

WEST END HOUSING FINANCE LIMITED
(WEHFL)

“CORPORATE GOVERNANCE POLICY”

As required under the Corporate Governance (NHB) directions

Approval Date: 4th January, 2018

Introduction

Corporate governance involves a set of relationships amongst the management, Board of Directors, shareholders, auditors and other stakeholders. These relationships provide the structure through which the objectives are set, the means for attaining them as well as monitoring the performance as determined. This policy of West End Housing Finance Ltd. (WEHFL) is made in view of the above and shall be put up on the website of WEHFL for the information of various stakeholders.

1. Disclosure and transparency

- West End Housing Finance Limited (WEHFL) shall put up to the Board of Directors, annually, or at such shorter period as may be required by the Board of Directors, the following:
 - the progress made in putting in place a progressive risk management system and
 - risk management policy and strategy followed by the WEHFL;
 - 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.
- WEHFL shall, upon reaching an asset size of 50 crores as per the last audited balance sheet, disclose the following in the 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 given in **Annexure-4**

2. Rotation of partners of the Statutory Auditors Audit Firm

WEHFL shall not appoint or re-appoint—

- a) an individual as statutory auditor for more than one term of five consecutive years; and
- b) an audit firm as statutory auditor for more than two terms of five consecutive years:

Provided that—

- a) an individual statutory auditor who has completed his term under clause (a) shall not be eligible for re-appointment as auditor in WEHFL for five years from the completion of his term;
- b) an audit firm appointed for statutory audit which has completed its term under clause (b), shall not be eligible for re-appointment as auditor of WEHFL for five years from the completion of such term

WEHFL shall rotate the partner/s of the Chartered Accountant firm conducting the audit, every three years so that same partner does not conduct audit of WEHFL continuously for more than a period of three years. However, the partner so rotated will be eligible for conducting the audit, after an interval of three years, if WEHFL, so decides. WEHFL shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

3. Board of Directors

The Board shall be responsible for exercising its business judgments to act in what it reasonably believes to be in the best interests of WEHFL and its shareholders. The Board of Directors along with its constituted Committees shall provide direction and guidance for the WEHFL and shall further supervise and review the performance of the WEHFL.

The Directors shall attend and actively participate in Board and its Committee meetings thereof, on which they serve, and shall properly discharge their responsibilities. Board of Directors focuses its activity on the determination, supervision, and monitoring of the strategies and general guidelines that must be followed by the WEHFL.

A. Corporate Culture and values

In order to promote a sound corporate culture and values, the Board shall ensure the following:

1. setting and adhering to corporate values for itself, Senior Management and other employees;

2. promoting risk awareness within a strong risk culture, conveying the Board's expectation that it does not support excessive risk-taking and that all employees are responsible for helping ensure that the WEHFL operates within the agreed risk appetite and risk limits;
3. ensuring that appropriate steps are taken to communicate throughout WEHFL the corporate values, professional standards or Code of Conduct it sets, together with supporting policies;
4. employees shall be encouraged and be able to communicate, confidentially and without the risk of victimization, legitimate concerns about illegal, unethical or questionable practices.

B. Oversight of Senior Management

The Board shall oversee the Senior Management. It shall hold members of Senior Management accountable for their actions and enumerate the consequences if those actions are not aligned with the Board's performance expectations. This includes adhering to the WEHFL's values, risk appetite and risk culture, regardless of financial gain or loss to the WEHFL. In doing so, the Board shall:

1. monitor that Senior Management's actions are consistent with the strategies and policies approved by the Board;
2. meet regularly with Senior Management;
3. Interrogate and critically review reply and information provided by Senior Management;
4. ensure that Senior Management's knowledge and expertise remain appropriate given the nature of the business and the WEHFL's risk profile;
5. ensure that appropriate succession plans are in place for Senior Management positions.

C. Size of the Board

The Board's strength shall be minimum 3 (three) and not more than 15 (fifteen) However, WEHFL may appoint more than 15 Directors after passing a Special Resolution.

