

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

MENTOR HOME LOANS INDIA LTD.

Revision History:	
Effective From	3 rd September, 2021
1 st Amendment	28 th December, 2022
2 nd Amendment	28 th December, 2023

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I. PREAMBLE

Mentor Home Loans India Limited (hereinafter “the Company”) believes that a good corporate governance system is necessary to ensure its long-term success. The Company ensures good governance through the implementation of various effective policies and procedures, which is mandated and reviewed by the Board or the Committees of the members of the Board in regular intervals.

In order to adopt best practices and greater transparency in the operations of the Company and in compliance with the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 issued by National Housing Bank (NHB) vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016, the Company has framed this set of Internal Guidelines on Corporate Governance [“CG Guidelines”].

II. DEFINITIONS

In this CG Guidelines, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this CG Guidelines, shall have the meaning as defined below:

1. “**Act**” shall mean the provisions of the Companies Act, 2013 and rules made thereunder and shall include the statutory amendment(s), modification(s) or re-enactment(s) thereof.
2. “**Board**” shall mean the Board of Directors of the Company, as constituted from time to time.
3. “**Company**” means Mentor Home Loans India Limited.
4. “**Committee**” shall mean committee of the Board of Directors or such other committees particularly viz., Audit Committee, Nomination and Remuneration Committee, Risk Management Committee having their role and responsibilities and constitution as defined under the Companies Act, 2013 and as amended from time to time.
5. “**KMP**” shall mean Key Managerial Personnel as defined in sub section (51) of Section 2 of the Companies Act, 2013.
6. “**RBI CG Directions**” refers to the Master Direction – Non-Banking Financial Company Housing Finance Company (Reserve Bank) Directions, 2021 issued by RBI vide notification no. RBI/2020-21/73, DOR.FIN.HFC.CC.No.120/03. 10.136/2020-21 dated February 17, 2021.

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7. **“Independent Director”** shall mean a Director who satisfies the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013.
8. **“Senior Management”** shall mean personnel of the Company have been defined in Section 178 of the Companies Act, 2013 as personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

III. BOARD OF DIRECTORS

The Board of Directors (“the Board”) play a pivotal role in ensuring that the good corporate governance practices are followed within the Company. The Board along with its Committees oversees the functioning of the Company and that of its management; and ensures that every decision taken is in the best interest of the stakeholders of the Company. Every Director holds a fiduciary position and shall be required to attend and actively participate in the Board and its Committee Meetings in which they are a Member and conscientiously fulfil his/her obligations as Director of the Company.

The Board of Directors of the Company shall have an optimum combination of Executive, Non-Executive, Independent and Woman Directors, as per the Guidelines/ Regulations applicable to the Company. All the Directors shall meet the “fit and proper” criteria as prescribed by the NHB. The Directors bring to the Board a wide range of experience and skills, which includes banking, finance, lending, accounting and economics.

All the Directors on the Board (except Independent Directors and Executive Director) are liable to retire by rotation and one third of such Directors shall retire at every Annual General Meeting of the Company. The Directors who are longest in office shall retire and in accordance with the provisions of applicable laws shall be eligible for re-election.

Meetings of the Board

At least 4 (four) meetings of the Board shall be held in every calendar year and at least 1 (one) meeting will be held every calendar quarter, with a maximum time gap of 120 (one hundred and twenty) days between two Board meetings. The meeting of the Board of Directors shall be called by giving not less than 7 (seven) days’ notice in writing to every Director by hand delivery or by post or by electronic means. The agenda for the meeting should be made available to the Board shall be furnished to the Directors well in advance.

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The minimum information to be statutorily made available to the Board shall be furnished to the Directors before the meeting.

The quorum for the Meeting of the Board of Directors shall be one-third of the total strength of the Board or two Directors, whichever is higher and the same shall be maintained for the entire meeting.

The Independent Directors of the Company shall meet at least once in a year without the presence of Non-Executive Directors and the Management in terms of Schedule IV of the Companies Act, 2013.

An Independent Director shall hold office for a term of up to five consecutive years and shall be eligible for reappointment for another term of up to five consecutive years on passing of a special resolution by the Company. Provided that an Independent Director, who completes two consecutive term(s) shall be eligible for appointment as Independent Director in the Company only after the expiration of three years of ceasing to be an Independent Director in the Company.

