

## **BAJAJ HOUSING FINANCE LIMITED**

### **Terms of Reference of Committees of Board of Directors:**

#### **1. Audit Committee:**

##### **A. The role of the audit committee shall include the following:**

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgement by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance and effectiveness of statutory and internal audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Oversight of Company's internal audit function, including recommendation of policy, approving annual plan and maintenance of quality assurance and improvement program.
14. Reviewing the 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;
15. Discussion with internal auditors of any significant findings and follow up there on;
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. 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;
19. To review the functioning of the Whistle Blower mechanism;
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
21. To review the utilization of loans, advances or both in the subsidiary company(ies) exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on 1 April 2019.
22. To review Management discussion and analysis of financial condition and results of operations;
23. To review Management letters/letters of internal control weaknesses issued by the statutory auditors;
24. To review Internal audit reports relating to internal control weaknesses;
25. To review the appointment, removal and terms of remuneration of the Chief internal auditor;
26. To review statement of deviations, if any:

- a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI Listing Regulations, 2015.
  - b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI Listing Regulations, 2015.
27. To review compliance with the provisions of Regulation 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively.
28. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## **2. Nomination and Remuneration Committee:**

1. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal, and to specify the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance;

(1A). For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates.
2. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
  3. While formulating the policy, to 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; and

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.

4. To take into account financial position of the company, trend in the industry, appointee's qualifications, experience, past performance, past remuneration, etc., and bring about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders while approving the remuneration payable to managing director, whole time director or manager;

5. To lay down / formulate the evaluation criteria for performance evaluation of independent directors and the Board;

6. To devise a policy on Board diversity;

7. To review and approve the remuneration and change in remuneration payable to managing director(s);

8. To recommend to Board, all remuneration, in whatever form, payable to senior management. (i.e. members of the core management team, excluding Board of Directors and which normally includes all members of management one level below the chief executive officer/managing director/whole time director and shall specifically include Company Secretary and Chief Financial Officer)

9. To ensure 'Fit & Proper' status of the proposed /existing directors;

10. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors."

11. Such other matters as may be prescribed under any of the applicable Act, Regulations, Guidelines or as may be assigned by Board from time to time.

### **3. IT Strategy Committee:**

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
4. 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;
5. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls;

6. Such other matters relating to IT as may be entrusted to it by the Board or the Regulators

#### **4. Risk Management Committee:**

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
5. Ensuring timely servicing of principal and interest to Debenture holder(s).
6. Ensuring that the Company has not violated or breached any covenants of the Trust Deed;
7. Ensuring that the security has been created promptly and adequately;
8. Review disclosures in the information memorandum is adequate and in line with the regulatory requirements;
9. Redress grievances of debenture trustee, if any;
10. Such other matters necessary to protect the interests of the debenture holders or matters as delegated by the Board or as specified by the SEBI Listing Regulations, 2015.

#### **5. Corporate Social Responsibility Committee:**

1. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013;
2. recommend the amount of expenditure to be incurred on the activities referred to in clause and;
3. monitor the Corporate Social Responsibility Policy of the company from time to time.
4. Such other duties/functions as may be specified under Companies Act, 2013

#### **6. Stakeholders' Relationship Committee:**

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.

3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
5. Ensuring timely servicing of principal and interest to Debenture holder(s).
6. Ensuring that the Company has not violated or breached any covenants of the Trust Deed;
7. Ensuring that the security has been created promptly and adequately
8. Review disclosures in the information memorandum is adequate and in line with the regulatory requirements;
9. Redress grievances of debenture trustee, if any;
10. Such other matters necessary to protect the interests of the debenture holders or matters as delegated by the Board or as specified by the SEBI Listing Regulations, 2015.

#### **7. Review Committee**

To review the order passed by the identification committee.