

SUPREME HOME LOANS

Sapno ka ghar, Supreme ke sang

INTERNAL CORPORATE GOVERNANCE

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SUPREME HOUSING FINANCE LIMITED

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1. Introduction

Corporate governance refers to the accountability of the Board of Directors to all stakeholders of the Company i.e. shareholders, employees, suppliers, customers and society in general; towards giving the company a fair, efficient and transparent administration. It is a set of systems, procedures and practices which ensure that the company is managed in the best interest of all stakeholders. To ensure this accountability and transparency, regulators prescribe the Corporate Governance guidelines which act as a backbone of management functioning.

2. Company's philosophy on Corporate Governance

Supreme Housing Finance Limited ("SHFL" or "the Company") is registered as a housing finance company with NHB under the National Housing Bank Act, 1987. The Company offers a wide range of housing finance products like home loans, repairs/renovation, loan against property and top-up loans to salaried and self-employed customers predominantly across the lower- and middle-income segments. Corporate Governance means the system of rules, practices and processes by which a company is administered and controlled. It involves balancing the interests of the various stakeholders of the company including shareholders, employees, customers and the community within which it operates.

3. NHB Guidelines on Corporate Governance

RBI has vide its notification no. RBI/DoR/2025-26/365 DoR.FIN.REC.284/03-10-119/2025-26 dated 28th November, 2025, directed HFCs to frame internal guidelines on corporate governance in compliance with Reserve Bank of India (Non-Banking Financial Companies -Governance) Directions, 2025 with the approval of the Board of Directors.

4. Objective of the guidelines

These guidelines on Corporate Governance will enable the Company in attaining its objectives/goals, since it encompasses every sphere of operations, management, action plans, internal controls and regulatory disclosure.

5. Governance Structure and constitution of various committees

a) Board of Directors

An active, well-informed and Independent Board is necessary to ensure the highest standards of Corporate Governance, to oversee the performance of the company and ensure protection and maximization of its long-term values. There should be an active participation of Independent Directors in the Company.

Considering the need for professional experience in managing the affairs of the Company, at least one of the directors shall have relevant experience in financing field.

The Board of Directors along with its Committees shall provide leadership and guidance to the Company's management to direct, supervise and control the performance of the Company.

The Board shall review Compliance Reports on quarterly basis of all laws applicable to the Company prepared by the Company as well as steps taken by the Company to rectify instances of non-compliance, if any.

Size of the Board

The number of Directors shall not be less than three and not more than fifteen as per provisions of Companies Act 2013 and Articles of Association of Company.

Board Composition

The Company's Board shall have an optimum combination of Executive, Non-Executive and Independent Directors with at least one-Woman Director in line with the requirements of the provisions of the Companies Act, 2013.

Appointment of Directors

- Director(s) shall be appointed as per the applicable provisions of the Companies Act 2013 and rules made there under as well as the applicable RBI Master Directions.
- All the Directors on the Board shall fulfil the fit and proper criteria as laid down under the Company's policy on 'Fit and Proper Criteria' for the Directors formulated as per RBI Master Directions.
- Upon appointment, the Director's shall execute a Deed of covenant with the Company as per the format prescribed under the Company's Policy on fit and proper criteria for the Directors formulated as per RBI Master Directions.
- The Company shall upon appointment of an Independent Director on the Board, issue a formal letter of appointment outlining his/her terms of appointment, role, responsibilities, duties. etc.
- The appointment/re-appointment and the remuneration payable to the Director(s) shall be reviewed by the 'Nomination and Remuneration Committee' and 'Remuneration Committee' and recommend to the Board of Directors for its approval in accordance with the Company's 'Nomination and Remuneration Policy for Non-Executive Directors and Independent Directors' and 'Appointment and Remuneration Policy for Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs)'.

