

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE



IFL FINANCE LIMITED

(Formerly known as IFL Housing Finance Limited)



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1) INTRODUCTION AND SCOPE

At **IFL FINANCE LIMITED** (Formerly known as IFL Housing Finance Limited) (hereinafter referred to as “the Company” or “IFL FL”), we believe that sound governance practices are the bedrock for the functioning of the Company and for creation of value for its stakeholders on a sustainable and long-term basis. This philosophy guides us in maintaining an ethical framework within-which we operate.

In order to adopt best practices and greater transparency in the operations of the Company and in compliance with the Directions issued by **Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions**, the Board of Directors of the Company approved and adopted the “Internal Guidelines on Corporate Governance”. This Policy shall be published on the company's website, for the information of various stakeholders.

2) BOARD OF DIRECTORS

The Company’s Board has a fiduciary role to protect and enhance stakeholders’ value through strategic supervision. The Board along with its Committees provides direction and exercises appropriate controls. In addition to basic governance practices, the Board lays strong emphasis on accountability and integrity.

The Board of Directors of the Company have suitable combination of Executive, Non- Executive, Independent Directors, and its composition shall be in compliance with the requirements of the Companies Act, 2013 read with the Rules framed thereunder (“the Act”) and RBI Directions.

All the Directors shall meet the eligibility criteria including the ‘fit and proper criteria’, for appointment on the Board of the Company, as prescribed under applicable laws. The Directors shall submit adequate disclosures / declarations as required under the provisions of applicable laws and the codes and policies adopted by the Company from time to time. The Company shall have atleast one director on the Board of an NBFC who shall have relevant experience of having worked in a bank or an NBFC.

Meetings of the Board

At least 4 meetings of the Board shall be held in each calendar year in such manner that not more than 120 days shall intervene between two Board Meetings. The information for agenda of the Board Meetings along with the notes shall be circulated to the Board well in advance pursuant to the applicable provisions and relevant mandatory Secretarial Standards, for facilitating meaningful and focused discussions at the meetings.



Board Independence

Independent Directors are expected to play a key role in the decision-making process of the Board by participating in the process of framing the overall strategy of the Company. The Independent Directors should strive to bring in an independent, impartial and objective view to discussions at the meetings of the Board and its Committees and they shall act in a way that is in the best interest of the Company and its stakeholders.

Independent Directors appointed on the Board of the Company shall fulfil the criteria of independence as set out under the provisions of Companies Act, 2013 and other applicable laws in this regard.

They shall submit a 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.

An Independent Director may 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 members of the Company and disclosure of such Director in the Director's Report. 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.

Board Compensation Review

The remuneration payable to the Director(s) shall be determined by the Nomination & Remuneration Committee in compliance with the applicable laws and approved by the Board and Shareholders, as the case may be. Further, Non-Executive Directors of the Company may be paid remuneration by way of sitting fees for attending Meetings of the Board and its Committees in accordance with the provisions of Companies Act, 2013.

Board Gender Diversity

The Company shall not discriminate on the basis of gender in the matter of appointment of directors on the Board. The Company encourages the appointment of women at senior executive levels to achieve a balanced representation on the Board. As per the provisions of the Companies Act, 2013, the Company shall at all times have at least one-woman director on the Board.

Business Ethics

Our company is committed to maintaining the highest standards of integrity, transparency, and ethical conduct in all its business activities. As a responsible NBFC, we uphold strict compliance with applicable laws and regulations, and we foster a culture of honesty, fairness, and accountability among all employees, directors, and stakeholders. We



strongly discourage any form of unethical practices, including fraud, corruption, discrimination, or conflicts of interest, and we encourage prompt reporting of any unethical behavior. We believe in treating customers, investors, and business partners with respect and professionalism, protecting confidential information, and ensuring that all decisions are made in the best interests of the company and its stakeholders. By adhering to these principles, we aim to build long-term trust and contribute positively to the financial ecosystem.