D. Board Composition

The Board shall have an optimum combination of executive, non-executive and Independent Directors in line with the requirements of the provisions of the Companies Act, 2013 and other applicable laws.

E. Board Meetings and Quorum

The Board Meetings of WEHFL shall be held as per the requirements prescribed under the Companies Act, 2013 and other Applicable Laws and as decided by the Board of Directors. The meetings of the Board shall generally be held at WEHFL's corporate office unless otherwise decided by the Board of Directors. The dates of the meetings shall be fixed well in advance. The quorum shall be as per the requirements of the Companies Act, 2013 and other Applicable Laws.

4. Committees of the Board

WEHFL has formed the following committees of the Board:

4.1 Audit Committee

The Audit Committee shall comprise of three directors, 1 Non-Executive & 2 Independent Directors with expertise in finance, accounts, treasury and law. The quorum for Audit Committee meeting shall be two members and the frequency of its meeting shall be once every quarter.

Role of Audit Committee

Role of the Audit Committee, shall include the following:

- a) The recommendation for appointment, remuneration and terms of appointment of auditors of the WEHFL.
- b) The recommendation for appointment of Certified Information Systems Auditor (CISA)
- c) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- d) Examination of the financial statement and the auditors' report thereon;
- e) Approval of any subsequent modification of transactions of the WEHFL with related parties;
- f) Scrutiny of inter-corporate loans and investments;
- g) Valuation of undertakings or assets of the WEHFL, wherever it is necessary;
- h) Evaluation of internal financial controls and risk management systems;
- i) The appointment, scope, removal and terms of remuneration of the Internal auditor shall be subject to review by the Audit committee.
- j) Internal audit reports relating to internal control weakness;
- k) Monitoring the end use of funds raised through public offers and related matters.

- l) To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statements before their submission to the Board of Directors and may also discuss any related issues with the internal and statutory auditors and the management of the WEHFL.
- m) To ensure that an Information System Audit of internal systems and processes is conducted atleast once in two years to assess operational risks faced by WEHFL.
- n) To review the internal audit report on Know Your Customer (KYC) compliance at quarterly intervals.

Powers of Audit Committee

- a) To investigate any activity within its terms of reference or referred to it by the Board.
- b) To obtain outside legal or other professional advice.
- c) To have full access to information contained in the records of the WEHFL

4.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall comprise of three directors, 1 Non-Executive & 2 Independent Directors with expertise in finance, accounts, treasury and law. The quorum for this Committee meeting shall be two members.

Role of Nomination and Remuneration Committee

- a) 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.
- b) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down.
- c) Recommend to the Board, the appointment or removal of Directors and Senior management.
- d) Review annually, the performance of directors and other employees (Key Managerial Personnel).

Procedure for Nomination and Appointment of Directors

A director's qualification to serve on the Board shall be determined by the Board upon the recommendation of the Nomination and Remuneration Committee, prior to nominating said director for election at the WEHFL's annual general meeting. In addition, with respect to each directorship candidate considered for election to the Board between annual

general meetings, prior to such election, the Nomination and Remuneration Committee shall evaluate each directorship candidate under the Director Qualification Criteria as per The Companies (Appointment and Qualification of Directors) Rules, 2014 and 'Fit and Proper' Criteria for Directors of Housing Finance Companies set forth by NHB and contained herein and recommend to the Board duly qualified director as candidate for election to the Board.

4.3 Asset Liability Management And Risk Management Committee

The Asset Liability Management & Risk Management Committee shall comprise of three directors, 1 Executive Director, 1 Non-Executive Director & 1 Independent Director with expertise in finance, accounts, treasury and law. The quorum for this Committee meeting shall be two members.

