

## **INTERNAL GUIDELINES ON CORPORATE GOVERNANCE (“The Policy on CG”)**

### **THE COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE**

**Second Version : November 2019**

**Fortune Integrated Assets Finance Limited** (“the Company”) is committed to practice good Corporate Governance standards in adherence to the RBI guideline/directions, MCA guidelines and Companies Act.

The prime objective is optimization of shareholder value by ensuring effective and cordial relationship with stakeholders and protecting their interests. The Company believes that its business plans and strategy should be consistent with the above objective and thereby leading to sustained corporate growth and long-term benefit to all. The principles of Corporate Governance Standards of the company place strong emphasis on transparency, accountability and integrity. The company follows these principles in all its business decisions and dealings. The Company believes that good corporate governance results from sound processes that ensure that the Directors are well supported by accurate and timely information, sufficient time and resources and unrestricted access to management. The business judgment of the Board must be exercised independently and in the long-term interests of shareholders. The Policy on CG will be reviewed on an annual basis or as and when deem necessary by the Board in the context of changing regulation and emerging best practices with a view to enhancing the Company’s governance.

### **RBI GUIDELINES ON CORPORATE GOVERNANCE**

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, on May 8, 2007, issued guidelines on Corporate Governance. In pursuance of the aforesaid Guidelines and Master Circular- “Non-Banking Financial Companies- Corporate Governance (Reserve Bank) Directions, 2015, the Company has framed the following internal Guidelines on Corporate Governance.

1. **BOARD OF DIRECTORS:** The Board of Fortune Integrated Assets Finance Limited shall comprise of minimum number of three directors and a maximum number of fifteen directors. The Board of Directors of the company shall have an optimum combination of executive and non-executive directors and have minimum two independent Directors. The board of directors shall meet at least four times a year, with a maximum time gap of one hundred twenty days between any two meetings. The board of directors shall periodically review compliance reports pertaining to all laws applicable to the company, prepared by the Company Secretary/Compliance Officer/Managing Director as well as steps taken to rectify instances of non-compliances. The board shall satisfy itself that plans are in place for orderly succession for appointment to the board of directors and senior management

The following information in general is put up to the Board at Board meetings:-

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.

3. Quarterly, half yearly and annual financial results of the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board of directors.
5. The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices, which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed structures on the conduct of the company or taken an adverse view regarding another enterprise that may have negative implications on the company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory and shareholders service such as non-payment of dividend, delay in share transfer etc.
16. Related Party Transactions
17. Purchase and Sale of Fixed Assets, normally if the fixed assets in individual item having the value of Rs.10,00,000/- (Rupees Ten Lakhs Only) or more
18. Write-off of Bad debts
19. Appointment/Resignation/Retirement by rotation of Directors and KMPs /remuneration of Directors
20. Appointment of Senior Officials
21. Appointment of Auditors including internal auditors /Remuneration of statutory Auditors
22. Declaration of Dividend

23. Approval of Directors Report
24. Diversification of Business
25. Approval of AGM/EGM Notice/Postal Ballot
26. Annual Disclosure of Directors
28. Approval of Circular Resolution
29. ESOP, if any
30. Borrowing programme for the FY
31. Constitution and Reconstitution of Committees/ terms of reference/Policies and its periodical review;
32. Review of Complaints under Whistle Blower Policy and Sexual Harassments if any Issue of securities, including debentures, whether in or outside India;
33. Investing the funds of the company; and grant loans or give guarantee or provide security in respect of loans;
34. Approval of amalgamation, merger or reconstruction; take over a company or acquire a controlling or substantial stake in another company;
35. Making political contributions as may be permitted
36. Annual Performance evaluation of independent Directors
37. The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC;
38. 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.
39. Undertake a process of due diligence to determine the suitability of the person for continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria

## 2. COMMITTEES OF THE BOARD:

**A) Audit Committee:** The audit committee shall have minimum three directors as members. Two-thirds of the members of audit committee shall be independent directors. All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise. The company secretary acts as the Secretary of the Audit Committee. The committee meets at least 4 times in a year for the review of quarterly / annual financial results and at such other occasions as may be decided by it. The committee regularly invites such executives as it considers appropriate including the head of finance, head of internal audit and the representative of the statutory auditors to be present at the meetings of the committee.