3) COMMITTEES OF THE BOARD

The Board has constituted several Committees as required under relevant statutes/rules/regulations, as mandated by the relevant authorities, for operational convenience, to focus effectively on the issues and to ensure expedient resolution of diverse matters. The Board may re-constitute or dissolve such Committees from time to time, as deemed expedient or necessary. The Board may specify terms of reference of such Committees and other incidental matters.

The Committees shall operate as empowered arm of the Board as per their terms of reference. The minutes of the meetings of all Committees of the Board shall be placed before the Board for noting. All decisions pertaining to the constitution/re-constitution/dissolution of Committees, appointment of members and fixing/modification of terms of reference of the various Committees shall be made by the Board of Directors. As and when the Board so stipulates, the Committees shall periodically report to the Board on various matters that have been referred to the respective Committees.

Brief details of the various statutory Committees of the Company:

- 1) Audit Committee
- 2) Nomination & Remuneration Committee
- 3) Risk Management Committee
- 4) Asset Liability Management Committee
- 5) Internal Complaint Committee
- 6) IT Strategy Committee
- 7) Special Committee To Monitor And Follow-Up
- 8) Identification Committee
- 9) Review Committee

3.1 Audit Committee

The Audit Committee of the Company has been constituted under the pursuance of Section 177 of the Companies Act, 2013 and rules framed thereunder.

Terms of Reference



- Periodical discussion with the auditors about internal control systems, scope of audit, which include observations of the auditors.
- Ensure the compliance of internal control system.
- Power to recommend on any matter relating to financial management including the Auditors' Report and such recommendation shall be binding on the Company, failing which, the Board shall accord the reasons thereof and communicate the same to the shareholders.
- Make request to the statutory auditors, the internal auditors and the Chief Financial Officer of the Company to attend and the aforesaid shall participate at meetings of the Audit Committee, without right to vote.
- Review with Management the half-yearly/annual financial statement before submission to the Board, focusing primarily on;
 - a. Any changes in accounting policies and practices,
 - b. Major accounting entries based on exercise of judgement by the management,
 - c. Qualifications in draft audit report,
 - d. Significant adjustment arising out of audit,
 - e. The going concern assumption.
- Compliance with accounting standards and legal requirement relating to financial statements.
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- Matters to be included in Director's Responsibility Statement as per Companies Act.
- Discuss with external auditors, before the audit committees, nature and scope of audit, as well as have post-audit discussion to ascertain any area of concern.
- Power to investigate within the terms of reference and shall have full access to the information contained in the records of the Company and external professional advice, if necessary.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing with the Management, performance of statutory and internal auditors, adequacy of the internal control systems and adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings & follow up thereon and findings of any internal investigations by the internal auditors into matters where there is suspected fraud/ irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review Management letters issued by the statutory auditors and internal audit reports relating to internal control weaknesses.
- To review appointment, removal and terms of remuneration of the Head of Internal Audit.

3.2 Nomination and Remuneration Committee



The Nomination and Remuneration Committee of the Company has been constituted under the pursuance of Section 178 of the Companies Act, 2013 and rules framed thereunder.

Terms of Reference

- Carrying out evaluation of performance of Key Managerial Personnel.
- Recommendation to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees; reviewing the company's overall compensation structure.
- Reviewing related policies with a view to attract, motivate and retain employees and review compensation levels vis-à-vis the industry in general ensuring the following while formulating the policy on the aforesaid matters:
 - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, key managerial personnel of the quality required to run the company successfully;
 - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) Remuneration to Directors and key managerial personnel reflects a balance between fixed and incentive pay inter - alia based on short and long-term performance objectives appropriate to the working of the Company and its goals. Formulating and determining the company's policies on remuneration packages payable to the Directors and key managerial personnel including performance/ achievement bonus, perquisites, retiral, sitting fees, etc.; considering grant of Stock Options to employees including employees of Subsidiaries and administer and supervise the Employee Stock Option Plans; and to perform any other function or duty as stipulated by the Companies Act, Reserve Bank of India and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

