

**Grihum Housing Finance Limited
(Formerly Poonawalla Housing Finance Limited)**

This document intends to formulate, formalize and establish Remuneration Policy for the Company for Directors, senior management personnel, key managerial personnel and other employees of the Company

Remuneration Policy

Effective Date: 18.10.2023

Approval Date: 18.10.2023

Version No.: 5.0

Approved By: Board of Directors

Policy Owner : Human Resource Department through Nomination and Remuneration Committee

This document is confidential in nature and supersedes any Policy on Remuneration existing in the Company, and should be read in conjunction with the most recent policies and procedures documented.

Subject: Remuneration Policy	Original Issue Date: 29.01.2015	Effective Date: 18.10.2023
	Revision Dates: 25.07.2017, 31.01.2022, 21.01.2023 & 18.10.2023	Version No: 5.0

Base Document/ Governing Guideline	:	Applicable provisions of the Companies Act 2013, Listing Obligations and Disclosure Requirements 2015 as amended, Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021 and Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs dated April 29, 2022 issued by the Reserve Bank of India
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REMUNERATION POLICY

1. Context/ Legal Genesis:

In terms of Section 178 of the Companies Act, 2013 (hereinafter referred to as “the Act”), this Remuneration Policy (“Policy or “Compensation Policy”) was originally formulated by the Nomination and Remuneration Committee (“NRC” or “Committee”) and approved by the Board of Directors of Grihum Housing Finance Limited (Formerly Poonawalla Housing Finance Limited) (“Company”) on January 29, 2015 and is revised from time to time pursuant to the amendments.

The Board of Directors of the Company has constituted the Committee pursuant to the provisions of the Act and the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by Reserve Bank of India (hereinafter referred to as the “RBI Directions”) as amended from time to time RBI, vide its notification dated October 22, 2021, prescribed the ‘Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021’ (“SBR Framework”) as per which NBFCs in Middle Layer and NBFCs in Upper Layer are required to comply with the ‘Compensation Guidelines’ prescribed by the RBI. Thereafter, the RBI prescribed the ‘Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs’ (“Guidelines”) vide notification dated April 29, 2022. The Guidelines are applicable for fixing the Compensation/ Remuneration Policy of Key Managerial Personnel (“KMP”) and Senior Management Personnel (SMP) of NBFCs in Middle Layer and NBFCs in Upper Layer.

2. Objectives and Purpose of the Policy

The objectives and purpose of the policy are:

- a) Selection and performance evaluation criteria for the directors, senior management personnel and key managerial personnel (defined elsewhere) of the Company;
- b) Determination of qualification, positive attributes and independence test for the Independent Directors to be appointed;
- c) Setting out broad framework for fixing the remuneration for the Directors (including Independent Directors), Senior Management Personnel as well as Key Managerial Personnel (Chief Executive Officer, Chief Financial Officer and Company Secretary) and other employees.

3. Definition of Terms used in the Policy

- a) ‘Act’ shall mean the Companies Act, 2013 and rules made thereunder, as amended from time to time.
- b) ‘Board’ shall mean the Board of Directors of the Company.
- c) Clawback is a contractual agreement between the employee and the Company in which the employee agrees to return previously paid or vested remuneration to the HFC under certain circumstances.
- d) ‘Company’ shall mean Grihum Housing Finance Limited (Formerly Poonawalla Housing Finance Limited).
- e) ‘Director’ shall mean a Director appointed in the Board of Directors of the Company, including Nominee/ Non-Executive/ Executive/ Independent Director.
- f) ‘Independent Director’ means a director referred to in Section 149 (6) of the Companies Act, 2013.
- g) ‘Key Managerial Personnel’ or ‘KMP’ shall mean the ‘key managerial personnel’ as defined under Section 2(51) of the Companies Act, 2013, from time to time, which is currently as under:

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- 1) Chief Executive Officer and/ or Managing Director or Manager of the Company or Whole-time Director
 - 2) Chief Financial Officer of the Company
 - 3) Company Secretary of the Company
 - 4) Any other person as defined under the Act from time to time
- h) Malus arrangement permits the Company to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred.
- i) 'Nomination and Remuneration Committee' or 'NRC' or 'Committee' shall mean the Committee of Board of Directors of the Company constituted under applicable provisions of Companies Act, 2013 and the applicable provisions of the 'Non-Banking Financial Company- Housing Finance Company (Reserve Bank) Directions, 2021' ("RBI Directions").
- j) 'Other Employees' shall mean all employees other than the Directors, SMPs and KMPs.
- k) Retention period: A period of time after the vesting of instruments which have been awarded as variable pay during which they cannot be sold or accessed
- l) **"Senior Management Personnel"/"Senior Management/Officer"** shall mean the 'senior management' as defined in Section 178 of the Companies Act, 2013 and Regulation 16 of the SEBI LODR Regulations as the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (as may be appointed pursuant to Section 203 of the Companies Act, 2013) (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

In Company's context the term 'Senior Management Personnel' would cover members of management at the Senior - VP level and above reporting to Managing Director & Chief Executive Officer, and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer"

4. Role of NRC

The role of NRC shall be in accordance with the NRC Charter as approved by the Board of Directors from time to time.