### Composition of Audit Committee:

| Sr. No. | Name               | Status   |
|---------|--------------------|----------|
| 1.      | Mr. Chintan Valia  | Chairman |
| 2.      | Mr. Nitul Mehta    | Member   |
| 3.      | Mr. Mukesh Unadkat | Member   |

### Terms of Reference of Audit Committee:

1 Oversee 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 Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee.

3 Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4 Reviewing with management the annual financial statements before submission to the Board for approval with particular reference to:

a Matters required to be included in the Directors 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 judgment by management.

d Significant adjustment made in the financial statement arising out of audit findings.

e f Disclosure of any related party transactions.

g Qualifications 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 utilization 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 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 the statutory and internal auditors and adequacy of the internal control system.

13 Reviewing the adequacy of internal audit function if any including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

14 Discussion with internal auditors regarding any significant findings and follow-up thereon.

15 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.

16 Discussion with statutory auditors before audit commences about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.

17 To look into the reasons for substantial defaults in the payments to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.

18 To review the function of whistle blower mechanism in case the same exists.

19 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;

20 Monitoring the end use of funds raised through public offers and related matters.

21 Carrying out any other function as mentioned in the terms of reference of audit committee.

**B) Nomination and Remuneration Committee:** The company through its Board of Directors shall constitute the nomination and remuneration committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least half of them shall be independent. Chairman of the committee shall be an independent director. Provided that the chairperson of the company (whether executive or nonexecutive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee. Unless the Board specifically appoint a chairman for the Committee, the committee may elect one among them as the Chairman of the committee, who shall be an independent director. Company Secretary of the company shall be the Secretary of the Committee. The committee may meet as and when necessary to discuss the business under consideration. Minimum of one such meeting shall be held in each financial year for review of performance of directors, key managerial personnel and senior management persons. The Secretary / compliance officer shall in consultation with the chairman of the committee convene the meeting and give notice to all the members at least 7 days in advance of the meeting. The majority of the members or two members, whichever is less, shall form a quorum for the meeting. The secretary shall circulate an agenda of meeting with the supporting papers as approved by the chairman to all the members of the committee sufficiently in advance of the meeting to enable the members to prepare themselves for healthy discussions and decision making at the meeting. The Secretary shall maintain the minute of the meeting. Subject to the applicable provisions of law, the minute of a meeting shall be prepared within 30 days of the meeting and submitted to the chairman for his review and the minute so reviewed shall be circulated among the members electronically. Members shall communicate their suggestion / approval if any to the Secretary or chairman. After considering the suggestions, if any, of the members, chairman may approve the same. The minute so approved shall be submitted to the Board for noting and recording. The Board may at any time, by its own or on a recommendation of the committee, modify the terms of reference of the committee as it may consider necessary.

**Composition of Committee:**

| Sr. No. | Name               | Status   |
|---------|--------------------|----------|
| 1.      | Mr. Nitul Mehta    | Chairman |
| 2.      | Mr. Chintan Valia  | Member   |
| 3.      | Mr. Mukesh Unadkat | Member   |

Terms of Reference of Nomination and Remuneration Committee :

Considering the statutory provisions under Section 178 of the Companies Act,2013 and the guidelines issued by the Reserve Bank of India on Corporate Governance of NBFCs, the role and responsibilities of the committee can be classified into three broader categories such as;

- I. Of nomination
- II. Of fixation of remuneration and performance evaluation
- III. Of Governance.

The committee shall effectively discharge its roles and responsibilities in the following manner.

- I. Role of Nomination

a) The Committee shall put in place a broader policy describing the qualification, experience and other positive attributes for selection of Executive/whole time directors including their age of retirement.

b) The committee shall formulate and put in place guiding principles to determine the qualities, qualifications, and the parameters to determine the 'fit and proper' criteria for appointment of independent Directors keeping in mind the diversity quotient the company's board shall maintain from time to time and subject to the applicable regulatory requirements.

c) Filling in a timely manner vacancies on the board of the company including the position of executive/whole time directors.

d) Selection of directors, key management personnel and persons to be appointed in senior management positions as defined by the board and recommend to the board for their appointment and removal thereof.

