisioning of strategic issues which are crucial for the long-term development of the organization. Apart from performing statutory obligations, the Board shall review the following matters in particular, at regular intervals:

- Minutes of the proceedings of the Committees to evaluate the functioning of the respective Committees and adherence to their respective charter/policy.
- Compliance with applicable legal provisions and mandating submission of the certificate of compliance from the respective functional heads.
- Portfolio risk performance and special mention accounts.
- Adherence to the policies on customer due diligence and fair practices.
- Functioning of the business contingency plan and undertake a comprehensive risk assessment of IT systems to identify the gap and steps to mitigate it.
- Status of fraud cases identified and reported from time to time.
- New laws/regulations as well as important amendments therein having an impact on the business operations of the Company.
- the applicable accounting standards had been followed along with proper explanation relating to material departures, in the preparation of the annual accounts.
- Prepared the annual accounts on a going-concern basis.

- Devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- Selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.
- Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

In addition to the Role and Responsibilities of a Director as enumerated above, an Independent Director shall have the following roles and responsibilities for the effective governance of the Company:

- To comply with the Code of Independent Directors provided under Schedule IV of the Companies Act, 2013 consisting of the following major role and responsibilities-:
 - a. To 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;
 - b. safeguard the interests of all stakeholders, particularly the minority shareholders;
 - c. bring an objective view in the evaluation of the performance of board and management;
 - d. balance the conflicting interest of the stakeholders;

Meetings of the Board:

At least four meetings of the Board shall be held in a year. The maximum time gap between any two meetings shall not be more than one hundred and twenty days or as extended by the regulator under Applicable Laws from time to time. The meetings of the Board can be convened either in person or through audio-video means as permitted under Applicable Laws.

4. Committees of the Board

To have close supervision on areas/ activities that are critical from compliance or business perspective, expedite decision making and operational convenience, the Board has implemented an appropriate structure in the form of various Committees with defined terms of reference /scope and delegated requisite powers to respective Committees.

The functions of these committees are reviewed by Board on regular basis through a review of the minutes of the meetings of all these Committees placed before the Board. All decisions pertaining to the constitution, the appointment of members, and revision/ modification of terms of reference/ scope of these Committees shall be placed before the Board for approval. Various Committees constituted by the Board are:

Statutory Committees:		Non-Statutory Committees:	
4.1	Audit Committee	4.7	Technical Committee
4.2	Nomination Committee	4.8	Bank Committee
4.3	Risk Management Committee	4.9	Investment Committee
4.4	Internal Committee	4.10	Corporate Risk Committee
4.5	IT Strategy Committee		
4.6	IT Steering Committee		

4.1 Audit Committee (“AC”)

Constitution:

The AC shall consist of not less than three (3) non-executive Directors of the Board at least one of whom will be a Chartered Accountant. The AC may be reconstituted by the Board, as and when required.

Meetings:

The Committee shall meet from time to time as necessary to accomplish its purpose and duties as per the Companies Act, 2013.

Roles & Responsibilities:

The Board shall adopt the ‘Terms of Reference’ for the AC that shall also include the roles, functions, responsibilities and powers of AC as per provisions of Section 177 of the Act. Such Terms of Reference shall be reviewed by the Board on regular basis.

The role of the Audit Committee, inter alia, shall be as follows:

- the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- review and monitor the auditor’s independence and performance, and the effectiveness of the audit process;
- examination of the financial statement and auditor’s report thereon;
- approval or any subsequent modification of transactions of the company with related parties;
- review of inter-corporate loans and investments;
- valuation of undertakings or assets of the company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- monitoring the end use of funds raised through public offers and related matters.

4.2 Nomination Committee (“NC”)

Constitution:

The NC shall consist of not less than three (3) members of the Board of Directors with an optimum combination of executive and non-executive directors as may be decided by Board. The NC may be reconstituted by the Board, as and when required.

Meetings:

The Committee shall meet from time to time as necessary to accomplish its purpose and duties as per the Companies Act, 2013.

Roles & Responsibilities:

The Board shall adopt the ‘Terms of Reference’ for the NC that shall also include the roles, functions, responsibilities and powers of NC as per provisions of Section 178 of the Act. Such Terms of Reference shall be reviewed by the Board on a regular basis.