5. Selection and Performance Evaluation criteria for Directors, SMP and KMP of the Company

Selection Criteria:

- 1.1 Selection of Executive Director/s shall be on the line of selection criteria laid down for independent directors, insofar as those criteria are not inconsistent with the nature of appointment and in accordance with the provisions of Articles of Association; Committee is responsible for identification, shortlisting and recommendation of the candidature of person for the position of Managing Director or any other director to the Board of Directors or appointed in the senior management of the Company;
- 1.2 Nominee Directors shall be taken on board, as and when nominated by the investor/s to protect such investor/s interests and such appointments shall usually be governed by the investment/

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share purchase agreement/subscription agreement/any other agreement the Company has/will have with such investors;

- 1.3 Independent Directors will be selected on the basis of identification of industry/ subject leaders with strong experience. The advisory area and therefore the role, may be defined for each independent director;
- 1.4 For any SMP / KMP recruitment, it is critical to identify the necessity for that role in the context of the Company. To validate the requirement:
 - 1.4.1 Job Description (JD) along with profile fitment characteristics from a personality, experience and qualification point of view shall be created;
 - 1.4.2 The recruitment process shall generally involve meetings with Chief Human Resource Officer (CHRO) of the Company, the MD & CEO of the Company and/or identified members of NRC and Board, on the basis of which the candidature will be finalised;
 - 1.4.3 The total remuneration to be offered to the new candidate as above, shall be placed before the NRC for their concurrence and recommendation to the Board. Thereafter, the offer shall be rolled out to the new candidate.

Induction Process:

- 1.5 Any SMP / KMP recruited, shall go through a detailed induction process:
 - 1.5.1 The MD & CEO of the Company shall usually be involved in the familiarisation/ induction process for SMP/KMP;
 - 1.5.2 The CHRO shall work closely with the new joinee to share the Company's values, culture and introduction in the Company;
 - 1.5.3 In case any input from any Board member is required on the familiarisation or expectation setting, interaction shall be planned and conducted. This interaction however shall be decided on a case-to-case basis.

Evaluation Process:

Performance Evaluation of the Board of Directors

- 1.6 The appraisal of the Board, as a collective body and the Directors, individually, shall be based on pre-identified and agreed parameters.
- 1.7 Such performance evaluation shall be undertaken at a reasonably regular interval – usually once in every financial year using questionnaire. The questionnaire will usually be circulated to the members of the Board of the Company in the first quarter of every calendar year (corresponding to the last quarter of every financial year) and the Directors are encouraged to submit their comments within a month of receiving the questionnaire.
- 1.8 Chairperson of the NRC may conduct a one-to-one session with each Director to understand their point of view on the parameters for performance evaluation each such Director would be subjected to.
 - 1.8.1 Performance evaluation parameters for the Board may consist of parameters for evaluation of Board as a collective body, evaluation of committees of Board, self-evaluation, evaluation of each director individually and of the Chairperson as contained in **Annexure – 1**.
- 1.9 Independent Directors shall hold at least one meeting every financial year without the participation of other Non-Independent Directors and/or members of management, to undertake the following agenda at the minimum:

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- 1.9.1 Review of performance of non-Independent Directors and the Board as a whole;
- 1.9.2 Review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- 1.9.3 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.

Evaluation of performance of Board, as a collective body, shall be done by the Independent Directors at an exclusive meeting of Independent Directors (as stated hereinbefore), apart from evaluation of performance of individual director. The Board in turn shall appraise each individual Independent Director basis pre-defined evaluation parameters.

- 1.10 The Chairperson of the NRC/Company in turn shall appraise or provide feedback to each Director on the basis of pre-defined evaluation parameters, in one or more of the following ways:
 - a. Verbally given by the Chairperson of the NRC/Company or external expert/ facilitator to:
 - i. Each Director separately
 - ii. To the entire Board
 - iii. To the Committees
 - b. A written assessment to every Director, Board and Committees
If Directors are not comfortable to open individual assessments, provision for confidentiality may be made where possible. For effectiveness of the evaluation, it is essential that the feedback be given honestly and without bias.
- 1.11 Evaluation of performance of each director shall be done by all the Directors except for the Director who is being evaluated, independent as well as non-independent Directors of the Company basis pre-defined evaluation parameters.
- 1.12 At an appropriate interval, at the sole and exclusive discretion of the Board, the Board may seek intervention of an external expert/ facilitator in the process of performance evaluation of the Board.
- 1.13 Based on the analysis of the Board Evaluation, the Board may prepare an action plan on:
 - a. Areas of improvement including training, skill building, etc. as may be required for Board members.
 - b. List of actions required detailing, viz. Nature of actions, timeline, person responsible for implementation etc. and review of the actions within a specific time period.