Role of Asset Liability Management and Risk Management Committee

- a) Frame a risk management plan
- b) Review risk management policy.
- c) Review the compliances & status of asset-liability management.
- d) Review & suggest methods for effective monitoring & compliance of the asset-liability management guidelines.
- e) Review of the current status on Risk Management policy and report to the Board.
- f) Review the matters on risk management.
- g) Review and monitor types of risks the WEHFL is exposed to.
- h) Lay down procedures to inform Board about risk assessment and minimization procedures

5. Fit and Proper Criteria

WEHFL shall, upon reaching an asset size of 50 crores as per the last audited balance sheet, follow the 'Fit and proper criteria' as given in **Annexure-1** along with the following:

- a. Obtain a declaration and undertaking from the directors giving additional information on the directors. The declaration and undertaking shall as per the format given in **Annexure-2**.
- b. Obtain a Deed of Covenant signed by the directors, which shall be in the format as given in **Annexure-3**.

- c. Furnish to the National Housing Bank a quarterly statement on change of directors, and a certificate from the Managing Director that fit and proper criteria in selection of the directors has been followed. The statement must reach National Housing Bank, New Delhi within 15 days of the close of the respective quarter. The quarterly statements, can be certified by the Managing Director, except that the statement pertaining to the quarter ended March 31 needs to be necessarily certified by the auditors. Further, in case of no change in the directors during a quarter, a 'Nil' statement should be submitted.

Annexure-1

'Fit and Proper' Criteria for Directors

WEHFL shall ensure that the procedures mentioned below are followed and minimum criteria are fulfilled before appointment of directors to the Board of Directors:

- a. WEHFL shall undertake a process of due diligence to determine the suitability of the person for appointment or continuing to hold appointment as a Director on the Board of Directors, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria. WEHFL shall obtain necessary information and declaration from the proposed or existing Directors for the purpose in the format given at **Annexure-2**.
- b. The process of due diligence shall be undertaken by WEHFL at the time of appointment or renewal of appointment.
- c. The Nomination Committee formed by the Board of Directors shall scrutinize the declarations received from the directors.
- d. Based on the information provided in the signed declaration, Nomination Committee shall decide on the acceptance or otherwise of the Directors, where considered necessary.
- e. WEHFL shall obtain annually, as on 31st March, a simple declaration from the Directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.
- f. The Board of WEHFL shall ensure that the nominated or elected Directors execute the deeds of covenants in the format given in **Annexure-3**.

Annexure – 2

Name of HFC: **WEST END HOUSING FINANCE LIMITED.**

Declaration and Undertaking by Director

(with appropriate enclosures as on _____)

I. Personal details of Directors

- a. Full name
- b. Date of birth
- c. Education qualification
- d. Relevant background and experience
- e. Permanent address
- f. Present address
- g. Email Address and Telephone Number
- h. Director Identification number
- i. Permanent account number under the Income Tax Act and name and address of Income Tax Circle
- j. Relevant knowledge and experience
- k. Any other Information relevant to directorship

II. Relevant relationship of director

- a. List of Relatives if any who are connected with WEHFL (Refer Section 2(77) of Companies Act, 2013)
- b. List of entities if any in which he/she is considered as being interested (Refer Section 2(49) and Section 184 Companies Act, 2013)
- c. List of entities in which he/she is considered as holding substantial interest within the meaning of HFC (NHB) Directions, 2010.
- d. Name of HFC 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 by him/her and/or by entities listed in (b) and (c) above from WEHFL
- f. Cases, if any, where the director or entities listed in (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from WEHFL or any other HFC / bank.

III. Records of professional achievements

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 164 of the 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, RBI, etc. (Though it shall not be necessary for a candidate to mention in the column about orders and findings made by regulators which have been later on reversed/set aside in *toto* , 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, same also should be mentioned.)
- h. Any other Explanation / information in regard to items I to III and other information

Undertaking

I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep WEHFL 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 Directors of WEHFL.

Place:**Signature:****Date:****V. Remarks of Chairman of Nomination Committee/ Board of Directors of WEHFL****Place:****Signature:****Date:**

Annexure-3

Form of Deed of Covenants with a Director

THIS DEED OF COVENANTS is made this day of Two Thousand.....