## II. Role of Fixing Remuneration and Evaluation of performance.

a. The committee shall formulate and recommend to the Board for its approval a policy relating to the remuneration for the directors, key managerial personnel and other employees from time to time.

b. The policy as aforesaid shall be formulated to ensure that

1. 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;

2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

3. 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;

c. The committee shall review the performance of individual directors of the company on a yearly basis at the end of each financial year or at such periodicity as the committee deem fit and recommend to the board on the basis of such review, whether a director to be recommended for re-appointment or not.

d. The committee shall review the performance of the Executive/Whole time Directors of the company and fix suitable compensation packages in consideration of their performance, contributions, the general business environment in which the company operates and financial position of the company. The remuneration package may be a combination of fixed and performance based bonus/incentives for the period under review.

e. The committee shall along with the management review the performance of Key managerial personnel and senior management persons on a periodical basis and fix their remuneration packages in accordance with the policies approved by the Board. The period of gap between two such reviews shall not elapse fifteen months.

### III. Role on ensuring Compliance on governance standards.

- a. The committee shall ensure that at all times, the board of the company has a fair combination of independent, non-executive and executive directors meeting the governance standards set by the board and in compliance with regulatory requirements prevailing from time to time.
- b. Ensure that the organization structure and flow of command meets the governance standard set for the internal management of the company.
- c. The committee may evaluate and put in place proper mechanism for refreshment trainings for directors on relevant subject.
- d. The committee shall evaluate and put in place a proper mechanism to ensure that the independence of independent directors are always maintained and to ensure that there are no situations which suggest the existence of circumstances resulting in the loss of independence of any directors of the company.
- e. The committee shall put in place subject to the provisions of applicable laws, policies and procedure for determining the retirement and re-appointment of independent and other directors on the board of the company.
- f. Committee shall ensure that at all times the sub committees of the Board is functioning and are constituted according to the regulatory requirement and governance policies of the company.
- g. The committee shall oversee the overall governance standards and policies of the company and delegation of authorities to match with the best practices in relation to the size of the company and the level of its operations to protect the interest of all stake holders.

#### Other Powers.

In addition to what is stated above, the Committee shall discharge such other functions as may be delegated to it by the Board or prescribed under any law, rules, regulations or orders or directions of any statutory or regulatory body including stock exchanges where the securities of the company are listed.

### **C) Risk Committee**

The majority of Committee shall consist of members of the Board of Directors. Senior executives of the company may be members of the said Committee but the Chairman of the Committee shall be a member of the Board of Directors. The committee meets at least 2 times in a year to review the Risk Management Policy, document and improve risk management practices, ensure appropriate / adequate reporting to the Board, review the functioning of the Risk Management Department and any other matter as the Committee may deem fit. The Committee is involved in the process of identification, measurement, monitoring and mitigation of the various risks faced by the Company. The Committee meets periodically and reports to the top Management and Board.



### Composition of Committee:

| Sr. No. | Name               | Status   |
|---------|--------------------|----------|
| 1.      | Mr. Chintan Valia  | Chairman |
| 2.      | Mr. Nitul Mehta    | Member   |
| 3.      | Mr. Mukesh Unadkat | Member   |

- a) The Risk Management Committee (RMC) shall be a committee of the Board and members thereof shall be nominated by the Board. The constitution of the RMC shall be as under:
- b) The RMC meetings shall be chaired by the Chairman of the Audit Committee.
- c) The Company Secretary / compliance officer shall be the Secretary of the RMC. The Head of Risk Management will be a permanent invitee.
- d) The Chairman of the RMC is empowered to invite any non-member to meetings of the RMC as and when required in case their inputs are considered necessary.
- e) The quorum for the meetings shall be 3 members at least 2 of whom shall be independent directors.
- f) Decisions of the RMC shall be based on 'majority' and in case of a 'tie' the Chairman shall exercise a casting vote.