Performance Evaluation of SMP/KMP

- 1.14 To evaluate the performance of KMP/SMP, the Company shall follow a detailed process of Performance Evaluation:
 - 1.14.1 Key Results Areas (KRAs) shall be established for each member that will be derived from the overall strategy of the organization and shall incorporate policy directives provided by the Board.
 - 1.14.2 The performance against these KRAs shall be reviewed by MD&CEO of the Company
 - 1.14.3 At the end of the Performance Review period, there shall be a formal Performance assessment by the MD&CEO of the Company. The feedback from NRC members, as appropriate, shall also be taken into consideration.
 - 1.14.4 Final rating shall be provided along with salary increment on Fixed Compensation and Variable Compensation, as applicable.

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1.15 Removal of any SMP/KMP shall be subject to the performance and behaviour of the individual and the decision for the removal of such personnel shall be recommended by the NRC to the Board.

Succession Planning

1.16 The Succession Planning for the Directors (including Independent Directors), SMP, KMP shall be done in accordance with the Policy on Succession Planning as adopted by the Board of Directors from time to time.

Determination of qualification, positive attributes and independence test for the Independent Directors to be appointed

- 2.1. For each Independent Director, the appointment shall be based on the need identified by the Board.
- 2.2. The role and duties of the Independent Director shall be clearly specified by highlighting the committees they are expected to serve on, as well as the expectations of the Board from them.
- 2.3. At the time of selection, Board shall review the candidature on skill, experience and knowledge to ensure an overall balance in the Board so as to enable the Board to discharge its functions and duties effectively.
- 2.4. Any appointment of the Independent Director shall be approved at the meeting of the shareholders, in accordance with extant laws.
- 2.5. Director's Independence test shall be conducted as per the conditions specified in the Act and the rules thereunder. The details of the Independence test are mentioned in **Annexure 2**.
- 2.6. Board's expectation from each Independent Director shall be clearly mentioned in the appointment letter. The appointment letter to be issued to independent director shall be in the format enclosed as **Annexure 3**.
- 2.7. The Independent Director shall confirm having read and complied with the Code of Business Ethics of the Company. They shall also need to confirm and sign the Independence Test.
- 2.8. To familiarize the new directors to the Company, an induction kit shall usually be shared with them. The kit shall include at the minimum –
 - 2.8.1. Mission, Vision and Values of the Company
 - 2.8.2. Business Structure
 - 2.8.3. Brief profile of the Board of Directors
 - 2.8.4. Composition of Committees of the Board
 - 2.8.5. Brief profile of SMPs/KMPs
 - 2.8.6. Investor Presentation for last two quarters
 - 2.8.7. Latest Annual Report
 - 2.8.8. Latest Shareholding Pattern and Shareholders holding more than 5% of shares
 - 2.8.9. Codes and Policies
 - 2.8.10. Remuneration payable to Directors
- 2.9. The MD&CEO of the Company along with the Company Secretary shall be involved in the familiarisation/ induction process for the independent directors;
- 2.10. During the familiarization process, the MD&CEO of the Company shall usually share the Company details, vision and strategy for the Company as well as his expectations from the SMPs/KMPs; any inputs made by Independent Directors shall be considered appropriately;

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- 2.11. The MD&CEO of the Company and the Company Secretary shall interact closely with the Independent Director who is a new joinee to share the values, culture, introduction to other key personnel in the Company;
- 2.12. Periodic familiarisation programmes should be undertaken atleast once in a year to apprise the Independent Director of the current state of affairs of the Company;
- 2.13. In case, any input from any other Board member is required on the familiarisation, a detailed interaction will be planned and conducted with them as well.