BETWEEN

WEST END HOUSING FINANCE LIMITED having its registered office at 15th Floor Jolly Maker Chambers 2, 225, Nariman Point, Mumbai – 400021 (hereinafter called the “WEHFL”) OF THE ONE PART

AND

Mr/Ms of (hereinafter called the “Director”) OF THE OTHER PART.

WHEREAS

- A. The director has been appointed as a director on the Board of Directors of the WEHFL (hereinafter called "the Board") and is required as a term of his / her appointment to enter into a Deed of Covenants with the WEHFL.
- B. 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:

1. The director acknowledges that his / her appointment as director on the Board of the WEHFL is subject to applicable laws and regulations including the Memorandum and Articles of Association of the WEHFL and the provisions of this Deed of Covenants.
2. The director covenants with the WEHFL that:
 - i. 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 WEHFL 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.

- ii. 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.
- iii. The director shall provide to the WEHFL 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.
- iv. The director shall in carrying on his / her duties as director of WEHFL:
 - a. use such degree of skill as may be reasonable to expect from a person with his / her knowledge or experience;
 - b. 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 WEHFL;
 - c. shall keep himself / herself informed about the business, activities and financial status of the WEHFL to the extent disclosed to him / her;
 - d. 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 WEHFL;
 - e. shall not seek to influence any decision of the Board for any consideration other than in the interests of the WEHFL;
 - f. shall bring independent judgment to bear on all matters affecting the WEHFL 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;
 - g. 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
 - h. 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;
- v. The director shall have:
 - a. fiduciary duty to act in good faith and in the interests of the WEHFL and not for any collateral purpose;

- b. duty to act only within the powers as laid down by the WEHFL's Memorandum and Articles of Association and by applicable laws and regulations; and
 - c. duty to acquire proper understanding of the business of the WEHFL.
- vi. The director shall:
- a. not evade responsibility in regard to matters entrusted to him / her by the Board;
 - b. not interfere in the performance of their duties by the whole-time Directors and other officers of the WEHFL and wherever the director has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board; and
 - c. 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 WEHFL in his / her capacity as director of the WEHFL only for the purposes of performance of his / her duties as a director and not for any other purpose.
 - d. make declaration to the effect that:
 - he/she has not been associated with any unincorporated body that is accepting deposits;
 - he/she has not been associated with any WEHFL, the application for Certificate of Registration (CoR) of which has been rejected by the National Housing Bank;
 - there is no criminal case, including for offence under section 138 of the Negotiable Instruments Act, against him/her.
3. The WEHFL covenants with the director that:
- i. the WEHFL shall apprise the director about:
 - a. Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
 - b. control systems and procedures;
 - c. voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;
 - d. qualification requirements and provide copies of Memorandum and Articles of Association;
 - e. corporate policies and procedures;
 - f. insider dealing restrictions;
 - g. constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;

- h. appointments of Senior Executives and their authority;
 - i. remuneration policy;
 - j. deliberations of committees of the Board, and
 - k. communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the WEHFL, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.
 - ii. the WEHFL 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 WEHFL 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;
 - iii. the disclosures to be made by the WEHFL to the Directors shall include but not be limited to the following:
 - a. all relevant information for taking informed decisions in respect of matters brought before the Board;
 - b. WEHFL's strategic and business plans and forecasts;
 - c. organisational structure of the WEHFL and delegation of authority;
 - d. corporate and management controls and systems including procedures;
 - e. economic features and marketing environment;
 - f. information and updates as appropriate on WEHFL's products;
 - g. information and updates on major expenditure;
 - h. periodic reviews of performance of the WEHFL; and
 - i. report periodically about implementation of strategic initiatives and plans.
 - iv. the WEHFL 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 as laid down under the provisions in the Companies Act
 - v. advise the director about the levels of authority delegated in matters placed before the Board.
4. The WEHFL shall provide to the director periodic reports on the functioning of internal control system including effectiveness thereof.