Independent Directors

RBI has vide its notification no. RBI/DoR/2025-26/365 DoR.FIN.REC.284/03-10-119/2025-26 dated 28th November, 2025 mandated the Housing Finance Company to comply with the provisions of paragraph 27 and 28 of Reserve Bank of India (Non-Banking Financial Companies- Governance) Directions, 2025 with regard to Independent Directors as specified below:

- Independent Director(s) shall be appointed in accordance with the provisions of the Companies Act, 2013. An Independent Director shall not be on the Board of more than three NBFCs (NBFC-ML or NBFC-UL) at the same time. The Board shall ensure that there is no conflict arising out of its Independent Director(s) being on the Board of another Company at the same time.
- Independent Director(s) shall comply with the provisions of Companies Act, 2013 and Code of conduct for Independent Directors as laid in Schedule IV of the Companies Act. They shall be eligible for sitting fees for attending the meeting of the Board, Committees etc. within the prescribed limits of the Companies Act, 2013. Apart from sitting fees, the Independent Directors shall also be eligible for reimbursement of expenses incurred for attending the Board and Committee meetings.

Board Meetings and Quorum

The frequency and the quorum of the Board meetings shall be as per the requirements of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and Secretarial Standards as issued by the Institute of Company Secretaries of India.

Attendance at Board Meetings

The Director(s) shall strive to attend the meetings of the Board and its Committees. In case a Director is unable to attend specific Board meeting or Committee meeting, he or she shall obtain leave of absence from the Board.

b) Committees of the Board:

In order to ensure smooth functioning of the Company and to focus on the critical functions of the Company, the Board may constitute such committees as per the requirement of RBI Master Directions. The Committees have oversight of operational issues assigned to them by the Board and shall function accordingly.

i. Audit Committee:

The Company has in place an Audit Committee constituted under the provisions of Section 177 of the Companies Act, 2013 and in terms of applicable RBI Master Directions in this regard. The committee constituted shall consist of not less than three members of the Board of Directors.

The Audit Committee shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013, and RBI Master Directions and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

The Committee shall meet atleast once on quarterly basis or more as and when required. The quorum of the Committee shall be all members personally present.

ii. Nomination and Remuneration Committee:

The Company has a well constituted 'Nomination and Remuneration Committee'.

The committee has been set up in compliance with the provisions of Section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee shall have the powers and duties conferred upon it in compliance with the provisions of Section 178 of the Companies Act 2013 and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

The Nomination and Remuneration Committee shall comprise of at least three or more Non-Executive Directors out of which minimum one-half shall be Independent Directors.

The Committee shall meet as and when required and the quorum of the meeting shall be in accordance with the 'Nomination & Remuneration Policy for Non-Executive Directors and Independent Directors'.

iii. Risk Management Committee:

The Board shall constitute the Risk Management Committee to manage the integrated risks of the Company. The Risk Management Committee of the Board shall be responsible to identify, review and control key risks areas across the entire organisation and provide the remedial actions with regard to risks faced by the Company.

The Risk Management Committee shall comprise of minimum three members out of which at least one member shall be from the risk vertical having sufficient expertise in risk and the quorum of the Committee shall be as specified in the Risk Management Policy of the Company.

The Risk Management Committee shall meet at least once on quarterly basis or more as and when required.

iv. Asset-Liability Management Committee:

The Company has in place the Asset-Liability Management Committee ("ALCO") constituted in accordance with the RBI Master Directions. The ALCO's primary goal is to evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure.

The Composition of the Asset Liability Management Committee shall be as specified in the 'Asset Liability Management (ALM) System & Asset Classification' Policy.

The Committee shall meet at least once on quarterly basis or more as and when required. The quorum of the Committee shall be three members personally present.

v. Remuneration Committee

The Company has a well constituted 'Remuneration Committee'. The committee has been set up in compliance with the provisions of the RBI Guidelines.

The Remuneration Committee shall have such powers and duties as conferred upon it and mentioned in the 'Appointment and Remuneration Policy for Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs)' and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

The Remuneration Committee shall comprise of atleast three or more Non-Executive Directors out of which minimum one-half shall be Independent Directors.

The Committee shall meet as and when required and the quorum of the meeting shall be in accordance with the 'Appointment and Remuneration Policy for Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs)'.

vi. Information Security Committee

The Company has in place the Information Security Committee which shall work under IT Strategy Committee with such composition as may be prescribed in the Information Technology Policy of the Company. The Roles and responsibilities of the Committee shall be such as prescribed in the Information technology Policy of the Company.