Broad framework for fixing the remuneration policy for the Directors (including Independent Directors), KMP, SMP

3.1 Remuneration, Sitting Fee, Commission to the Directors

- 3.1.1 Remuneration: The remuneration of Directors shall be established on the reasonability and sufficiency of level to attract, retain and motivate the Directors:
- 3.1.2 Sitting Fee: The Non-executive Directors including Independent Directors would be paid sitting fees subject to the limits prescribed under the Act, or any amendments thereto, as may be determined by the NRC from time to time, for attending each meeting(s) of the Board and Committees thereof.
 - 3.1.2.1 The sitting fees paid to the independent directors and the women directors, should not be less than the sitting fees paid to other directors.
- 3.1.3 Reimbursement of Travel or other Expenses: Directors shall be reimbursed any travel or other expenses, incurred by them, for attending the Board and Committee meetings.
- 3.1.4 Commission: Additionally, the Independent Directors may be paid remuneration by way of commission for each financial year.
 - 3.1.4.1 Total commission pay out to all Independent Directors (including non-executive directors) in aggregate shall be restricted to a limit of 1% of net profits of the Company as determined in accordance with Section 198 of the Companies Act, 2013, further subject to recommendation by the NRC and determination by the Board, as further subject to approval by the shareholders of the Company at the Annual General Meeting.
 - 3.1.4.2 The Independent Directors may be paid remuneration in case of no profits or inadequate profit in addition to the sitting fees as per the provisions of Schedule V of the Act.
 - 3.1.4.3 NRC shall recommend quantum of commission which, in its best judgement and opinion is commensurate with the level of engagement each Independent Director would have with SMP/KMP and/or other Board members, towards providing inputs, insights and guidance on various matters of importance from time to time.
- 3.1.5 Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.
- 3.1.6 The Directors shall be covered under the Directors and Officers Liability Insurance (D&O) Policy of the Company.

3.2 Remuneration paid to MD & CEO

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- 3.2.1 The remuneration paid to MD&CEO of the Company shall be considered by the NRC taking into account various parameters included in this policy and recommended to the Board for approval. This shall be further subject to the approval of the Members at the next General Meeting of the Company in consonance with the provisions of the Act and the rules made thereunder.
- 3.2.2 The remuneration paid to Managing Director shall be within the limits approved by the shareholders of the Company, which includes fixed salary, perquisites, variable pay in the form of commission, other benefits and allowances and certain retiral benefits, within the overall limit under Section 197 of the Act.
- 3.2.3 Subject to the provisions under Applicable Laws, a Director who is in receipt of any commission from the Company and who is a managing or whole-time director of the Company shall not be disqualified from receiving any remuneration or commission from any holding or subsidiary company of the Company, subject to its disclosure by the Company in the Board's report.
- 3.2.4 The Managing Director shall be entitled to get stock options of the Company, subject to the satisfaction of the criteria as mentioned in the Scheme/ formulated by NRC, and the same shall form part of their remuneration.

3.3 Compensation of KMPs, SMPs

- 3.3.1 The Company shall endeavour to keep the remuneration reasonable and based on the relevant factors including adherence to statutory requirements, industry practises, key responsibility areas assigned and the achievement thereof. The increments shall usually be linked to their performance as well performance of the Company. The total compensation may comprise of fixed and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks. The Company shall ensure that the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.
- 3.3.2 Total compensation for KMP and Senior Management Personnel could comprise of:
- Fixed Pay/Compensation
 - Variable Pay/Compensation
 - Gratuity and contribution to provident fund
 - Medclaim, personal accident insurance and life insurance coverage as per policy of the Company in addition to the CTC.
 - Such other benefits/perquisites as may be periodically determined relevant by the HR policies of the Company.
- 3.3.3 The Company shall adopt the following principles for compensation while deciding compensation for the SMP/KMP:
- 1) **Fixed Pay/Compensation:** Fixed pay/compensation will be determined based on size and scope of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation will include basic salary, HRA, special allowance, flexi plan, contribution to provident fund, gratuity etc. Monetary equivalent of benefits of non-monetary nature (such as free furnished house, use of company car, etc.) may also be part of fixed pay/compensation.
 - 2) **Variable Pay, its proportion and deferral:** Variable compensation which may be in the form of share-linked instruments, or a mix of cash and share-linked instruments. The share-linked instruments shall be in conformity with relevant statutory provisions. The

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KMP, SMP may also be eligible for Long Term Incentive Plan in the form of stock options, retention cum loyalty bonus or any other equivalent instruments.