5. The WEHFL 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 National Housing Bank and other concerned statutory and governmental authorities.
6. The director shall not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as director of the WEHFL 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 WEHFL.
7. 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.
8. 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 WEHFL.
9. 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 WEHFL

DIRECTOR

Name:

Title:

Name:

In the presence of :

1. _____

2. _____

Annexure 4

Indicative List of Balance Sheet Disclosures.

1. Minimum Disclosures

All the disclosures as specified under this annexure shall be necessarily and suitably made and none of them shall be omitted based on the ground of its being not applicable in a particular case.

2. Summary of Significant Accounting Policies

WEHFL shall disclose the accounting policies regarding key areas of operations at one place along with Notes to Accounts (NTA) in their financial statements. A suggestive list includes – Basis of Accounting, Transactions involving Foreign Exchange, Investments - Classification, Valuation, etc. Advances and Provisions thereon, Fixed Assets and Depreciation, Revenue Recognition, Employee Benefits, Provision for Taxation, Net Profit, etc.

3. Disclosures:

3.1 Capital

Particulars		Amount in Rs.	
		Current year	Previous year
(i)	CRAR (%)		
(ii)	CRAR – Tier I Capital (%)		
(iii)	CRAR – Tier II Capital (%)		
(iv)	Amount of subordinated debt raised as		
	Tier- II Capital		
(v)	Amount raised by issue of Perpetual Debt Instruments		

3.2 Reserve Fund u/s 29C of NHB Act, 1987

Particulars		Amount in Rs.	
		Current year	Previous year
	Balance at the beginning of the year		
a	Statutory Reserve u/s 29C of the National Housing bank Act, 1987		
b	Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes		

	of Statutory Reserve under Section 29C of the NHB Act, 1987		
c	Total		
	Addition / Appropriation / Withdrawal during the year		
	Add:		
a	Amount transferred u/s 29C of the NHB Act, 1987		
b	Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987		
	Less:		
a	Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987		
b	Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987		
	Balance at the end of the year		
a	Statutory Reserve u/s 29C of the National Housing Bank Act, 1987		
b	Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987		
c	Total		

3.3 Investments

Particulars	Amount in Rs.	
	Current year	Previous year
Value of investments		
(i) Gross Value of Investments		
(a) In India		
(b) Outside India		
(ii) Provisions for Depreciation		
(a) In India		
(b) Outside India		
(iii) Net value of Investments		

3.4 Derivatives

3.4.1 Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

	Principal	Amount in Rs.
(i)	The notional principal of swap agreements	
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	
(iii)	Collateral required by WEHFL upon entering into swaps	
(iv)	Concentration of credit risk arising from the swaps \$	
(v)	The fair value of the swap book @	
	Note: Nature and terms of the swaps including information on credit and market risk and the accounting policies adopted for recording the swaps should also be disclosed.	
	\$ Examples of concentration could be exposures to particular industries or swaps with highly geared companies.	
	@ If the swaps are linked to specific assets, liabilities, or commitments, the fair value would be the estimated amount that the HFC would receive or pay to terminate the swap agreements as on the balance sheet date.	
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	
	(a)	
	(b)	
	(c)	
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	
	(a)	
	(b)	
	(c)	
	ii.	
	II. On-balance sheet exposures towards Credit Enhancements	
	(a) Exposure to own securitisations	
	i.	
	ii.	
	(b) Exposure to third party securitisations	
	i.	
	ii.	
	*Only the SPVs relating to outstanding securitisation transactions may be reported here	

3.4.2 Exchange Traded Interest Rate (IR) Derivative**Amount in Rs.**

Particulars		Amount
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	
	(a)	
	(b)	
	(c)	
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March (instrument-wise)	
	(a)	
	(b)	
	(c)	
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	
	(a)	
	(b)	
	(c)	
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	
	(a)	
	(b)	
	(c)	
	II. On-balance sheet exposures towards Credit Enhancements	
	(a) Exposure to own securitisations	
	i.	
	ii.	
	(b) Exposure to third party securitisations	
	i.	
	ii.	
	*Only the SPVs relating to outstanding securitisation transactions may be reported here	

3.4.3 Disclosures on Risk Exposure in Derivatives***Qualitative Disclosure***

WEHFL shall describe its risk management policies pertaining to derivatives with particular reference to the extent to which derivatives are used, the associated risks and business purposes served. The discussion shall also include:

- a) the structure and organization for management of risk in derivatives trading,
- b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,
- c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants, and
- d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.