The role of the Nomination Committee shall be as follows:

- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommending to the Board of Directors their appointment and removal.
- Formulation of criteria for evaluation of Board, Committees and individual Directors
- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board Of Directors a policy relating to, the remuneration of the Directors and Key Managerial Personnel
- NC while formulating the policy shall ensure that -:
 - a. 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;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to Directors, key managerial personnel and senior management involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- 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.
- Any other roles and responsibilities as may be assigned from time to time by the Board of Directors of the Company.

NC shall ensure that the person to be appointed as director or senior management satisfies the specified criteria and provide its recommendation to the Board on their appointment. NC shall also specify the criteria and procedure for effective evaluation of the performance of the Board, its Committees and Directors to be carried out by the Board.

4.3 Risk Management Committee (“RMC”)

Constitution:

RMC shall report to the Board and shall consist of four Board members including the Chief Executive Officer & Managing Director of the Company. Any reconstitution of RMC shall be done with the prior approval of the Board.

Meetings:

At least two meetings of RMC shall be held in the financial year. The Chief Risk Officer shall report to the RMC.

Roles & Responsibilities:

RMC shall ensure timely identification of the integrated risk associated with the Company and evaluation of the overall risks faced by the Company including liquidity risk. The integrated risks may comprise credit risk, liquidity risk, market risk, operational risk, financial risk, legal risk and/or any other risks of the Company.

RMC shall ensure that the Company has appropriate tools and procedures for identifying, reporting, managing and mitigating the current and emerging risks. RMC shall also monitor the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company. The functions, roles and responsibilities of RMC shall be decided and supervised by the Board on a regular basis.

4.4 Internal Committee (“IC”)

Constitution:

The Company shall have IC in accordance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder (“POSH Act”). The Board shall constitute IC subject to meeting the criteria for membership of the Committee as defined under the POSH Act. The Board shall also be authorized to change the constitution of IC on a need basis from time to time.

Meeting:

IC shall meet on a half-yearly/annual basis and initiate the necessary proceedings as may be required to resolve the complaints received under POSH Act.

Roles & Responsibilities:

The Board shall approve and implement the ‘Policy on Prevention of Sexual Harassment at Workplace’ defining the roles & responsibilities of IC as well as the procedure for addressing the complaints against sexual harassment. IC shall recommend appropriate action to the employer on the complaints received by IC. The role of IC shall be as follows:

- To formulate the Prevention of Sexual Harassment Policy to ensure the prevention of sexual harassment and the safety of women employees in the workplace.
- To conduct the meeting in case of any complaint received in writing from any women employees, to settle the grievances and to ensure the proper action is being taken in case of any misconduct, or harassment with the women employees either physically or mentally.
- Provide a safe working environment at the workplace.
- Organize workshops and awareness programs at regular intervals.

4.5 IT Strategy Committee (“ITSC”)

Constitution:

ITSC shall report to the Board and shall consist of five Board members including Independent Director, MD & CEO and Chief Information Officer (CIO) of the Company. Any reconstitution of ITSC shall also be done with the prior approval of the Board.

Meetings:

The ITSC should meet at an appropriate frequency but not more than six months should elapse between two meetings. The chairman of the ITSC shall be an Independent Director.

Roles & Responsibilities:

The Board shall adopt a suitable framework for IT Governance that shall include the roles, functions, responsibilities and the powers of ITSC. The framework shall be approved by the Board and reviewed on regular basis.

ITSC shall work in partnership with other committees and senior management to provide input to them. It will also carry out the review and amend the IT strategies in line with the corporate strategies, Board’s policy reviews, cyber security arrangements and any other matter related to IT Governance. ITSC shall approve the IT strategy and policy documents and ensure that the management has put an effective strategic planning process in place, ascertain that management has implemented processes and practices that ensure that the IT delivers value to the business, ensure IT investments represent a

balance of risks and benefits and that budgets are acceptable and monitor that the IT resources needed to achieve strategic goals are available and provide high-level direction for sourcing and use of IT resources.

4.6 IT Steering Committee (“STC”)

Constitution:

IT Steering Committee shall report to the IT Strategy Committee and shall consist of the MD and CEO, Chief Information Officer, Chief Risk Officer, Chief Operations Officer and MD & CEO of the Company authorized for selecting the member/invitee of the Committee from time to time according to the requirements of various projects undertaken by the Company.

Meetings:

STC shall meet at an appropriate frequency on a need basis and the members of the STC present in the meeting shall elect the chairperson of the meeting.

