



MUTHOOT HOUSING FINANCE COMPANY LTD

Corporate Governance Policy (Version 7)

Recommended by

WTD

**Reviewed by
CS, CRO and CCO**

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Approved by:

Board of Directors

Date of approval: 29.4.2026

CORPORATE GOVERNANCE POLICY

Muthoot Housing Finance Company Ltd. (MHFCL), Subsidiary of Muthoot Fincorp Ltd is regulated by Reserve Bank of India and supervised by National Housing Bank. MHFCL caters mainly to the housing finance requirements of customers in the middle and lower income category. The company offers housing loans, primarily to the people in the unorganized sector to make their dream of owning home come true.

From Low ticket loans with an extended repayment period to loans for the purchase of property, house or apartment to loans from home extension and loans against residential property, MHFCL offers its customers a bouquet of products.

Muthoot Fincorp Ltd the flagship company of the Muthoot Pappachan Group, is one of the largest NBFC's in India, registered with the Reserve Bank of India. Muthoot Fincorp is a mass provider of finance in the form of Gold Loans

The need for good Corporate Governance has been gaining increased emphasis over the years. It is based on trust and mutual good. It is the key to protecting the interests of all the stakeholders. Transparency is basic to Corporate Governance. "True and Fair concept" is further expanded and practiced through timely and accurate disclosures of information regarding the financial status, performance and related matters as key aspects of Corporate Governance. It is a self-regulating mechanism, through which an organization directs and regulates itself and the people associated with it towards steadfast compliance.

MHFCL's Corporate Governance Philosophy

The Company's Corporate Governance philosophy envisage adherence to the highest standards of transparency, accountability and equity in all areas of its operations and in interactions with all its stakeholders, including its customers, shareholders, employees, Government and others. The objective is to enhance shareholder value continuously.

The Board of Directors are at the core of its Corporate Governance practice, formulating, directing and overseeing how the company and its management and all employees adhere to Corporate Governance norms, serve and protect the long-term interests of all the stakeholders of the Company.

The Company believes that an active, well-informed, "Independent Board" shall ensure the highest standards of Corporate Governance. Independent Directors of the Company actively participate in ensuring proper Corporate Governance.

Board of Directors

The Board is responsible for exercising their best business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. The Board is responsible for overall compliance with the Corporate Governance norms of the Company. It shall oversee and direct the management of the Company's affairs and its business. In doing so, the Board shall act honestly, in good faith, and in the best interests of the Company.

Composition of the Board

The Company's Board is broad based having an optimum combination of Professionals and Independent Directors. The Company shall ensure that all its Directors meet the fit and proper criteria. All the directors need to perform his/her duties as per section 166 of the Companies Act, 2013.

Duties and Responsibilities

The Board is responsible for overseeing compliance with all relevant policies and procedures by which the Company operates and ensuring that the Company operates at all times in compliance with all applicable laws and regulations, adhering to the highest ethical and moral standards.

The Board monitors the "Financial Performance" of the Company and shall ensure that the financial results are prepared in accordance with the generally accepted Accounting Principles and reported to shareholders and regulators regularly and on time.

Committees

The functioning of the Board shall be further supplemented by its various committees. The Directors, Management and Auditors deal with matters relating to financial reporting obligations, internal controls, review of accounting policies and management of financial risks.

The Board shall constitute the following Committees.

Audit committee

The Company has a duly constituted Audit Committee as per the provisions of Section 177 of the Companies Act, 2013. The details of its terms of reference as approved by the Board of Directors of the Company are given below:

- a) The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
- b) Review and monitor the Auditor's independence and performance, and effectiveness of Audit process.

- c) Examination of the final statement and the Auditors' Report thereon.
- d) Approval or any subsequent modification of transaction of the Company with related parties.
- e) Scrutiny of inter-corporate loans and investments.
- f) Valuation of undertakings or assets of the Company wherever it is necessary.
- g) Evaluation of internal financial controls and risk management systems.
- h) Monitoring the end use of funds raised through public offers and related matters.

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.

The Audit Committee comprises one Non- Executive Director and two Independent Directors.

Nomination and Remuneration Committee

The Company has a duly constituted Nomination and Remuneration Committee as per the provisions of Section 178 of the Companies Act, 2013.

The Nomination and Remuneration Committee comprises of one Non- Executive Director and two Independent Directors.

Corporate Social Responsibility Committee

The Company has a duly constituted Corporate Social Responsibility Committee as per the provisions of Section 135 of the Companies Act, 2013. The Company has a Board approved Corporate Social Responsibility Policy in place. The terms of reference of the CSR Committee are in accordance with Section 135 (3) of the Companies Act, 2013 and is as under:

- a) Formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- b) Recommend to the Board the amount of expenditure to be incurred on the CSR activities referred to in (i) above; and
- c) Monitor the CSR policy of the Company from time to time.

The Corporate Social Responsibility Committee comprises of two Non- Executive Directors and one Independent Director.