Quantitative Disclosure

Particulars	Amount in Rs.	
	Currency Derivatives	Interest Rate Derivatives
Derivatives (Notional Principal Amount)		
Marked to Market Positions [1]		
(a) Assets (+)		
(b) Liability (-)		
Credit Exposure [2]		
Unhedged Exposures		

3.5 Securitisation

The NTA of the should indicate the outstanding amount of securitised assets as per books of the SPVs sponsored and total amount of exposures retained as on the date of balance sheet towards the Minimum Retention Requirements (MRR). These figures should be based on the information duly certified by the SPV's auditors obtained by WEHFL from the SPV. These disclosures should be relating to all the securitisation transactions entered into and outstanding as on 31st March, made in the format given below:

		Amount in Rs.
Particulars		Amount
1	No of SPVs sponsored by WEHFL for securitisation transactions*	
2	Total amount of securitised assets as per books of the SPVs sponsored	

3	Total amount of exposures retained by WEHFL towards the MRR as on the date of balance sheet	
	I. Off-balance sheet exposures towards Credit Enhancements	
	(a)	
	(b)	
	II. On-balance sheet exposures towards Credit Enhancements	
	(a)	
	(b)	
4	Amount of exposures to securitisation transactions other than MRR	
	I. Off-balance sheet exposures towards Credit Enhancements	
	(a) Exposure to own securitisations	
	i.	
	ii.	
	(b) Exposure to third party securitisations	
	i.	
	ii.	
	II. On-balance sheet exposures towards Credit Enhancements	
	(a) Exposure to own securitisations	
	i.	
	ii.	
	(b) Exposure to third party securitisations	
	i.	
	ii.	
	*Only the SPVs relating to outstanding securitisation transactions may be reported here	

3.5.1 Details of Financial Assets sold to Securitisation / Reconstruction WEHFL for Asset Reconstruction

		Amount in Rs.	
Particulars		Current Year	Previous Year
(i)	No. of accounts		
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC		
(iii)	Aggregate consideration		
(iv)	Additional consideration realized in respect of accounts transferred in earlier years		
(v)	Aggregate gain / loss over net book value		

3.5.2 Details of Assignment transactions undertaken

		Amount in Rs.	
Particulars		Current Year	Previous Year
(i)	No. of accounts		
(ii)	Aggregate value (net of provisions) of accounts assigned		
(iii)	Aggregate consideration		
(iv)	Additional consideration realized in respect of accounts transferred in earlier years		
(v)	Aggregate gain / loss over net book value		

3.5.3 Details of non-performing financial assets purchased / sold

Purchase of non-performing financial assets from other HFCs shall be disclosed in the NTA to their Balance sheets:

A. Details of non-performing financial assets purchased:

		Amount in Rs.	
Particulars		Current Year	Previous Year
a	No. of accounts purchased during the year		
b	Aggregate outstanding		
a	Of these, number of accounts restructured during the year		
b	Aggregate outstanding		

B. Details of Non-Performing Financial Assets sold:

		Amount in Rs.	
Particulars		Current Year	Previous Year
1	No of accounts sold		
2	Aggregate outstanding		
3	Aggregate consideration received		

3.6 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)

Particulars	Amount in Rs.										Total
	Up to 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 Years	
Liabilities											
Borrowings from Bank											
Market Borrowing											
Foreign Currency Liabilities											
Assets											
Advances											
Investments											
Foreign Currency Assets											