### 2. FREQUENCY OF MEETINGS, CIRCULATION OF AGENDA FOR MEETINGS & MINUTES

- a) The RMC shall meet as and when required.
- b) The agenda for the meetings shall be prepared by the Head of the Risk Management Department, recommended by the MD & CEO / ED & Dy. CEO and got approved by the Chairman of the RMC.
- c) The Company Secretary shall assist the Chairman in conduct of the meetings and coordinate with all the members and relevant non-members / invitees.
- d) The approved agenda shall be circulated to all members of the RMC / Permanent / Special invitees at least 5 days before the scheduled date of the meeting.
- e) The minutes of the meetings shall be recorded by the Company Secretary and circulated amongst the members after approval by the Chairman of the RMC.

### 3. PURPOSE AND SCOPE OF RMC & POWERS

A) The purpose of the RMC review the risk management framework and risk appetite of the Company, examine the adequacy and effectiveness of the risk management policy, and ensure appropriate / adequate reporting to the Board with recommendations where required. To this effect the RMC will:

- i) Oversee the development and implementation of the risk management strategy and practices by the Company and assess the effectiveness thereof.

ii) Ensure that the Company has an appropriate and effective mechanism to identify, measure, control and monitor all applicable risks on a timely basis and as accurately as feasible.

iii) Call for appropriate data / information to confirm the risk assessments of the past or projections for the future including development of any key performance or risk tolerance indicators.

iv) Ensure that the risk management policy in force is in tune with regulatory requirements, corporate governance standards, emerging new risks and industry best practices.

v) Review major breaches in policy.

vi) Appraise uncovered / residual risks to the Board.

vii) Assess the capacity of the Company to withstand major 'shocks' , financial or otherwise, caused by market forces, regulatory directives, environment, any other external factors or internal upheavals.

B) The RMC shall be empowered to call for any studies, information, data or analyses in matters pertaining to management of risk from the officers of the Company, issue orders for investigation on any risk related subject including constitution of any sub-committee for such purpose and seek the opinions or reports of independent experts / professionals where considered desirable or essential.

#### **Asset- Liability Management Committee (ALCO):**

Asset- Liability Management will be overseen by a Committee consisting of the following officials. Managing Director & CEO- Chairman Executive Director -Member Head of Risk & Internal Audit CFO – Member-Secretary The Chairman, one of the Executive Directors and one other member will constitute the quorum. Reserve Bank of India has stipulated templates for reporting Structural liquidity (ALM-1). Dynamic Liquidity (ALM-2) and Interest Rate Sensitivity (ALM-3). They have also provided indicative formats for compiling the figures. ALCO will use the indicative formats for compiling the figures and the Reports on ALM 1, ALM 2 and ALM3 for reviewing the liquidity and interest rate risk. The Member-Secretary will arrange for convening the meetings of ALCO once a month or as and when needed depending upon the necessity.

| <b>Sr. No.</b> | <b>Name</b>        | <b>Status</b> |
|----------------|--------------------|---------------|
| 1.             | Mr. Chintan Valia  | Chairman      |
| 2.             | Mr. Nitul Mehta    | Member        |
| 3.             | Mr. Mukesh Unadkat | Member        |

I. The committee shall meet as and when warranted by the management ;

Agenda of the meeting :

a. Management of liquidity position, long term and short term.

b. Review of ALM Returns to be submitted to RBI.

c. Decision on disposal of surplus funds of the company for shorter durations (up to 6 months).

d. Pricing of the products of the company depending upon the cost and benefit analysis both on the asset side and liability side of the balance sheet.

e. Notwithstanding anything stated herein above, the committee shall consider and discharge such other functions as may be necessary for the day to day management of the company or such other functions as may be directed by RBI from time to time.

II. CEO of the company shall act as the chairman of the committee and in his absence the Dy.CEO and Vice Chairman of the committee shall chair the meeting.

III. The committee shall have power to invite such other officers or employees of the company as and when required.

IV. The committee shall function under the overall supervision of the risk management committee constituted under RBI Directives.