IT Strategy Committee

The Company has constituted an IT Strategy Committee as per the RBI Information Technology Governance, Risk, Controls and Assurance Practices) Directions dated November 7, 2023. The terms of reference are as below:

- a) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- b) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- c) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- d) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- e) Ensuring proper balance of IT investments for sustaining HFC's growth and becoming aware about exposure towards IT risks and controls.

The IT Strategy Committee comprises of one Non- Executive Director, One Executive Director, one Independent Director, Chief Information Officer ,CISO should be an invitee

Borrowing Committee

The Company has a Borrowing Committee to exercise all powers to borrow moneys (otherwise than by issue of debentures) and taking necessary actions connected therewith. The terms of reference are as below:

- a. To borrow any amounts within the limit of Borrowing Powers of the Company.
- b. To assign/ sell the loan portfolio of the Company to any Banks/ Financial Institution etc.
- c. To open and operate Bank accounts in any manner and availing net banking facilities etc.
- d. To sub delegate its powers to the officers/ representatives of the Company.

The Borrowing Committee consists of three Promoter and Non- Executive Directors .

Risk Management Committee

The Company has a Risk Management Committee in place at Board level. The Risk Management Committee assists the Board in its oversight of various risks and review of compliance with risk policies, monitoring risk tolerance limits, reviewing and analyzing risk exposures related to specific issues and provide oversight of risk across the organization.

Summarized terms of reference of the Risk Management Committee:

- 1. Monitoring, evaluation, assessment, and mitigation of risks faced by the Company
- 2. Periodically review the risk profile of the Company namely Credit Risk, Liquidity Risk, Interest Rate Risk, and Operational Risk.
- 3. Evaluate the adherence to the Risk Management Systems and processes in place.
- 4. Maximization of Profits.

The Risk Management Committee comprises of Whole-time Director and Two Independent Directors .

Asset Liability Management Committee (ALCO)

The Asset Liability Management Committee comprises of Whole-time Director and Chief Financial Officer. The role, terms of reference and power of the ALCO are in conformity with the requirements of the provisions of RBI Master Direction.

Investment Committee

The Company has an investment committee comprises of Whole-time Director, and Chief Financial Officer. The role, terms of reference and power of the Investment Committee are in line with the Investment Policy of the Company.

Debenture Issue Committee

The Company has a Debenture Issue Committee comprises of three Promoter and Non- Executive Directors

The role of the Debenture Issue Committee is to determine the terms of issue including the class of investors to whom (NCDs)/Sub debt/any other instruments are to be issued, time, securities to be offered, the number of (NCDs)/Sub debt/any other instruments, tranches, issue price, tenor, interest rate, premium/discount, listing and to do all such acts and things and deal with all such matters in this regard.

Committee of Executives

The Company has a Committee of Executives (CoE) comprises of

1. Whole-time director or equivalent rank Official, shall be the Chairman
2. Head Credit
3. Head Operations and
4. Any other officers as may be prescribed by the CoE from time to time.

The CoE shall oversee the effectiveness of the fraud risk management at MHFCL and shall review and monitor cases of frauds, including root cause analysis, and suggest mitigating measures for strengthening the internal controls, risk management framework and minimising the incidence of frauds

Code of Conduct for Independent Directors Pursuant to Schedule IV of Companies Act 2013.

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. The Independent directors need to abide Code of Conduct for Independent Directors pursuant to Schedule IV of Companies Act 2013.

Fit and Proper Criteria for Directors

The Company 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 as per the “Reserve Bank of India (Housing Finance Companies) Directions, 2025 and read with Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions, 2025 as amended from time to time.
- ii. obtain a declaration and undertaking from the directors giving additional information on the directors in the format prescribed by the RBI or NHB as mentioned below in Annex I.
- iii. obtain a Deed of Covenant signed by the director in the format prescribed by the RBI or NHB as mentioned below in Annex II.

Disclosure and transparency

- (1) the Company 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 it
 - 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.
- (2) the Company shall also disclose the following in its Annual Financial Statement,
 - i. registration/ licence/ 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 and
 - v. Asset-Liability profile, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by it as also securitization/ assignment transactions and other disclosures.

Internal Control Systems

The adequacy of internal control systems shall be reviewed by the Management, External and Internal Auditors. The Board has laid emphasis on adequate transparency and disclosure measures. Adequate risk management policies and measures are to be strictly adhered to.

Participative Management

The Company on its own has constituted various committees at operational levels to invite greater participation of Executives and Staff, to harvest their collective knowledge, skills and expertise and to hone the process towards qualitatively better performance, with 'Excellence' as the goal. This process will reinforce the steps towards 'transparency'.

Compliance with Laws and Ethical standards

The systems and procedures shall be constantly reviewed to ensure due conformance with ethical standards of the highest order. All guidelines and regulations issued by the concerned regulators shall be strictly complied with in letter and spirit.

Review

The policy shall be reviewed once a year.