3.7 Exposure

3.7.1 Exposure to Real Estate Sector

Category		Amount in Rs.	
		Current Year	Previous Year
a)	Direct Exposure		
	(i) Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to 15 lakh may be shown separately)		
	(ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition,		

	development and construction, etc.). Exposure would also include non-fund based (NFB) limits;		
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a) Residential		
	b) Commercial Real Estate		
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		

3.7.2 Exposure to Capital Market

Category	Amount in Rs.	
	Current Year	Previous Year
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;		
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;		
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;		
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;		
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;		

(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;		
(vii) bridge loans to companies against expected equity flows / issues;		
(viii) All exposures to Venture Capital Funds (both registered and unregistered)		
Total Exposure to Capital Market		

Note: It is clarified that the computation of exposure to the capital markets should be done in accordance with the provisions of paragraph 31(2)(d) of the HFCs (NHB) Directions, 2010.

3.7.3 Details of financing of parent WEHFL products

3.7.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded

WEHFL shall make appropriate disclosure in the NTA to the annual financial statements in respect of the exposures where WEHFL had exceeded the prudential exposure limits during the year. The sanctioned limit or entire outstanding, whichever is high, shall be reckoned for exposure limit.

3.7.5 Unsecured Advances

- a) For determining the amount of unsecured advances the rights, licenses, authorisations, etc., charged to WEHFL as collateral in respect of projects (including infrastructure projects) financed by them, should not be reckoned as tangible security. Hence such advances shall be reckoned as unsecured.
- b) WEHFL shall also disclose the total amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral. The disclosure may be made under a separate head in NTA. This would differentiate such loans from other entirely unsecured loans.

3.8 Miscellaneous

3.8.1 Registration obtained from other financial sector regulators

3.8.2 Disclosure of Penalties imposed by NHB and other regulators

Consistent with the international best practices in disclosure of penalties imposed by the regulators, placing the details of the levy of penalty on WEHFL in public

domain will be in the interests of the investors and depositors. Further, strictures or directions on the basis of inspection reports or other adverse findings should also be placed in the public domain. The penalties should also be disclosed in the NTA.

3.9 Related party Transactions

- a) Details of all material transactions with related parties shall be disclosed in the annual report
- b) The WEHFL shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

3.10 Rating assigned by Credit Rating Agencies and migration of rating during the year

3.11 Remuneration of Directors

All pecuniary relationship or transactions of the non-executive directors vis-à-vis the WEHFL shall be disclosed in the Annual Report.

3.12 Management

As part of the directors' report or as an addition thereto, a Management Discussion and Analysis report shall form a part of the Annual Report to the shareholders. This Management Discussion & Analysis should include discussion on the following matters within the limits set by the WEHFL's competitive position:

- a) Industry structure and developments.
- b) Opportunities and Threats.
- c) Segment-wise or product-wise performance.
- d) Outlook
- e) Risks and concerns.
- f) Internal control systems and their adequacy.
- g) Discussion on financial performance with respect to operational performance.
- h) Material developments in Human Resources / Industrial Relations front, including number of people employed.

3.13 Net Profit or Loss for the period, prior period items and changes in accounting policies

Since the format of the profit and loss account of HFCs does not specifically provide for disclosure of the impact of prior period items on the current year's profit and loss, such disclosures shall be made, wherever warranted, may be made in NTA.

3.14 Revenue Recognition

An enterprise should also disclose the circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

3.15 Accounting Standard 21 – Consolidated Financial Statements (CFS)

WEHFL shall be guided by general clarifications issued by ICAI from time to time. A parent WEHFL, presenting the CFS, should consolidate the financial statements of all subsidiaries - domestic as well as foreign. The reasons for not consolidating a subsidiary should be disclosed in the CFS. The responsibility of determining whether a particular entity should be included or not for consolidation would be that of the Management of the parent entity. In case, its Statutory Auditors are of the opinion that an entity, which ought to have been consolidated, has been omitted, they should incorporate their comments in this regard in the "Auditors Report".