V. CFO shall act as the member secretary of the committee. Discussion paper covering the following areas will be deliberated by ALCO namely;

- Liquidity risk management
- Management of market risk
- Funding and capital planning
- Profit planning and growth projection
- Forecasting and analyzing 'What if scenario' and preparation of contingency plans

F) **Corporate Social Responsibility Committee (CSR Committee)** The Company has constituted Corporate Social Responsibility Committee (CSR Committee) which have substantial roles and responsibilities in respect of projects to be recommended to the board and also for the monitoring of the CSR projects, reporting. Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

**Composition of the committee:**

| Sr. No. | Name               | Status   |
|---------|--------------------|----------|
| 1.      | Mr. Chintan Valia  | Chairman |
| 2.      | Mr. Nitul Mehta    | Member   |
| 3.      | Mr. Mukesh Unadkat | Member   |

**Role of the Committee include:-**

- i) Draft the CSR policy and recommend the same to the Board for approval.
- ii) Review and recommend any new CSR initiatives to be taken up by the company including the selection/appointment of implementation agencies.
- iii) Review the progress of CSR projects already undertaken by the company and the utilization of budgets for each such projects

- iv) Review and recommend the CSR report to be included in the board's report.
- v) Review and recommend any amendments to be made in the CSR policy of the Company.
- vi) To carry such other functions as may be delegated to it by the board relating to CSR activities of the company.

#### **FIT AND PROPER CRITERIA:**

The Company is having a Board approved policy for ascertaining the fit and proper criteria of the directors at the time of appointment and on a continuing basis. The policy on the fit and proper criteria is as per RBI Circular.

#### **DISCLOSURE AND TRANSPARENCY:**

The Company as per the requirement of the Companies Act, 2013 and the guidelines issued by the Reserve Bank of India on Corporate Governance of NBFCs put up to the Board of Directors, at regular intervals, the following:

- A) Progress made in putting in place a risk management system, risk management policy and strategy following by the Company.
- B) Conformity with the corporate governance standards namely, composition of various committees, their rules and functions, periodicity of meetings, and compliance with coverage and review functions

#### **CODE OF CONDUCT**

Code of Conduct for Board and Senior Management

1. Fortune Integrated Assets Finance Limited is committed to upholding the highest standards of moral and ethical values in the conduct of its business. The board of directors, senior management and all employees of this company share this commitment. The company has adopted the following code of conduct as its policy guide in the conduct of its business. Commitment to ethical professional conduct is expected of every member and all employees should understand and implement the code adopted by the company in its true spirit. For the purposes of this code the Board means all directors of the company including the chairman and managing director. Senior management shall mean Deputy General Managers, all functional heads reporting to the Chief Executive Officer and the Company Secretary.
2. Honesty, integrity and diligence are the fundamental aspects qualifying every act on the part of the board and senior management. They should act in good faith for and on behalf of the company and adopt the highest standards of personal ethics, integrity, confidentiality and discipline in dealing with all matters relating to the Company
3. Any confidential information obtained during the course of their duty should not be used for personal aggrandizement or financial gain to self or to a third party.

4. They shall not engage in any business, which is detrimental to the interests of the company. They shall maintain the confidentiality of all material and non-public information about the company or its business and must always act in the best interests of the Company and its stakeholders.

5. They Shall not accept any gifts, benefits in cash or in kind or other personal favours from the customers or from those seeking any business from the company and shall conduct the activities outside the Company in such manner as not to adversely affect the image or reputation of the Company.

6. The directors shall not associate with other Non-Banking Financial Companies registered with RBI outside the group either as a Director or in any managerial or advisory capacity, (not including statutory compliance and audit) without the prior approval of the Board.

7. They must obey existing local, state, national, and international laws unless there is a compelling ethical basis not to do so.

8. They shall strive to achieve the highest quality, effectiveness and dignity in their work and must accept social responsibilities for their acts.

9. They shall always abide by the Code of Conduct, and shall be accountable to the Board for their actions/violations/default.