Independent Directors appointed on the Board of the Company shall fulfill the criteria of independence as set out under the provisions of Companies Act, 2013 and other applicable laws in this regard. They shall submit an annual declaration affirming compliance with the criteria of independence for every financial year and such declaration shall be submitted whenever there is any change in circumstances which may affect their independence.

IV. COMMITTEES OF THE BOARD

The Board has constituted committees to deal with specific matters and for operational convenience, delegated powers for different functional areas to different Committees in accordance with the applicable laws. The Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Asset Liability Management Committee, Risk Management Committee, Grievance Redressal Committee, IT Strategy Committee and other Committee(s) have been constituted in accordance with the provisions of the Companies Act, 2013, guidelines / directions issued by the NHB/RBI as applicable to the Company and for internal requirements and operational convenience. The composition, terms of reference and functioning of the Committee(s) shall be decided by the Board of Directors in accordance with the provisions of the applicable laws.

As per Secretarial Standard issued by ICSI and changes therein from time to time, Minutes of meetings of Committees as constituted by the Board of Directors shall be placed before the Board for its perusal, discussion and noting.

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Details of the various Committees are as under:

A. Audit Committee

The Company has in place an Audit Committee constituted under the provisions of Section 177 of the Companies Act, 2013 and rules framed thereunder. The Audit Committee shall consist of minimum of three directors and at least two third of the members shall be independent directors. The Chairperson of the Audit Committee shall be an Independent Director.

The Committee shall meet at least four times in a year with a maximum interval of not more than one hundred and twenty days in between two days.

The quorum shall be either two Members or one third of the Members whichever is greater, with at least two Independent Directors.

The terms of reference of the Audit Committee of the Company are as follows:

- (i) to recommend the appointment, remuneration and terms of appointment of auditors of the company;
- (ii) to review and monitor the auditor's independence and performance and effectiveness of audit process;
- (iii) to examine the financial statement and the auditor's report thereon;
- (iv) to approve/ recommend the Board or any subsequent modification of transactions of the company with related parties;
- (v) to scrutiny of the inter-corporate loans and investments;
- (vi) to make the valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) to evaluate internal financial controls and risk management systems;
- (viii) to monitoring the end use of funds raised through public offers and related matters;
- (ix) any other responsibility as assigned by the Board from time to time and applicable provisions of the Companies Act and/ or directions issued by the NHB;
- (x) any other work and policy, related and incidental to the objectives of the committee as per provisions of the Act and rules made thereunder.

The Audit Committee shall have the powers and duties conferred upon it in compliance with the provisions of Section 177 of the Act and such other applicable statutory regulations and duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

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B. Nomination and Remuneration Committee

The Company has constituted a 'Nomination and Remuneration Committee' in compliance with the provisions of Section 178 of the Companies Act, 2013 and rules framed thereunder. The Nomination and Remuneration Committee shall comprise of at least three directors and all Directors of the Committee shall be Non-Executive Directors. At least fifty percent of the Members shall be Independent Directors. However, the Chairman of the Company (whether executive or non-executive) may be appointed as a Member of the Committee but shall not be allowed to chair the Committee.

The Nomination and Remuneration Committee shall meet as and when required to discuss matters.

The terms of reference of the Nomination and Remuneration Committee of the Company are as per follows:

- (i) to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and removal;
- (ii) to specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- (iii) to formulate the criteria for determining qualifications, positive attributes and independence of a director;
- (iv) to recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- (v) the Nomination and Remuneration Committee shall, while formulating the policy 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;
 - (c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- (vi) any other responsibility as assigned by the Board from time to time and applicable provisions of the Companies Act and/ or directions issued by

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- the NHB;
- (vii) any other work and policy, related and incidental to the objective of the committee as per provisions of the Act and rules made thereunder;

The Nomination and Remuneration Committee shall have the powers and duties conferred upon it in compliance with the provisions of Section 178 of the Act and such other applicable statutory regulations and duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

C. Corporate Social Responsibility (CSR) Committee

The Company has constituted a 'Corporate Social Responsibility Committee' in compliance with the provisions of Section 135 of the Companies Act, 2013 and rules framed thereunder. The CSR Committee of the Board shall have at least three Directors out of which there shall be One Independent Directors.