Annex I

Declaration and Undertaking by Director

Name of the NBFC: _____

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/Telephone Number	
h. Permanent Account Number under the Income Tax Act, 1961 and name and address of Income Tax Circle	
i. Relevant knowledge and experience	
j. Any other information relevant to the Directorship of the NBFC	

II. Relevant Relationships of Director

a. List of relatives, if any, who are connected with the NBFC (Refer Section 6 and Schedule 1A of the Companies Act, 1956 and corresponding provisions of Companies Act, 2013)	
b. List of entities, if any, in which he/she is considered as being interested (Refer Section 299(3)(a) and Section 300 of the Companies Act, 1956 and corresponding provisions of Companies Act, 2013)	
c. List of entities in which he/she is considered as holding substantial interest as contained in Definitions in Chapter I of these Directions	
d. Name of NBFC in which he/she is or has been a member of the Board (giving details of period during which such office was held)	
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 NBFC	
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 NBFC or any other NBFC/bank	
III. Records of professional achievements	
a. Relevant professional achievements	
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 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.	
(Though it shall not be necessary for a candidate to mention in the column about orders and findings made by the regulators which have been later on reversed/set aside in to, it would be necessary to make a mention of the same, in case the reversal/setting aside is on technical reasons like limitation or lack of Jurisdiction, etc., and not on merit. If the order of the regulator is temporarily stayed and the appellate/court proceedings are pending, the same also should be mentioned.)	
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 NBFC 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 the directors of the NBFC.	
Place:	Signature:
Date:	
VI. Remarks of Chairman of Nomination and Remuneration Committee¹ / Board of Directors of NBFC	
Place:	Signature:
Date:	

¹Nomination Committee for Government owned NBFCs.

Annex II

Form of Deed of Covenants with a Director of an NBFC

THIS DEED OF COVENANTS is made on this day of Two Thousand..... BETWEENhaving its registered office at(hereinafter called the “NBFC”) of the one part and Mr./Ms of.....(hereinafter called the “Director”) of the other part.

WHEREAS

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

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

I. The Director acknowledges that his/her appointment as director on the Board of the NBFC is subject to applicable laws and regulations including the Memorandum and Articles of Association of the NBFC and the provisions of this Deed of Covenants.

II. The Director covenants with the NBFC that:

(a) 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 NBFC 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.

(b) 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.

(c) The Director shall provide to the NBFC 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.

(d) The Director shall in carrying on his/her duties as director of the NBFC:

(i) use such degree of skill as may be reasonable to expect from a person with his/her knowledge or experience;

(ii) 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 NBFC;

(iii) shall keep himself/herself informed about the business, activities and financial status of the NBFC to the extent disclosed to him/her;

(iv) 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 NBFC;

(v) shall not seek to influence any decision of the Board for any consideration other than in the interests of the NBFC;

(vi) shall bring independent judgment to bear on all matters affecting the NBFC 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;

(vii) 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

(viii) 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.

(e) The Director shall have:

(i) fiduciary duty to act in good faith and in the interests of the NBFC and not for any collateral purpose;

(ii) duty to act only within the powers as laid down by the NBFC's Memorandum and Articles of Association and by applicable laws and regulations; and

(iii) duty to acquire proper understanding of the business of the NBFC.

(f) The Director shall:

(i) not evade responsibility in regard to matters entrusted to him/her by the Board;

(ii) not interfere in the performance of their duties by the whole-time directors and other officers of the NBFC and wherever the director has reasons to believe otherwise, he/ she shall forthwith disclose his/her concerns to the Board; and

(iii) 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 NBFC in his/her capacity as director of the NBFC only for the purposes of performance of his/her duties as a director and not for any other purpose.

III. The NBFC covenants with the Director that:

(a) the NBFC shall apprise the Director about:

(i) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;

(ii) control systems and procedures;

(iii) voting rights at Board meetings including matters in which Director should not participate because of his/her interest, direct or indirect therein;

(iv) qualification requirements and provide copies of Memorandum and Articles of Association;

(v) corporate policies and procedures;

(vi) insider dealing restrictions;

(vii) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;

(viii) appointments of Senior Executives and their authority;

(ix) remuneration policy;

(x) deliberations of committees of the Board, and

(xi) communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the NBFC, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.

(b) the NBFC 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 NBFC 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;

(c) the disclosures to be made by the NBFC to the directors shall include but not be limited to the following:

- (i) all relevant information for taking informed decisions in respect of matters brought before the Board;
- (ii) NBFC's strategic and business plans and forecasts;
- (iii) organisational structure of the NBFC and delegation of authority;
- (iv) corporate and management controls and systems including procedures;
- (v) economic features and marketing environment;
- (vi) information and updates as appropriate on NBFC's products;
- (vii) information and updates on major expenditure;
- (viii) periodic reviews of performance of the NBFC; and
- (ix) report periodically about implementation of strategic initiatives and plans.

(d) the NBFC 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

(e) advise the Director about the levels of authority delegated in matters placed before the Board.

IV. The NBFC shall provide to the Director periodic reports on the functioning of internal control system including effectiveness thereof.

V. The NBFC 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 the Reserve Bank and other concerned statutory and Governmental authorities.

VI. The Director shall not assign, transfer, sublet or encumber his/her office and his/her rights and obligations as director of the NBFC 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 NBFC.

VII. 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.

VIII. 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 NBFC.

IX. 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 NBFC	Director	
By		
Name:	Name:	
Title:		
In the presence of:		
1.....		2