Roles & Responsibilities:

The STC shall oversee and monitor the progress of the IT projects, including deliverables to be realized at each phase of the project and milestones to be reached according to the project timetable, resource allocation and project tracking.

4.7 Technical Committee (“TC”)

Constitution:

The TC shall consist of not less than five (5) members unless otherwise agreed by majority Shareholders. The members of the Technical Committee may be Directors, Senior Management or other external personnel. The TC may be reconstituted by the Board, as and when required.

Meetings:

The TC will meet at least once every quarter, provided that the Chair may call ad-hoc meetings from time to time.

Roles & Responsibilities:

The Board shall adopt the ‘Terms of Reference’ for the TC that shall also include the roles, functions, responsibilities and powers of TC. Such Terms of Reference shall be reviewed by the Board on regular basis.

TC shall be responsible for taking decisions on all technical matters regarding the business of mortgage guarantees, including, without limitation, issues relating to risk, finance, marketing, and information technology to the Technical Committee. The role of the Technical Committee, inter alia, shall be as follows:

- Review of the Relevant Business Plan on an annual basis.
- Review and approve the Risk Appetite Statement, tolerances, limits, and any exception requests.
- Review and approve the Broad Policy Framework
- Review and approve assumptions used for pricing, business plan projections, economic capital projections, and valuations.

- Review and approve the pricing of products and risk onboarding.
- Review and approve product underwriting guidelines and pricing, including any material changes and all new flow customers and all bulk deals.
- Review and approve material changes to any Master Guarantee Agreement.
- Evaluate and approve new product lines.
- Review and decide on such other matters concerning risk that the Chair of the Technical Committee deems necessary to be reviewed and discussed by the Technical Committee.

4.8 Bank Committee (“BC”)

Constitution:

The Company shall have the BC to maximize operational efficiency and to manage day-to-day banking-related matters of the company more effectively. BC shall comprise of Chief Executive Officer (CEO), Chief Operations Officer (COO) and Chief Financial Officer (CFO).

Meetings:

BC shall meet at an appropriate frequency on a need basis and the chairman of the Committee shall be the CEO.

Roles & Responsibilities:

The Board shall adopt the ‘Terms of Reference’ for the BC that shall also include the roles, functions, responsibilities and powers of BC. The role and functions of BC shall be as follows:

- take all necessary steps to open and maintain bank accounts, bank lockers of the Company,
- monitor and handle all administrative functions for the effective operation of bank accounts of the Company including obtaining credit limits working capital facility etc. and apply for enhancement of such limits,
- review and monitor amendments in the authorized signatory(ies) of the bank accounts of the Company and to take all necessary actions and steps to inform respective Banks regarding changes, if any,
- take all necessary steps to close bank accounts, and bank lockers of the company, if considered expedient in the interest of the company, and
- any other responsibility as may be assigned by the Board from time to time.

4.9 Investment Committee (“IC”)

Constitution:

The Company’s Board of Directors has ultimate responsibility for the Company’s assets. The Board has delegated day-to-day oversight of the Company’s assets to IC. IC comprises of Chief Executive Officer (CEO), Chief Risk Officer (CRO), Chief Alliances Officer (CAO) and Chief Financial Officer (CFO). The IC may be reconstituted by the Board, as and when required.

Meetings:

IC shall meet at least once in a quarter or a minimum of four meetings should be held in a year.

Roles & Responsibilities:

The role and responsibilities of IC shall be as follows:

- review and, where appropriate, approval of revisions to the Investment Management Policy and Guidelines prior to approval by the Board,
- Any significant strategic asset allocation change,
- All new asset classes, Investment transaction authorities (the “Investment Approval Authority”) and delegation of those authorities to appropriate personnel including, without limitation, the CFO and/or the PMS in accordance with the terms of the applicable investment management agreement,
- Investment transactions above Rs.5 crore shall be reviewed and approved by the committee as described in the Investment Approval Authority,
- Aggregate investment exposure limits,
- Asset Sector Reviews and/or credit research that may be requested from time to time and
- Asset impairments.
- Assess the liquidity position of the Company for the plan period:
 - a. Base scenario;
 - b. Stress scenarios.

4.10 Corporate Risk Committee (“CRC”)

Constitution:

The CRC shall consist of Chief Risk Officer (CRO), Chief Executive Officer (CEO), Chief Operations Officer (COO), Chief Information Officer (CIO), and Chief Financial Officer (CFO). The CRC may be reconstituted by the TC, as and when required.

