

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

The Company is registered with Reserve Bank of India as a Deposit Taking Asset Finance Company to be regulated under the provisions of Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices.

2. Objective

The following are the objectives of the guidelines on Corporate Governance:

- a. Complex environment has mandate the need for good corporate governance.
- b. Greater transparency enabling stakeholders in having a better understanding.
- c. Building investors confidence in the company.
- d. Adopt best practices.

3. RBI Guidelines on Corporate Governance

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has issued the Guidelines in accordance with the provisions of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 on Corporate Governance. In pursuance of the aforesaid Guidelines and Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued by Reserve Bank of India the Board of Directors of the Company have framed the following internal Guidelines on Corporate Governance.

Pursuant to any subsequent amendments or any statutory modifications or re-enactments in the above stated guidelines / norms / clarifications or in any other applicable acts / regulations, if there is any change in any of the parameter(s) framed by the Board, then the act / regulation will have overriding effect on the parameter(s).

4. Board of Directors

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

The role of the Board is to determine the overall strategic direction and management of the Company, including monitoring its performance. The Board is responsible to all the stakeholders of the Company and its conduct is determined by various provisions of the laws and the Articles of Association of the Company. In performing its duties, the Board meets regularly and act in the best interests of the Company.

The Board's primary responsibility is on the direction, control and governance of the Company and in particular, to articulate and commit to a corporate philosophy and governance that will shape the level of risk adoption, standards of business conduct and ethical behaviour of the Company.

5. Composition of Board:

- a. The Company shall have a minimum of five Directors including two Independent Directors.
- b. While appointing directors, the Company shall ensure that the procedures prescribed by the RBI are followed and that the minimum 'fit and proper' criteria is fulfilled by the person/s before they are appointed on the Board. Considering the need for professional experience in managing the affairs of NBFC - ML, at least one of the directors shall have relevant experience of having worked in a bank/ NBFC.
- c. In the case of appointment of non-independent director, the Company shall approach RBI for seeking prior approval wherever applicable.
- d. Independent Director – Within the permissible limits in terms of Companies Act, 2013, an independent director of the Company shall not be on the Board of more than three NBFCs (NBFC-ML or NBFC-UL) at the same time. Further,

the Board of the Company shall ensure that there is no conflict arising out of the Company's independent directors being on the Board of another NBFC at the same time. None of the Independent Directors of the Company are on the Board of any other NBFC at present.

- e. Key Managerial Personnel – The Company does not have any subsidiary. Key Managerial Personnel (as defined in Section 2(51) of Companies Act, 2013, as amended from time to time) shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL. At present none of the KMP of the Company holds any such office as mentioned above.

6. Board Meetings

Meetings of the Board of Directors shall be held at least four times a year, with a minimum one meeting in a quarter.

The minimum information to be statutorily made available to the Board shall be furnished to the Directors. The Board shall constitute a set of Committees with specific terms of reference / scope to focus effectively on the issues and ensure expedient resolution of diverse matters. The Committees shall operate as empowered agents 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 discussions / noting.

7. Committees of the Board of Directors

The Board shall constitute several committees such as Audit Committee, Asset Liability Management Committee, Nomination and Remuneration Committee, Risk Management Committee, Information Technology Committee and Stake Holders Relationship Committee to deal with specific matters and delegated powers for different functional areas in accordance with the provisions of the Companies Act, 2013 and / or Guidelines issued by the Reserve Bank of India from time to time. Terms of references and functioning of all committees shall be decided by the Board in accordance with the provisions of Companies Act, 2013, Guidelines issued by the Reserve Bank of India.

8. Chief Compliance Officer

In order to ensure an effective compliance culture, it is necessary to have an independent compliance function and a strong compliance risk management

framework in the Company. The Board of Directors of the Company shall appoint a Chief Compliance Officer (CCO) of the Company. The Board shall further formulate and approve a policy thereby laying down the role and responsibilities of the CCO with the objective of promoting better compliance culture in the organization.

9. Disclosures- The Company shall, in addition to the existing regulatory disclosures, disclose the following in the Company's Annual Financial Statements:

- a. Corporate Governance report containing composition and category of directors, shareholding of non-executive directors, etc.
- b. Disclosure on modified opinion, if any, expressed by auditors, its impact on various financial items and views of management on audit qualifications.
- c. Items of income and expenditure of exceptional nature.
- d. Breaches in terms of covenants in respect of loans availed by the Company or debt securities issued by the Company including incidence/s of default.
- e. Divergence in asset classification and provisioning above a certain threshold to be decided by the Reserve Bank.

10. Appointment of Statutory Auditors

The Company shall appoint Statutory Auditors as per the provisions of the Companies Act, 2013 and The Reserve Bank of India Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs dated April 27, 2021, as applicable. (RBI Guidelines). The Statutory Auditors shall be appointed for a period of three continuous years subject to the audit firm satisfying the prescribed eligibility norms under RBI Guidelines every year. The performance of the auditors will be reviewed every year. The Company will accordingly adopt and place in public domain its policy on appointment of statutory auditors in alignment with regulatory prescriptions

11. Other Governance matters- The Company shall comply with the following:

- a. The Board shall delineate the role of various committees (Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Management Committee and Stake Holders Relationship Committee)

which review the policies of the Company and other functions assigned to them periodically.

- b. The Company shall formulate a whistle blower mechanism for directors and employees to report genuine concerns.
- c. The Company has no subsidiaries.

12. Policies adopted by the Company

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

13. Interaction with the Regulator

The Company shall maintain good working relationship with its regulators and with other external bodies and authorities. It is also part of the role and objectives of the Compliance function to foster good relations with regulators and to work proactively with the Regulator.