3.3 Risk Management Committee

The Risk Management Committee of the Company has been constituted in pursuance under the **Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions:**

Terms of Reference

- Reviewing the risk profile of the Company (including market risk, operational risk, transactional risk and credit risk);
- Approval and review of the risk measurement policies, models and measurement systems;
- Approval and review of the broad Credit underwriting policies and process. Set broad framework by setting of quantitative prudential limits on various products and segments of the Company's operations;
- Review risk, credit and collections triggers/ parameters;
- Determining implications on quality and review of returns and reports to the RBI pertaining to the Risk Monitoring function.
- To review and discuss the cases relating to willful defaulters of the Company.

3.4 Asset Liability Management Committee (ALCO)



The Asset Liability Management Committee of the Company has been constituted in pursuance under Guidelines issued by the RBI.

Terms of Reference

- To review the treasury operations of the Company at least once a quarter.
- To ensure adherence to the limits set by the Board as well as for deciding the business strategy of the Company on the assets and liabilities sides in line with the budget and pre-decided risk management objectives of the Company.
- Responsible for integrated balance sheet management from risk return perspective including the strategic management of interest rate and liquidity risk.
- To consider, inter- alia, product pricing for both deposits and advances, desired maturity profile and mix of the incremental asset and liabilities, prevailing interest rates offered by other peer NBFC-Base Layer companies for similar services/ product, etc.
- To review the results of and progress in implementation of the decisions made in its previous Meetings.
- To articulate the current interest rate view of the Company and to base its decision for future business strategy on this.
- To develop a view on future direction of interest rate movements and decide on funding mixes between fixed vs. floating rate funds, wholesale vs. retail funds, money market vs. capital market funding, domestic vs. foreign currency funding, etc.
- To work under the overall supervision and guidance of the Board and to submit its report, observations, views, etc. to the Board from time to time. It may form one or more support working group of such compositions, as it deems necessary for analyzing, monitoring and reporting the risk profiles to it from time to time.

3.5 Internal Complaint Committee

A Committee has been constituted by the Management to consider and redress complaints of Sexual Harassment.

Terms of reference

- Any employee who feels and is being sexually harassed directly or indirectly may submit a complaint of the alleged incident to any member of the Committee in writing with his/her signature within a period of three months from the date of incident and in case of a series of incidents, within a period of three months from the date of last incident or can email to hr@iflfinanceltd.com
- The complaint can be made by the aggrieved himself/herself or any other person such as relative, friend, guardian or co-worker who has the knowledge of the incident, with the written consent of the aggrieved/complainant.



- Complaints can be made in person/via phone/email/letter, to any of the committee members. Any oral communication should be followed up with a written communication
- The Committee will hold a meeting with the Complainant within five days of the receipt of the complaint, but no later than a week in any case.
- At the first meeting, the Committee members shall hear the Complainant and record her/his allegations. The Complainant can also submit any corroborative material with a documentary proof, oral or written material, etc., to substantiate his / her complaint.
- Thereafter, the person against whom complaint is made may be called for a deposition before the Committee within a week of Complaint and an opportunity will be given to him / her to give an explanation. Response is sought from the Respondent within 10 days.
- The Committee, before initiating a formal inquiry on the basis of the complaint will take steps to settle the matter between the complainant and the respondent through conciliation provided no monetary settlement shall be made as a basis of conciliation. Wherever such settlement has been arrived, the Committee shall record it and send the same to the Director - HR to take action as per recommendation. Once such settlement has been arrived at, no further enquiry shall be conducted by the Committee.
- However, a further reference to the Committee may be made for redressal if the terms of settlement have not been complied with.
- In the event, the complaint does not fall under the purview of Sexual Harassment or the complaint does not mean an offence of Sexual Harassment, the same would be dropped after recording the reasons thereof.