Meetings:

CRC shall meet at an appropriate frequency on a need basis and the chairman of the Committee shall be CRO.

Roles & Responsibilities:

The CRC shall be responsible for matters relating to, inter alia, review, evaluation and approval of the Company’s risk management, risk control and risk mitigation practices and policies. Any changes in such practices and policies shall also be subject to the review of the CRC. The CRC shall guide strategies and overall risk tolerance of the Company and shall ensure that the risks are managed within the tolerance levels of the Company. The CRC shall also evaluate any significant risks and guide new or proposed products or services that are likely to expose the Company to emerging risks.

5. Disclosure & Transparency

The Company shall put up to the Board from time to time the progress made in putting in place a progressive risk management system and adherence to risk management policy and strategy followed by the Company.

Company shall annually review at the Board Meeting the conformity with corporate governance standards viz., the composition of various Committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

In addition to the disclosures required to be made as per the Applicable Laws, the following disclosures shall be made in the annual financial statements of the Company as a good corporate governance practice:

- i. Registration/license/authorization 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; and
- v. Operating and Financial Performance, state of Company's Affairs and Future outlook including Non-Performing Assets (NPA) and movement of NPAs, details of all off-balance sheet exposures, and other disclosures.

6. Annual Report

The Annual Report of the Company shall contain a separate section on Corporate Governance detailing the measures/activities undertaken by the Company as a part of its efforts towards good corporate governance.

7. Auditors

Statutory Auditor:

The Board and the Audit Committee shall be responsible for the appointment/reappointment of Statutory Auditors of the Company and to fix their remuneration pursuant to the provisions of the Companies Act 2013, RBI Master Directions- Mortgage Guarantee Companies (Reserve Bank) Directions, 2016 and other rules and regulations specified by RBI from time to time.

Further, the Company shall rotate the partner/s of the Chartered Accountant firm(s) conducting the statutory audit of the Company every three years or such other earlier period as may be decided by the Board, so that the same partner does not conduct an audit of the company continuously for more than a period of three years. However, the partner so rotated shall be eligible for conducting the audit of the Company after three years.

The Company shall also comply with various circulars and notifications issued by Reserve Bank of India from time to time, including the circular dated April 27, 2021, pertaining to "Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs)", as amended from time to time.

Information System Audit:

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.

8. Policies

The Company shall adopt such policies, as may be required to adopt under the Companies Act, 2013, RBI Directions/ circulars issued from time to time and applicable to the company, and such other laws and regulations as may be applicable. The policies adopted will be reviewed by the Board from time to time.

9. Conflict of Interest

The Company expects its Directors, officers and other employees to act ethically at all times and to acknowledge their adherence to the policy(ies) and code(s) adopted by the Company.

The Directors, senior management and other employees of the Company shall endeavour to avoid any conflict of interest with respect to their dealings with the Company. A conflict of interest exists when the benefits or interests of one person or entity conflict with the interests or benefits of the Company. If a Director has a potential conflict of interest in a matter under consideration by the Board or a Committee, such Director shall disclose his/her interest in accordance with the provisions of applicable laws and abstain from deliberations and voting on such matter. A Director who is interested in any proposed transaction shall not exercise any influence over other Board/Committee Members in any manner whatsoever. Officers and other employees must disclose the circumstances of any possible conflict of interest to his / her supervisor and CEO, for a determination about whether a potential or actual conflict exists. If an actual or potential conflict is determined, the Company may take whatever corrective action appears appropriate according to the circumstances. Failure to disclose facts shall constitute grounds for disciplinary action.

10. Related Party Transaction

Any transaction with a Related Party shall be appropriate only if it is in the best interest of the Company and its members. The Board or any of its Committees that are dealing with related party transaction(s), shall accord their approvals for such transactions in compliance with the applicable laws.

11. Compliance Officer

The Board of Directors shall appoint Compliance Officer to ensure compliance with applicable laws.

12. Code of Conduct

Company shall frame the code of conduct for its Directors, Promoters and designated Employees of the Company to conduct their business and affairs in compliance with applicable laws, rules and regulations of India.

13. Website

This internal guideline on corporate governance shall be published on the Company's website, if any, for the information of various stakeholders, as required by RBI from time to time.

14. Review/Amendment

The Policy will be amended from time to time by the Board of Directors of the Company. The Policy shall be automatically amended with the changes in any applicable law. The Policy shall also be reviewed annually by the Board of Directors of the Company.