#### **DUTIES OF INDEPENDENT DIRECTORS:**

The independent directors shall –

1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

2. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;

3. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;

4. participate constructively and actively in the committees of the Board in which they are chairpersons or members;

5. strive to attend the general meetings of the company;

6. where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;

7. keep themselves well informed about the company and the external environment in which it operates;

8. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

9. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
10. ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
13. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law. In addition to the above duties an independent director shall be subject to following professional conduct:

An independent director shall:

1. uphold ethical standards of integrity and probity;
2. act objectively and constructively while exercising his duties;
3. exercise his responsibilities in a bona fide manner in the interest of the company;
4. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
5. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. refrain from any action that would lead to loss of his independence;
7. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
8. assist the company in implementing the best corporate governance practices. An independent director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes,

#### **ROTATION OF PARTNERS OF THE STATUTORY AUDITORS AUDIT FIRM**

The Company shall rotate the partner of the Audit firm conducting the Audit in line with the requirement of the Companies Act, 2013, provisions of the Listing Agreement with stock exchange and the guidelines issued by the Reserve Bank of India on Corporate Governance of NBFCs.

## **POLICIES AS PER THE STATUTORY REQUIREMENT**

The Company, in line with the requirement of the Companies Act, 2013 and the guidelines issued by the Reserve Bank of India and others acts, rules, and regulations applicable to the Company, has framed and adopted following policies. The policies are reviewed and updated at regular intervals based statutory requirement or on modification or amendments of various acts, rules, regulations, statues applicable to the Company.

The following policies have been framed and adopted by the company:

- 1) Fair Practices Code
- 2) Whistle Blower Policy
- 3) Loan Policy
- 4) Corporate Social Responsibility Policy
- 5) Social Media Policy
- 6) Risk Management Policy
- 7) Asset - Liability Management Policy
- 8) Mechanism for Dealing with Customer Complaints & Redressal
- 9) Interest Rate Policy
- 10) Investment Policy
- 11) Know your customer (KYC) and anti money laundering measures policy& instructions

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**G. Debenture Committee** The Debenture Committee has constituted by the Board of Directors for public Issuance of debentures of the company.

Composition of Committee:

Name of the Member Position Category of Members Mr. V.P Nandakumar Chairman MD & CEO Mr. B. N. Raveendra Babu Member Executive Director Mr. Kapil Krishan Member Group Chief Financial Officer Ms. Bindu A.L Member CGM-Finance & Accounts Mr. Ramesh Periasamy Member Company Secretary The functions of the Debenture Committee include:

(i) authorization of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with the issue, offer and allotment of the Bonds;

(ii) giving or authorizing the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;

(iii) appointing the lead managers to the issue in accordance with the provisions of the Debt Regulations;

(iv) seeking, if required, any approval, consent or waiver from the Company's lenders, and/or parties with whom the Company has entered into various commercial and other agreements, and/or any/all concerned government and regulatory authorities in India, and/or any other approvals, consents or waivers that may be required in connection with the issue, offer and allotment of the Bonds;

(v) deciding, approving, modifying or altering the pricing and terms of the Bonds, and all other related matters, including the determination of the size of the Bond issue up to the maximum limit prescribed by the Board and the minimum subscription for the Issue;

(vi) approval of the draft and final prospectus or disclosure document as the case may be (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalized in consultation with the lead managers, in accordance with all applicable laws, rules, regulations and guidelines;

(vii) seeking the listing of the Bonds on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing;

(viii) appointing the registrar and other intermediaries to the Issue, in accordance with the provisions of the Debt Regulations;

(ix) finalization of and arrangement for the submission of the draft prospectus to be submitted to the Stock Exchange(s) for receiving comments from the public and the prospectus to be filed with the Stock Exchange(s), and any corrigendum, amendments supplements thereto;

(x) appointing the debenture trustee and execution of the trust deed in connection with the Issue, in accordance with the provisions of the Debt Regulations;



(xi) authorization of the maintenance of a register of holders of the Bonds;

(xii) finalization of the basis of allotment of the Bonds including in the event of oversubscription;

(xiii) finalization of the allotment of the Bonds on the basis of the applications received;

(xiv) acceptance and appropriation of the proceeds of the Issue; and

(xv) to generally do any other act and/or deed, to negotiate and execute any document/s, application/s, agreement/s, undertaking/s, deed/s, affidavits, declarations and certificates, and/or to give such direction as it deems fit or as may be necessary or desirable with regard to the Issue.

**H. Financial Resource & Management Committee** The Financial Resources and Management Committee has constituted by the Board of Directors to facilitate the day to day management of the company.