3.6 IT Strategy Committee

The Objective of the IT Strategy Committee of the Board of Directors ('the Board') of IFL Finance Limited ('the Company') is to assist the Board for effective IT Governance in the Company. The terms of reference of the Committee shall include matters set out below and such other items as may be prescribed by applicable laws as amended or by the Board in compliance with applicable law from time to time.

Terms of reference -

- There shall be a minimum of three directors of the Company as members of the ITSC.
- The Chairperson of the ITSC shall be an independent director and have substantial IT expertise in managing/ guiding information technology initiatives.
- The Members of the ITSC shall be technically competent.
- The ITSC shall meet at least on a quarterly basis.
- The ITSC shall ensure that the Company has put an effective IT strategic planning process in place.
- The ITSC shall guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the Company towards accomplishment of its business objectives.
- The ITSC shall satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation.



- The ITSC shall ensure that the Company has put in place processes for assessing and managing IT and cybersecurity risks.
- The ITSC shall ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives.
- The ITSC shall review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company.

3.7 Special Committee To Monitor And Follow-Up (SCBMF)

The objective of SCBMF is overseeing the effectiveness of fraud risk management. In this regard, the SCBMF should conduct root cause analysis and suggest mitigation measures for strengthening the internal controls and risk management framework of the company, as well as minimize the incidence of frauds. An SCBMF must be headed by an independent director and consist of at least three board members comprising the chief executive officer (or the managing director where the chief executive officer is not a whole-time director) and two independent directors.

Terms of reference -

- Oversee the effectiveness of the fraud risk management in the Company.
- 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.
- Monitor and review all frauds so as to
 - examine categories/trends of frauds, industry/sectoral/ geographical concentration of frauds, etc.
 - Identify systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same.
 - Identify the reasons for delay in detection/ classification of frauds, if any, reporting to top management of the Company and RBI.
 - Ensure that staff accountability is examined/ concluded without delay at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
 - Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
 - Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

3.8 Identification Committee (IC)

The objective of the identification committee The IC serves as the initial evaluative body in the process of identifying willful defaulters. Its role is focused on the preliminary examination of evidence such as financial statements and security cover to detect signs of wilful default. It Shall consist of an officer not more than one rank below the MD/ CEO as chairperson and two senior officials, not more than two ranks below



the chairperson of the committee, as members.

Terms of reference -

- To consider the evidence from the borrower's financials or otherwise as to whether the indications of Wilful Default exist.
- To consider the borrower's response, and escalate the matter, if thought appropriate, to the Review Committee.
- This committee is responsible for issuing a show cause notice to the borrower and other relevant parties, allowing them time to respond.
- The IC then drafts a proposal on whether the borrower should be classified as a willful defaulter, based on its findings and the submissions received.

3.9 Review Committee (RC)

The RC acts as the secondary evaluative body that assesses the proposal forwarded by the IC. Its function is to review the detailed proposal, including any written representations and possibly conduct personal hearings. It shall consist of the MD/CEO as chairperson with two independent directors or non-executive directors or equivalent officials serving as members.

Terms of reference -

- To review the findings of the Identification Committee, borrower's response, give opportunity of hearing to the borrower, and carefully, and with reasoning, give it ultimate decision on tagging the borrower as willful.
- The RC's responsibility is to make a final, reasoned decision on whether the borrower should be officially classified as a willful defaulter.
- It ensures a comprehensive evaluation of all submitted evidence and representations before issuing a final determination. If the IC does not classify the borrower as a willful defaulter, the case does not proceed to the RC.

4. FIT AND PROPER CRITERIA FOR THE DIRECTORS

The Company is having a Board approved policy 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 is as per RBI Circular, and the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023.

5. DISCLOSURES AND TRANSPARENCY



The Company is committed to make adequate disclosures based on the principles of transparency, timeliness, fairness and continuity. The Board of Directors and employees of the Company shall ensure and make necessary disclosures to the Company, the Regulator(s) / Statutory Authorities, the Shareholders, Investors, Members or other stakeholders as may be required by the applicable laws and the Codes / Policies of the Company.