The Committee shall meet atleast once in every quarter or more as and when required and the quorum of such meeting shall be as prescribed in the Information Technology Policy.

vii. IT Steering Committee

The Company has constituted the IT Steering Committee with such composition as prescribed in the RBI Master Direction. The Committee shall work in close coordination with the IT Strategy Committee and Information Security Committee.

The roles and responsibilities of the IT Steering Committee shall be such as prescribed in the Information Technology Policy. The Committee shall meet atleast on quarterly basis or more as and when required and the quorum for such meeting shall be as prescribed in the Information Technology Policy.

viii. IT Strategy Committee

The Company has constituted the IT Strategy Committee which shall be responsible for setting direction, oversight, and decision-making for an organization's information technology and digital initiatives. It ensures that IT investments, priorities, and capabilities are aligned with the organization's overall business strategy, risk appetite, and long-term goals.

The roles and responsibilities of IT Strategy Committee shall be as prescribed in the Information Technology Policy of the Company. The Committee shall meet atleast on quarterly basis or more as and when required and the quorum for such meeting shall be as prescribed in the Information Technology Policy.

ix. Grievance Redressal Committee

The Company has in place the Grievance Redressal Committee with minimum three members from the senior management of the Company as approved by the Board of Directors who shall be responsible for receiving, reviewing, investigating, and resolving grievances raised by customers in a fair, timely, and transparent manner.

The Grievance Redressal Committee shall meet atleast on quarterly basis or more as and when required and the quorum for such meeting shall be two members personally present.

x. Internal Complaint Committee

The Company has constituted Internal Complaint Committee as per the requirement of the 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Committee comprises of optimum combination of members as prescribed in above mentioned Act.

The Internal Complaint Committee shall meet at least on quarterly basis or more as and when required and the quorum for such meeting shall be all members personally present.

The Internal Complaint Committee shall be responsible to see to it that any complaint received from the employees of the Company under the Act and redressed in timely and efficient manner.

xi. Special Committee of Board for Monitoring and Follow up cases of Frauds

The Company has constituted a Special Committee of Board for Monitoring and Follow up of cases of Frauds with such members from the Senior Management of the Company as approved by the Board and specified in the 'Fraud Prevention and Management Policy' of the Company.

The Committee shall be responsible for looking up into the cases of fraud as and when reported to the management and taking corrective and remedial actions timely with regard to any fraud.

The Committee shall meet atleast on quarterly basis or more as and when required and the quorum for such meeting shall be as prescribed in the Fraud Prevention and Management Policy.

xii. Wilful Defaulter Identification Committee

The Company has in place 'Wilful Defaulter Identification Committee' which shall be responsible for identifying Wilful Defaulter. The Committee shall comprise of such members as specified in the "Policy for Treatment of Wilful Defaulter and Large Defaulter". The quorum of the Committee shall be all members personally present.

The Committee shall meet atleast on quarterly basis or more as and when required.

xiii. Wilful Defaulter Review Committee

The Company has constituted 'Wilful Defaulter Review Committee' for the purpose of reviewing the proposal of the Identification committee.

The Committee shall comprise of such members as specified in the "Policy for Treatment of Wilful Defaulter and Large Defaulter".

The Committee shall meet atleast on Quarterly basis or more as and when required and the quorum for such meeting shall be all members personally present.

xiv. Corporate Social Responsibility Committee

The Company has constituted 'Corporate Social Responsibility Committee' under the provisions of Section 135 of the Companies Act, 2013 which shall be responsible for recommending the amount of expenditure to be incurred on CSR activities and complying with the legal requirements of the Companies Act, 2013.

The Committee shall comprise of minimum three Directors with atleast one Independent Director as specified in the "Corporate Social Responsibility Policy".

The Committee shall meet as and when required and the Quorum of such meeting shall be two members personally present.

Disclosure and Transparency

The disclosures to be made by the Company to the Directors shall include but not limited to the following:

- All the relevant information for taking informed decisions in respect of matters brought before the Board.
- Strategic business plans and forecasts.
- Organisational structure and delegation of authority.
- Corporate and management controls and systems including procedures.
- Periodic reviews of performance.

Review and Amendment

The Internal Corporate Guidelines shall be reviewed by the Audit Committee annually and shall be amended as and when required with the approval of the Board to confirm its relevance with the business requirements of the Company.