- 3) **Proportion of Variable Pay:** The proportion of variable pay in total compensation shall be commensurate with the role and prudent risk-taking profile of SMPs and KMPs. At higher levels of responsibility, the proportion of variable pay shall be higher. There shall be proper balance between the cash and share-linked instruments in the variable pay compensation in case the variable pay contains share linked instruments. The variable pay shall be truly and effectively variable and can be reduced to zero based on performance at an individual, business-unit and company-wide level. To do so, performance measures and their relation to remuneration packages shall be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism.
- 4) **Deferral of Variable Pay:** Not all the variable pay compensation awarded after performance assessment may be paid immediately. Certain portion of variable pay, as decided by the NRC of the Company, may be deferred to time horizon of the risks. The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. Deferral period for such an arrangement may be decided by NRC of the Company.
- 5) **Malus/Clawback Arrangement:** The deferred compensation may be subject to malus/clawback arrangements in the event of subdued or negative financial performance of the Company and/or the relevant line of business or employee misconduct in any year. In the situations/instances where the financial statements are required to be re-stated due to fraud or non-compliance with any requirement under the Companies Act, 2013 and the rules made thereunder or any other situation as identified, the Company may invoke the malus and clawback clauses that may be applicable on entire variable pay including any past or present KMP/SMP who, during the period for which the financial statements are required to be re-stated, received the remuneration (including stock option) in excess of what would have been payable as per the restatement of financial statements. While setting criteria for the application of malus and clawback, the NRC may also specify a period during which malus and/or clawback can be applied, covering at least the deferral and retention periods.
- 6) **SMPs and KMPs, if any, engaged in control and assurance functions like financial control, risk management, compliance and internal audit** will be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Company. Accordingly, such personnel could have higher proportion of fixed compensation. However, a reasonable proportion of compensation may be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.
- 7) **Guaranteed Annual Performance Bonus** may not be paid to SMPs and KMPs. However, in the context of new hiring joining/sign-on bonus could be considered. Such bonus will neither be considered part of fixed pay nor of variable pay.

3.4 Remuneration to Other employees shall be paid as per the HR related policies of the Company.

3.5 Reimbursement of Expenses:

The SMPs and KMPs will also be entitled towards reimbursement for tour and travel expenses incurred while on business tour & travel for official purpose. Travel expense consists of boarding and lodging, meals, and conveyance. This expense will be checked with the Finance team on a half yearly basis vis a vis entitlements and compensation approved by the NRC. Detailed guidelines are covered in the Travel policy of the Company along with the claim process. Any exception to the

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policy will require an approval from Business Unit Head & CHRO. All perquisites that are reimbursable may also be included in the fixed compensation so long as there are monetary ceilings on these reimbursements.

3.6 Guidelines on compensation

NRC shall ensure that all extant RBI Guidelines pertaining to the composition and proportion of fixed and variable pay shall be adhered to while determining the compensation of the Directors, KMP and SMP, including but not limited to:

- The compensation shall achieve a fine balance between the attractiveness for the concerned employee on one hand and profitability & capital adequacy of the Company on the other hand;
- For all reimbursements, which are part of the fixed pay, if any, there should be a monetary limit specified in the internal grade-wise policies of the Company;
- Higher proportion of variable pay in the total compensation of Employees with business facing objectives;
- Higher proportion of fixed pay in the total compensation of the Employees engaged in Control, Assurance, Compliance and Vigilance functions;
- Relatively higher proportion of variable pay in the total compensation of the senior grade employees as compared to junior grade employees.

Review Frequency:

Unless otherwise required or if the situation so warrants, this Policy shall be reviewed annually.

Change Control Record

Version No.	Change Request by	Memorandum of Change	Approval date
2.0	Mr. Debraj Sinha	To align with the policy of the Parent Company, Magma Fincorp Limited	25.07.2017
-	-	Name of the Company changed to Poonawalla Housing Finance Limited w.e.f. 22.07.2021	-
3.0	Secretarial & HR	Annual Review	31.01.2022
4.0	Secretarial & Compliance	Annual Review	21.01.2023
5.0	Secretarial	To align with regulatory requirements	18.10.2023
-	-	Name of the Company changed to Grihum Housing Finance Limited w.e.f. 17.11.2023	-

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LIST OF ENCLOSURES TO THE POLICY:

1. **ANNEXURE 1: Performance Evaluation Parameters** consisting of the following parts:
 - a) Annexure – 1.1 – consisting of 1 questionnaire related to Board evaluation;
 - b) Annexure – 1.2 – consisting of 1 questionnaire for evaluation of Board Committees;
 - c) Annexure – 1.3 – consisting of 1 questionnaire as Self-evaluation Director Survey Form;
 - d) Annexure -1.4 consisting of 1 questionnaire as evaluation of other Directors
 - e) Annexure –1.5- consisting of 1 questionnaire as Chairperson’s evaluation by Board.
2. **ANNEXURE 2- Tests for independence for Independent Directors**
3. **ANNEXURE 3- Appointment Letter for Independent Directors**

Annexure – 1.1

PERFORMANCE OF BOARD

Note: To be submitted by each Director to the Chairperson of NRC

Name of Director:

Date:

Sr. No	Particulars	*Score (1-5)
A)	<u>Composition and Quality</u>	
1	The Board is broad based	
2	Board members have the appropriate qualifications, skills, experience and knowledge	
3	The Independent Directors meet all applicable independence requirements	
4	The Board monitors compliance with corporate governance norms and other laws applicable to the Company	
B)	<u>Understanding Business including Risks</u>	
1	Directors have sufficient knowledge of the Company's businesses to enable them to fulfill their duties and obligations	
2	The Company keeps the Directors sufficiently informed on developments that affect their responsibilities (e.g. changes in company law)	
3	The Company’s management and internal control system is periodically reviewed for appropriateness and relevance	
C)	<u>Process and Procedure</u>	
1	The structure and content of the Board meeting agendas are appropriate	
2	Board documents and updates are received in a timely manner	
3	Board meetings are conducted effectively, with sufficient time spent on significant or emerging points	
4	The agenda and related information are circulated in advance of the meetings to allow Board members sufficient time to study and understand the information	

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Sr. No	Particulars	*Score (1-5)
5	The Board maintains adequate minutes of each meeting	
6	Board members come to meetings well prepared and the attendance at the meetings is satisfactory	
D)	<u>OVERSIGHT OF FINANCIAL REPORTING PROCESS INCLUDING INTERNAL CONTROLS AND AUDIT FUNCTIONS</u>	
1	The Board considers the quality and appropriateness of financial accounting and reporting including transparency of disclosures	
2	The Board reviews the Company's significant accounting policies	
3	The Board understands the coordination of work between independent and internal auditors and clearly articulates its expectations of each	
4	The Board appropriately considers the suggestions from the Audit Committee, internal audit reports, management's responses, risk framework and steps toward improvement	
5	The Board reviews the audit fees paid to the independent auditors	
6	The Board through Audit Committee reviews material related party transactions	
E)	<u>ETHICS AND COMPLIANCE</u>	
1	The Board is fully aware of the Company's code of conduct and has a well-developed sense of ethics	
2	Board members oversee the process and are notified of communications received from governmental and regulatory agencies related to alleged violations or areas of non-compliance	
3	The Board is fully engaged in Corporate Governance and regularly monitors the Company's performance in these areas and compliance with the Company's code of conduct	
F)	<u>MONITORING ACTIVITIES</u>	
1	An annual performance evaluation of the Board is conducted and any matters that require follow-up are resolved and presented to the Board	
Comments:		

*1=Unsatisfactory, 2= Performance needs improvement, 3= Satisfactory, 4= Good Performance, 5=Excellent

Signature:

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Annexure – 1.2

PERFORMANCE OF BOARD COMMITTEES

Note: To be submitted by each Director to the Chairperson of NRC

Name of the Director:

Date:

Sr. No	Particulars	*Score (1-5)
1	The Committee composition is appropriate	
2	The Committee has a defined agenda	
3	Members of the Committee receive agenda in sufficient time which permits them to effectively consider issues to be dealt with	
4	The mandates of the Board to the Committee of all matters are clear and adequate	
5	The Committee allocates the right amount of time for its discussions	
6	The Committee minutes are placed before the Board on a regular basis	
7	Appropriate internal and external support or resources are available to the Committee	
Comments:		

***1= Unsatisfactory, 2= Performance needs improvement, 3= Satisfactory, 4= Good Performance, 5=Excellent**

Signature:

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Annexure – 1.3

PERFORMANCE OF INDIVIDUAL DIRECTORS - SELF EVALUATION (Directors Survey Form)

Note: To be submitted by each Director to the Chairperson of NRC

Name of the Director:

Date:

Sr. No	Particulars	Rank	Remarks, If any
1	I have full knowledge of Company strategy and objective and can monitor performance		
2	I understand my role as Director, as distinct from management		
3	In my view knowledge and experience of the Board have been adequately and productively used		
4	I have made efforts at professional development to enable better fulfillment of my responsibilities		
5	I come fully prepared for Board / Committee meetings		
6	I can question / critique proposals with confidence		
7	I have participated effectively and openly in Board discussions		
8	I keep stakeholder interest as my touchstone in endorsing decisions		

Rank on a scale of 1 (very poor) to 5 (Excellent) and / or provide remark.

Signature:

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ANNEXURE- 1.4

Evaluation of other Directors

Note: To be submitted by each Director to the Chairperson of NRC

Name of the Director:

Date:

Sr. No	Particulars	Direct or 1	Direct or 2	Director 3	Director 4	Director 5	Director 6
1	Knowledge of Company's strategies, objectives and monitoring Company's performance						
2	Demonstrates high level of integrity and ethics						
3	Participates effectively and openly at Board/Committee discussions						
4	Understands governance, regulatory, financial, fiduciary and ethical requirements of the Board/Committee						
5	Listens and takes on Board the views of other members of the Board						
6	Displays initiative with respect to follow-up and closure of critical issues						
7	Keeps stakeholder interest as priority in endorsing decisions						
8	Attendance in the Committee and Board meetings						
Comments							