The terms of reference of the CSR Committee of the Company are as follows:

- (i) To formulate and recommend to the Board, a CSR policy which shall indicate the activities/programs/projects to be undertaken by the Company in areas or subject, specified in schedule VII of the Companies Act, 2013;
- (ii) To review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- (iii) To monitor the CSR policy/activities of the Company from time to time;
- (iv) To oversight the implementation of corporate social responsibility projects/programs/activities;
- (v) To form and delegate authority to any sub-committee or employee(s) of the Company or one or more members of the committee;
- (vi) To obtain legal or other independent professional advice/ assistance;
- (vii) To review the Company's disclosure relating to corporate social responsibility matters in accordance with the requirements of the regulatory provisions;
- (viii) Any other responsibility as assigned by the Board from time to time and in accordance with the applicable provisions of the Companies Act and/or directions issued by the NHB;
- (ix) Any other work and policy, related and incidental to the objectives of the committee as per provisions of the Act and rules made there under.

D. Asset Liability Management Committee

The Board shall also constitute an Asset Liability Management Committee (ALCO) in compliance with the Guidelines issued by NHB. The Asset Liability

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Management committee shall have minimum of two members.

The terms of reference of the ALCO are as follows:

- (i) to review/ monitor the Asset and Liability Management profile and system of the Company from time to time;
- (ii) to monitor and manage the following risks pertaining to Company's business by taking appropriate steps and recommending suitable measures to the Board, if required:
 - a) Liquidity Risk
 - b) Market Risk
 - c) Interest rate Risk
 - d) Funding and Capital planning
- (iii) to monitor and advise maturity profile and mix of the incremental Assets and Liabilities of the Company;
- (iv) to advise on appropriate mix of between Fixed v/s Floating Interest Rate liabilities/ resources assets/ resources planning;
- (v) to formulate Interest rate view of the Company and advice future business strategy accordingly, if required;
- (vi) to review and decide on Funding, Source & Mix of Liabilities, Product Pricing for the loans etc. of the Company.

The constitution and functioning of the ALCO shall be in line with the requirements of the NHB Direction. The Committee inter alia, shall monitor the asset liability gap and strategize action to mitigate the risk associated. The Committee shall mainly address liquidity and interest rate risk.

E. Risk Management Committee

The Company has in place a Risk Management Committee constituted in accordance with the RBI CG guidelines in this regard. The Risk Management Committee shall have minimum of three Members. The members of the Committee will be appointed by the Board of Directors.

The terms of reference of the Risk Management Committee are as follows:

- (i) The Risk Management Committee shall manage the integrated risk, inform the Board about the progress made in implementing a risk management system, and review periodically the Risk Management Policy and strategy followed by the Company.
- (ii) The Risk Management Committee shall perform such other duties, as are required to be performed by the Committee, under the applicable laws,

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Guidelines, and NHB Directions.

- (iii) To ensure that the Credit Exposure of the Company to any single/group borrowers does not exceed, the internally set limits and the prescribed exposure ceilings by the Regulator;
- (iv) The Risk Management Committee shall apprise the Company of the major risks as well as the movement in the profile of the high-risk category, the root causes of risks and their impact, key performance indicators, risk management measures, and the current controls being exercised to mitigate these risks.
- (v) To undertake such other function as may be mandated by the Board or stipulated by the Companies Act, 2013, or any other regulatory authorities from time to time.

F. Grievance Redressal Committee

The Company shall have in place a Grievance Redressal Committee. The Grievance Redressal Committee shall have minimum of three members.

The terms of reference of the Grievance Redressal Committee are as follows:

- (i) To review and advise on the Customer Grievance Redressal Mechanism of the Company and ensure Compliance of fair practice code by the Company;
- (ii) To review customer queries and complaint relating to the Company's business;
- (iii) To review and advise on the Complaints escalated to the Senior Management and regulatory authorities;
- (iv) To review repeated complaints & chronic issues and advise process improvements wherever required;
- (v) To review/examine the quality of Customer service initiatives and efficiency of the Customer Service in the Company.

G. IT Strategy Committee

The Company shall have in place an IT Strategy Committee. The IT Strategy Committee shall consist of minimum three members consisting of one member from each IT Department, Operation Department and Board of Directors. The Chairman of the Committee shall be an Independent Director of the Company.