**Composition of Committee:**

Name of the Member Position Category of Directors Mr. V. P. Nandakumar Chairman MD & CEO Mr. B. N. Raveendra Babu Member Executive Director Mr .P. Manomohan Member Independent Director The committee's function is to oversee and deal with the following operational matters from time to time Terms of Reference Objective The main objective of the committee is to assist the Board in the day to day operations of the company.

**Meetings**

a) The committee shall meet as and when it becomes necessary to consider urgent matters coming up between two board meetings and requiring Board's sanction.

b) The quorum for the meeting of the committee shall be 2 members.

1 FRMC reconstituted on 05/10/2016 Functions and duties The committee shall be responsible for overseeing and dealing with operational matters from time to time. Such matters include:-

(i) Investments

(A) To deliberate and make recommendation to the Board on all transactions and matters relating to the business of the company or its investments.

(b) Dispose the short term surplus of the company in eligible short term investment instruments and securities with a maturity period of note more than one year as recommended by the ALM committee of the company or to meet any statutory obligations or cash collaterals as part of lending arrangement or as caution deposits and also to authorize officers or directors for the purpose.

(ii) Financial Arrangements

a) Approve financial arrangements whether as working capital demand loans or against assignment of receivables of the company or buy out of port folios or by such other means with banks and other financial institutions including the signing of such documents for facilities within the borrowing powers of the Board.

b) Approve the creation of any mortgage/charge or other encumbrance over the company's properties or assets for the above purposes.

c) Approve the issuing or providing or permitting the company to issue or provide any form of guarantee or indemnity or other financial or non-financial support in the ordinary course of business.

d) To consider the issue of commercial papers and other short term or long term instruments for raising funds from the market.

e) Authorize changes in signatories in respect of accounts maintained by the company with banks and other financial institutions.

f) Authorization for opening, operation and Closing of Bank Accounts in different centers for different branches.

g) Approve fully hedged foreign currency transactions with banks and other financial institutions

(iii) Allotment of Debentures and Bonds Approve the allotment of debentures and bonds issued by the company within in the overall limit set for the issue and the creation/modification/satisfaction of mortgage/charge on such debentures/bonds as the case may be.

(iv) Others

a) Authorizing officers of the company for making necessary application for registration under different enactments for employee welfare, fiscal and other municipal or local or subordinate legislations.

b) Authorizing officers of the company by grant of power of attorneys or by resolution so as to represent before Government, Judicial or quasy judicial bodies or other authorities for sanction, approval or other permissions on such matters affecting the business of the company.

c) Authorizing officers of the company by grant of power of attorneys or by way of resolution for matters in connection with day to day business activities, opening of branches, execution of rent/tenancy agreements, represent the company before any statutory or regulatory bodies.  
Reporting to the Board

2 A summary of the business transacted by the committee as initialled by the Company Secretary shall be presented to the succeeding board meeting for the purpose of noting and recording.

1. Fair Practices Code
2. Whistle Blower Policy
3. Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices
4. Loan Policy
5. Corporate Social Responsibility Policy
6. Policy on Board Composition and Compensation - (Board Diversity)
7. Policy on Resource planning
8. Policy on Materiality of Related Party and Manner of Dealing With Related Party Transactions
9. Privacy Policy
10. Social Media Policy
11. Risk Management Policy
12. Auction Policy
13. Asset - Liability Management Policy
14. Mechanism for Dealing with Customer Complaints & Redressal
15. Income recognition policy for short term gold loans
16. Interest Rate Policy
17. Internal Audit Policy
18. Investment Policy
19. Policy for determining material subsidiary
20. Know your customer (KYC) and anti money laundering measures policy& instructions
21. Policy on transfer of unclaimed amount of secured redeemable nonconvertible debentures to GOI/IEPF
22. Policy for determination of materiality and disclosure of material events/information
23. Policy for determination of materiality and disclosure of material events/information
24. Policy on preservation of documents and archival of documents in the company website
25. Business Responsibility Report Policy
  - a. Gift Policy
  - b. Employee Speak up Policy
  - c. POSH Policy (Protection of Women Against Sexual Harassment at work place)