Rank on a scale of 1 (very poor) to 5 (Excellent) and / or provide remark

***1 = Unsatisfactory, 2 = Performance needs improvement, 3 = Satisfactory, 4 = Good Performance, 5 = Excellent**

Signature:

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Annexure- 1.5

EVALUATION OF CHAIRPERSON

Note: To be submitted by each Director (excluding Chairperson of the Company) to the Chairperson of NRC

Name of the Director:

Date:

Sr. No	Particulars	*Score (1-5)
1	Chairperson demonstrates effective leadership qualities and skills	
2	Implementation of observations/ recommendations of Board Members	
3	Effective and timely resolution of grievances of Board Members	
4	Ability to bring convergence in case of divergent views and conflict of interest situation tabled at Board meetings	
Comments		

*1= Unsatisfactory, 2= Performance needs improvement, 3= Satisfactory, 4= Good Performance, 5=Excellent

Signature:

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ANNEXURE 2: Tests for independence for Independent Directors:

1. The person should be a person of integrity and possesses relevant expertise and experience;
2. The person should not be promoter of Grihum Housing Finance Limited [Formerly, Poonawalla Housing Finance Limited (hereinafter “the Company/Grihum”) or its Holding, subsidiary, or associate company;
3. The person should not be related to the promoters or directors or senior management in the Company, its Holding, subsidiary, or associate company;
4. The person should not be a promoter of any of the member of the promoter group of the Company.
5. Apart from receiving director’s remuneration, the person should not have or had any pecuniary relationship, or have not entered into a transaction exceeding ten percent of his/her total income with the Company, its holding, subsidiary or associate company, or their promoters/ directors/ senior management during the two immediately preceding financial years or during the current financial year;
6. none of relatives of the person has or had held any security of or interest in the Company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year;
7. none of relatives of the person has or had held security of or interest of face value exceeding fifty lakh rupees or two percent of the paid up capital of the Company, subsidiary or associate company;
8. none of relatives of the person is /had been indebted to the Company, its holding, subsidiary or associate company or their promoters, or directors, of fifty lakhs rupees or more during the two immediately preceding financial years or during the current financial year;
9. none of relatives of the person has/had given guarantee or provided any security in connection with the indebtedness of any third person to the Company, its holding, subsidiary or associate company or their promoters or directors, of fifty lakh rupees or more during the two immediately preceding financial years or during the current financial year;
10. none of the relatives of the person has or had pecuniary transaction or relationship with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or singly or in combination with the transactions referred to clauses (4), (5), (6) and (7) above;
11. Neither the person nor any of his relatives holds or has held the position of a key managerial personnel or is or has been employee of the Company or its Holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year ;
12. Neither the person nor any of his relatives is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of:
 - a. a firm of auditors or company secretaries in practice of the Company or its Holding, subsidiary or associate Company;
 - b. any legal or a consulting firm that has or had any transaction with the Company, its Holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
13. Neither the person nor any of his relatives hold together 2% or more of the total voting power of the Company;
14. Neither the person nor any of his relatives is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the Company, any of its promoters, directors or its Holding, subsidiary or associate company or that holds 2% or more of the total voting power of the Company;
15. The person should possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company’s business.

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For the purpose of above tests:

- a. **"Associate"** shall mean a company which is an "associate" as defined in Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.
- b. **"Key Managerial Personnel"** shall mean "Key Managerial Personnel" as defined in section 2(51) of the Companies Act, 2013.
- c. **"Relative"** shall mean "relative" as defined in section 2(77) of the Companies Act, 2013 and rules prescribed there under.
- d. **"Senior Management"** shall mean personnel of the company who are members of its core management team excluding Board of Directors; normally this would comprise all members of management one level below the executive directors, including all functional heads. In Company's context, this would usually mean functional heads (Senior Vice President & above) one level below the Managing Director & Chief Executive Officer (MD & CEO) / Executive Directors, including all functional heads of Control, Assurance, Compliance and Vigilance functions etc.

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ANNEXURE 3: Appointment Letter for Independent Directors:

Date:

To,
Mr./Ms.
.....
.....

Subject- Appointment Letter

Dear Sir,

We are pleased to inform you that the shareholders of the Company at the _____ General Meeting held on _____ have approved your appointment as an Independent Director of the Company. The terms of the appointment are set out below. It may please be noted that this is not a contract of employment.