The roles and responsibilities of the IT Strategy Committee are as follows:

- 1. to approve IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- 2. to ascertain that the Management had implemented processes and practices that ensure that the IT delivers value to the business;

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3. to ensure IT investments represent a balance of risks and benefits and that budgets are acceptable;
4. to monitor the method that the Management used to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
5. to ensure proper balance of IT Investments for sustaining the Company's growth and being aware about exposure towards IT risks and controls.

Apart from the above committees, the Board shall constitute such other Committees as may be deemed fit by it, if required and define their terms of reference and other requirements.

All terms and reference of the Committees shall be reviewed by the Board of Directors of the Company from time to time to ensure good corporate governance in the Company.

V. Fit & proper criteria

In terms of RBI Notification No. RBI/ 2020-21/ 73, DOR.FIN.HFC.CC.No.120/ 03.10.136/ 2020-21 for Corporate Governance Directions dated February 17, 2021, the Company has in place a Board approved policy on "Fit and Proper Criteria" ("the Policy"). Pursuant to the Policy, the Company obtains necessary disclosures from Directors from time to time. Further, the Company ensures compliance with the provisions laid down in the said Policy.

Further, the Company will ensure compliance with the provisions laid down in the said Policy.

Further, as required under the above referred RBI CG Directions, the Company shall ensure to furnish to NHB on a quarterly basis within 15 days of the end of quarter, quarterly statement on change of directors and a certificate confirming that fit and proper criteria in selection of the directors has been followed.

Further, the Company will ensure that the statement for the quarter ending March 31, will be certified by the auditors.

VI. Performance Evaluation

Evaluation shall be carried out by the Board, Nomination and Remuneration Committee and Independent Directors pursuant to the provisions of the Companies Act, 2013. With the objective of enhancing the effectiveness of the Board, the Nomination and Remuneration Committee has formulated the methodology and criteria to evaluate the performance of the Board and its Committees and each Director.

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VII. Disclosure and Transparency

- a) 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 the Company;
 - (ii) conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.
- b) The Company shall also disclose the following in their Annual Financial Statements:
 - (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, exposure to real estate, exposure to capital market, disclosure of complaints as also securitization / assignment transactions and other disclosures, as prescribed by NHB from time to time.

VIII. AUDITORS**Statutory Auditors**

The Board and the Audit Committee of the Company shall be responsible to appoint Statutory Auditors who demonstrate professional ability and independence. The Company shall review the independence and performance of the Statutory Auditors and the effectiveness of the audit process periodically. A declaration shall be obtained from the Auditors affirming their eligibility for being appointed as the Statutory Auditors of the Company. 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

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such other earlier period as may be decided by the Board, so that same partner does not conduct audit of the company continuously for more than a period of three years. However, the partner so rotated shall be eligible for conducting the audit of the Company after an interval of three years.

Internal Auditors

The Board and the Audit Committee of the Company shall appoint Internal Auditors in accordance with the provisions of applicable laws and regulations who shall perform independent and objective assessment of the internal controls, processes and procedures instituted by the management and accordingly monitor its adequacy and effectiveness.

Secretarial Auditors

The Board shall appoint a Company Secretary in practice, in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder to conduct a secretarial audit of the Company for every financial year. The Secretarial Auditor shall provide its report in the form and manner prescribed under the applicable laws/regulations. The Secretarial Audit Report shall be placed before the Board for its noting and records and the same be annexed to the Board's Report which shall be circulated to the members of the Company in accordance with the applicable laws / regulations.

IX. POLICIES ADOPTED BY THE COMPANY

The Company shall adopt such policies, as may be required to adopt under the Companies Act, 2013, the NHB Guidelines / Directions applicable to the company, and such other laws and regulations as may be applicable.

The policies adopted may be reviewed by the Board from time to time.

X. REVIEW

These guidelines shall be reviewed by the Board of Directors at such intervals as and when deemed necessary, in order to align the same with the prevalent regulatory and business requirements. However, Board may appoint or authorize Managing Director (MD) to nominate a committee of senior officials to supervise and assist in the implementation of the Policy and Internal Guidelines on Corporate Governance.

Sd/-

Pawan Kumar Goyal
Managing Director

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