4. Additional Disclosures

4.1 Provisions and Contingencies

To facilitate easy reading of the financial statements and to make the information on all Provisions and Contingencies available at one place, HFCs are required to disclose in the NTA the following information:

Amount in Rs.

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
1. Provisions for depreciation on Investment		
2. Provision made towards Income tax		
3. Provision towards NPA		
4. Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)		
5. Other Provision and Contingencies (with details)		

Amount in Rs.

Break up of Loan & Advances and Provisions thereon	Housing		Non- Housing	
	Current Year	Previous Year	Current Year	Previous Year
Standard Assets				
a) Total Outstanding Amount				
b) Provisions made				
Sub-Standard Assets				
a) Total Outstanding Amount				
b) Provisions made				
Doubtful Assets – Category-I				
a) Total Outstanding Amount				
b) Provisions made				
Doubtful Assets – Category-II				
a) Total Outstanding Amount				
b) Provisions made				
Doubtful Assets – Category-III				
a) Total Outstanding Amount				
b) Provisions made				
Loss Assets				
a) Total Outstanding Amount				

b) Provisions made				
TOTAL				
a) Total Outstanding Amount				
b) Provisions made				
Note:				
1. The total outstanding amount mean principal + accrued interest + other charges pertaining to loans without netting off.				
2. The Category of Doubtful Assets will be as under:				

Period for which the assets has been considered as doubtful	Category
Up to one year	Category-I
One to three years	Category-II
More than three years	Category-III

4.2 Draw Down from Reserves

Suitable disclosures are to be made regarding any draw down of reserves in the NTA.

4.3 Concentration of Public Deposits, Advances, Exposures and NPAs

4.3.1 Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

Particulars	Amount in Rs.	
	Current Year	Previous Year
Total Deposits of twenty largest depositors		
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC		

4.3.2 Concentration of Loans & Advances

Particulars	Amount in Rs.	
	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers		

Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC		
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4.3.3 Concentration of all Exposure (including off-balance sheet exposure)

Particulars	Amount in Rs.	
	Current Year	Previous Year
Total Exposure to twenty largest borrowers / customers		
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers		

4.3.4 Concentration of NPAs

Particulars	Amount in Rs.	
	Current Year	Previous Year
Total Exposure to twenty largest borrowers / customers		
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers		

4.3.5 Sector-wise NPAs

Sl. No.	Sector	Amount in Rs.
		Percentage of NPAs to Total Advances in that sector
A	Housing loans	
1	Individuals	
2	Builders/ project loans	
3	Corporates	
4	Others (specify)	
B	Non- Housing loans	
1	Individuals	
2	Builders/ project loans	
3	Corporates	
4	Others (specify)	

4.4 Movement of NPAs

Particulars	Amount in Rs.	
	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)		
(II) Movement of NPAs (Gross)		
a) Opening balance		
b) Additions during the year		
c) Reductions during the year		
d) Closing balance		
(III) Movement of Net NPAs		
a) Opening balance		
b) Additions during the year		
c) Reductions during the year		
d) Closing balance		
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance		
b) Provisions made during the year		
c) Write-off/write-back of excess provisions		
d) Closing balance		

4.5 Overseas Assets

Particulars	Amount in Rs.	
	Current Year	Previous Year
Total Exposure to top ten NPA accounts		

4.6 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)

Name of SPV sponsored	
Domestic	Overseas

5 Disclosure of Complaints

5.1 Customers Complaints

Particulars		Current Year	Previous Year
a)	No. of complaints pending at the beginning of the year		
b)	No. of complaints received during the year		
c)	No. of complaints redressed during the year		
d)	No. of complaints pending at the end of the year		

WEHFL shall be guided by the definition of 'customer' as given in the Guidelines on "Know Your Customer & Anti Money Laundering Measures for HFCs" issued by the NHB.