1. TERMS OF APPOINTMENT:

- 1.1 As per the provisions of sub-section (10) of Section 149 of the Companies Act, 2013 (the Act) and in accordance with the resolution passed by the Shareholders at the _____ General Meeting held on _____, your appointment as Independent Director of the Company commences from _____ and will continue until the Annual General Meeting of the Company to be held for the Financial Year _____ (hereinafter "Term").
- 1.2 Your appointment shall not be subject to rotation as per the provisions of sub-section (6) of Section 152 of the Act.
- 1.3 Your appointment as an Independent Director of the Company is based, inter alia, on the declaration by you that you comply with the conditions of independence as listed in Section 149(6) of the Act, read with relevant rules. If there is any change in circumstances affecting your independence, you are requested to immediately let the Board of Directors know of the same, in terms of Section 149 (7) of the Act.
- 1.4 Your appointment shall terminate automatically upon expiry of the Term, or if you vacate your office in terms of Section 167 of the Act before expiry of the Term. You are requested to please note that the Act does not permit any compensation for termination of office under any circumstance.

2. DUTIES

- 2.1 Code of Independent Directors of the Company (prepared in accordance with Schedule IV of the Act), states broadly the functions and duties expected to be discharged during your association with the Company as an independent director. Functions and duties listed out are inclusive and not exhaustive in nature and therefore should be allowed widest meaning and purport for the circumstances covered thereunder.
- 2.2 **Committees to be served-** You currently serve as a Member of the _____ Committees. The Board may, after following due procedure, request you to serve on such committee(s)/ sub-committee(s) as the Board may deem fit, considering best corporate governance practices, your experience, exposure and insight. The Board may, while recommending your name on any committee(s)/ sub-committee(s) forward you broad terms of reference of the said committee(s)/ sub-committee(s), which shall form the mandate statement for the said committee(s)/ sub-committee(s).

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3. REMUNERATION

- 3.1 You will be entitled to such sitting fees for attending the Board or any Committee Meetings thereof as may be approved by the Board from time to time. Expenses incurred by you for the purpose of attending any meeting of the Board, or for participating through video conferencing, in accordance with norms set by the Board from time to time, will be reimbursed separately.
- 3.2 At present the Company does not remunerate any independent director by way of payment of commission. However, in future, should the Company alter the said policy, you will be entitled to a commission in accordance with the said revised policy, subject to recommendation by the Board of Directors and approval thereof by the shareholders of the Company. For the term of this appointment or any extension thereof, the sitting fee and commission, if any, payable to you, will be reviewed by the Board.
- 3.3 During the Term, you are entitled, without prior notification to the Company, to seek appropriate independent legal advice in relation to Company matters at the expense of the Company as may be decided by the Board from time to time (including applicable taxes).

4. GENERAL

- 4.1 **Fiduciary duties and accompanying liabilities** – The Company expects that you will perform your general fiduciary duties and exercise such skill and care as is expected of every Director. We would like to mention that, without express authorization of the Board, you shall not commit the Company in any manner, including by way of making any statements on the Company's behalf or concerning the Company to the media, financial institutions or anyone associated with the stock market or investor community. Any views expressed by you without such express authorization by the Board shall be your personal views and the Company shall be entitled to issue a clarification to that effect, and take other protective measures as the situation would warrant.

You will be held liable, only in respect of such acts of omission or commission by a company which have occurred with your knowledge, attributable through Board processes, and with your consent (express or tacit) or where you have not acted diligently.

- 4.2 **Directors and Officers (D and O) Insurance** - You are entitled to the D & O Insurance cover as per the Company's Directors' and Officers' liability insurance.
- 4.3 The Code of Business Ethics that the Company encourages its directors and employees to follow needs to be adhered to.
- 4.4 The Company expects that as a Director you shall not undertake such acts or deeds which would amount to breach of your duties towards the Company including but not limited to the following:
- 4.4.1 Any action that involves any violation of applicable law;
 - 4.4.2 Any action that involves any breach, in letter and spirit, of the Company's Code of Business Ethics;
 - 4.4.3 Any action that either involves the directors' personal interest except as disclosed as per applicable law, or unduly compromises or conflicts with the interest of the company.

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4.5 We confirm that:-

- a) you will be allowed full access to all information in or about the Company and its affairs which is available to the executive directors;
- b) the senior management and the Board of Directors shall facilitate you to perform your role effectively as a Board member;
- c) agenda for Board meetings and all relevant papers which require study before Board meetings will be provided to you in good time (save in exceptional circumstances) to allow you to consider them in advance of meetings (and likewise for the proceedings of committees);

Yours sincerely,

For and on behalf of Grihum Housing Finance Limited
(Formerly Poonawalla Housing Finance Limited)

Chairperson/Managing Director and Chief Executive Officer

DIN: _____

I agree to the terms and conditions set out above regarding my appointment as Independent Director of Grihum Housing Finance Limited (Formerly Poonawalla Housing Finance Limited).

Mr. _____
Independent Director
(DIN: _____)

Date: _____