

Internal Guidelines on Corporate Governance

Company's Philosophy on Corporate Governance

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.

1. Objective

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

- a. Greater transparency thereby enabling stakeholders in having a better understanding.
- b. Building investors confidence in the company.
- c. Adopt best practices.

2. RBI Guidelines on Corporate Governance

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has issued guidelines on Corporate Governance. In pursuance of the aforesaid Guidelines, the Board of Directors of the Company has framed the following internal Guidelines on Corporate Governance ("the Guidelines") at its meeting held on January 15, 2015.

The Board of Directors of the Company at its meeting held on January 16, 2018 has reviewed and revised 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. The revised Guidelines is effective from January 16, 2018. The Guidelines were revised by the Board at its meeting held on July 20, 2021.

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).

3. 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 the shareholders and its conduct is regulated by various provisions of the laws and the Articles of Association of the Company. In performing its duties, the Board meets regularly and acts in the best interests of the Company including its shareholders, customers and creditors.

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.

The Board shall periodically review Compliance Reports 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.

4. 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.

5. Committees of the Board of Directors

The Board has constituted several committees to deal with specific matters and delegated powers for different functional areas. The Audit Committee, Asset Liability Management Committee, Nomination and Remuneration Committee Risk Management Committee and Information Technology Strategy Committee have been constituted in accordance with the provisions of the Companies Act, 1956 and / or the Companies Act, 2013 and / or the Guidelines issued by the Reserve Bank of India from time to time. The terms of references and functioning of all committees shall be decided by the Board in accordance with the provisions of Companies Act, 1956, Companies Act, 2013, Guidelines issued by the Reserve Bank of India.

In addition to the aforesaid Committees, the Company has constituted the Investment and Lending Committee comprising of two directors, Chief Financial Officer and Principal Officer.

6. Chief Risk Officer

The Company shall appoint a Chief Risk Officer (CRO) if its asset size is Rs. 5000 crores or above. The CRO shall be a senior official and shall possess adequate professional qualification/ experience in the area of risk management. The CRO shall be involved in the process of identification, measurement and mitigation of risks. The Appointment/Removal of CRO shall be approved by the Board of Directors of the Company

7. Disclosure and transparency

The following information will be provided to the Board of Directors on quarterly basis:

- Progress made in putting in place a progressive risk management system, and risk management policy and strategy followed.

- Conformity with corporate governance standards viz; in composition of various committees, their role and functions, periodicity of the meetings and compliance.

- Updates of the various committees meetings from time to time.

8. Policies adopted by the Company

The following policies have been framed and adopted by the Company, viz.

- Fair Practices Code;
- Know Your Customer Policy;
- Asset Liability Management Policy;
- Derivative Policy;
- Investment Policy;
- Interest rate Policy;
- Loan Policy;
- Concentration of credit and investment Policy;
- Policy for ascertaining fit and proper criteria for directors;
- Policy on dealing with related party transactions;
- Outsourcing Policy;
- Business Continuity Planning Policy;
- Change Management Policy;
- Cyber Security Policy;
- Information Security Policy;

- Information Systems Audit Framework; and
- Information Technology Strategy Policy
- Liquidity Risk Management Framework
- Policy on appointment of Statutory Auditors
- Dividend Policy

The above policies may be reviewed from time to time.

9. 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) and Policy on appointment of Statutory Auditors of the Company. 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.

10. Interaction with the Regulator

The Company shall maintain good working relationship with its regulators and with other external bodies and authorities.