The Board of Directors of the Company or such other person authorized by the Board or under any law/ regulations, shall ensure that all the disclosures statutorily required to be made on behalf of the Company are duly made to the Regulatory / Statutory authorities or such other persons as may be required under applicable laws/ regulations.

The Company shall maintain a functional website; wherein important information / disclosures / documents of the Company shall be hosted.

6. CODE OF CONDUCT FOR BOARD AND SENIOR MANAGEMENT

IFL Finance Limited is committed to upholding the highest standards of moral and ethical values in the conduct of its business. The Board of Directors, Senior Management and all employees of this company share this commitment. The company has adopted the following code of conduct as its policy guide in the conduct of its business. Commitment to ethical professional conduct is expected of every member and all employees should understand and implement the code adopted by the company in its true spirit.

(a) Honesty, integrity and diligence are the fundamental aspects qualifying every act on the part of the Board and Senior Management. They should act in good faith for and on behalf of the Company and adopt the highest standards of personal ethics, integrity, confidentiality, and discipline in dealing with all matters relating to the company.

(b) Any confidential information obtained during the course of their duty should not be used for personal aggrandizement or financial gain to self or to a third party.

(c) They shall not engage in any business, which is detrimental to the interests of the company. They shall maintain the confidentiality of all material and non-public information about the Company or its business and must always act in the best interests of the company and its stakeholders.

(d) They Shall not accept any gifts, benefits in cash or in kind or other personal favours from the customers or from those seeking any business from the company and shall conduct the activities outside the Company in such manner as not to adversely affect the image or reputation of the Company.

(e) They must obey existing local, state, national, and international laws unless there is a compelling ethical basis not to do so.

(f) They shall strive to achieve the highest quality, effectiveness and dignity in their work and must accept social responsibilities for their acts.

(g) They shall always abide by the Code of Conduct and shall be accountable to the Board for their actions/violations/defaults.



(h) within the permissible limits in terms of the Companies Act, 2013, not be on the Board of more than three NBFCs - Middle Layer (NBFCs - ML) or NBFCs - Upper Layer (NBFCs - UL) at the same time, and there shall not be any restriction to directorship on the Boards of NBFCs - Base Layer (NBFCs - BL), subject to provisions of Companies Act, 2013. In this regard, the Board of Directors of the company shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time.

6. POLICIES ADOPTED BY THE COMPANY

In accordance with the provisions of the Act, RBI Directions and various other applicable laws to the Company and as a part of good corporate governance, and also to ensure strong internal controls, the Board of Directors has adopted several codes / policies / guidelines which amongst others includes the following:

- a. Policy for Fit and Proper Person Criteria
- b. Code of Conduct
- c. Fair Practice Code
- d. Credit Policy
- e. Policy on "Know Your Customer and Anti Money Laundering Measures"
- f. Policy on "Prevention of Sexual Harassment Policy"
- g. Policy on "Asset Liability Management"
- h. Remuneration Policy
- i. Grievance Redressal Mechanism/Policy
- j. HR Policy
- k. Policy on fraud detection / prevention / management
- l. Guidelines on Recovery Agents
- m. Demand/Call Loan Policy
- n. Collection Policy
- o. Corporate and Social Responsibility Policy
- p. Disaster Recovery and Business Continuity Plan Policy
- q. Documentation Policy
- r. pGuidelines on Direct Selling Agents
- s. Information Security Policy
- t. Investment Policy
- u. Interest Rate Policy
- v. Valuation Policy
- w. Outsourcing Policy
- x. Risk Management Policy
- y. Information Technology Policy
- z. Internal Audit Policy
- aa. Compromise Settlement and Technical Write offs
- bb. Loan to Directors and Senior Officers Policy



- cc. Related Party Transaction Policy
- dd. ICAAP Policy
- ee. Wilful Defaulter Policy
- ff. Accounting Policy

7. FRAMING OF INTERNAL GUIDELINES

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

Internal Guidelines on Corporate Governance has been approved by the Board of Directors in the Meeting held on 06.04.2026.

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