

CORPORATE GOVERNANCE POLICY

VERSION CONTROL:

Version	Date of Adoption	Change Reference	Owner	Custodian	Approving Authority
1.0	10-Mar-2021	Adoption of Corporate Governance Policy	Compliance Team	Compliance Team	Board of Directors
1.1	02-May-2022	Corporate Governance Policy	Compliance Team	Compliance Team	Board of Directors
1.2	14-Nov-2022	Updation of Charter w.r.t. Role of IT Strategy Committee pertaining to IT Outsourcing Services	Compliance Team	Compliance Team	Board of Directors
1.3	03-Feb-2023	Formation of Stakeholders Relationship Committee and Updation of Terms of Reference of Corporate Governance and Executive Committee w.r.t co-lending and Business Correspondents Partnership Arrangements	Compliance Team	Compliance Team	Board of Directors
1.4	02-Nov-2023	Corporate Governance Policy Reviewed and Updated w.r.t review	Compliance Team	Compliance Team	Board of Directors

		period in the policy and insertion of reference of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023			
1.5	06-Feb-2024	(i) Updation of Charter of IT Strategy Committee, Risk Committee and Audit and Compliance Committee (ii) Inclusion of formation of new executive level committees i.e Information Security Committee, IT Steering Committee.	Compliance Team	Compliance Team	Board of Directors

This document not to be reproduced, copied, distributed or transmitted in any form or means without the prior written of Ashv Finance Limited

1. INTRODUCTION:

Ashv Finance Limited is a Non-Deposit taking Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India (RBI) and classified as NBFC-Middle Layer (NBFCs-ML). In terms of the Reserve Bank of India (RBI) Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, every NBFC shall frame internal guidelines on corporate governance with the approval of the Board of Directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the guidelines as mentioned in Chapter XI of the said directions and it shall be published on the Company’s website, if any, for the information of the various stakeholders. The Company being an NBFCs-ML is accordingly covered by the Directions.

The Company recognizes its role as a corporate citizen and endeavors to adopt good practices and standards of corporate governance through transparency in business ethics, accountability to its customers, government and others. The Company is committed to the adoption of best practices of Corporate Governance and its adherence in true spirit, at all times.

In view of the above, this Corporate Governance Code of the Company is framed and is approved by the Board of Directors of the Company.

2. GOVERNANCE STRUCTURE:

2.1. Board of Directors

The Board of Directors (“the Board”) 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 Board has a vital role to play in the matters relating to policy formulation, implementation and strategic issues which are crucial for the long-term development of the Company. In performing its duties, the Board meets regularly and act in the best interests of the Company including its shareholders, employees, customers and creditors.

As per the Articles of Association of the Company, the Board strength shall comprise of minimum of 3 Directors. The Composition of the Board of Directors shall be in line with the Companies Act, 2013 (“Act”), and other applicable laws as amended from time to time. The Board shall meet a minimum of 4 times in year, at least once in each quarter in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board. The quorum for a meeting of the Board shall be 1/3rd (one third) of its total strength (any fraction contained in that one-third being rounded off as one), or 2 (two) Directors, whichever is higher.

In accordance with Section 165 of the Companies Act, 2013, a director shall not hold the office of a director in more than 20 companies. Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed 10.

All the Directors shall meet eligibility criteria including the ‘fit and proper’ criteria, for appointment on the Board of the Company as prescribed under Applicable Laws. The Directors shall submit adequate disclosures / declarations as required under the provisions of Applicable Laws and the codes and policies adopted by the Company from time to time.

2.2. Duties and Responsibilities of the Board of Directors:

In accordance with the provisions of Section 166 of the Companies Act, 2013 and as a matter of Corporate Governance, the Directors of the Company have the following duties:

- (a) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- (b) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (c) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (d) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (e) A director of a company shall not assign his office and any assignment so made shall be void.

Apart from the above, Independent Directors of the Company shall have to follow guidelines of professional conduct, role, function and duties as laid down Schedule IV of the Companies Act, 2013.

2.3. Committees of the Board:

The Board has constituted several committees to deal with specific matters in compliance with the requirements of Applicable Laws and for operational convenience. The Board has delegated powers for different functional areas to different Committees in accordance with the Applicable Laws and internal policies / processes of the Company.

Presently, the Board has constituted the following Committees:



Above committees are formed in accordance with the provisions of the Act, circulars / directions / notifications issued by RBI as applicable to the Company as per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 including the RBI Corporate Governance Directions and for internal requirements & operational convenience. The composition, terms of reference and functioning of the Committee(s) shall be decided by the Board in accordance with various Applicable Laws and policies / processes of the Company.

1. Audit and Compliance Committee:

The Company has constituted an Audit and Compliance Committee and it shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013 and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. The details of its terms of reference as approved by the Board of Directors of the Company are given below:

Composition	<ul style="list-style-type: none"> i. The Committee shall consist of a minimum of three Directors as Members, with Independent Directors forming majority. ii. All members of the committee shall be financially literate with ability to read and understand basic financial statements i.e. balance sheet, profit and loss and cash flow statements and at least one member shall have accounting or related financial management expertise.
-------------	--

Secretary	The Company Secretary of the Company shall act as Secretary.
Quorum	The quorum for the committee meeting shall either be two members
Frequency	The committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.
Terms of Reference	<p>Internal</p> <ol style="list-style-type: none"> a. To oversee the internal audit, compliance and financial reporting process and ensuring correct, adequate and credible disclosure of financial information, at stipulated frequency (monthly, quarterly, annually) as per extant regulatory & statutory guidelines. b. To examine the efficacy of audit functions and systems and suggesting steps on a periodic basis (quarterly, half yearly) for its improvement. c. To report, on a quarterly basis, the key audit findings for the quarter, as well as the actions taken report on the same for previous quarters to the Board of the Company. d. Review the report highlighting the gaps in the ICAAP document. e. Review findings of the internal auditor for ICAAP if any. f. To do valuation of undertakings or assets of the company, wherever it is necessary. g. To evaluate internal financial controls h. To monitor the end use of funds raised through public offers and related matters. i. To review and recommend accounting policies and treatment – including decisions regarding write-offs. j. To get Information Systems Audit conducted and track implementation of accepted recommendations/ corrective action. k. Scrutiny of inter-corporate loans and investments. l. To consider and recommend to the Board policies with respect to accounts, financials, Information Systems and any other policies as specified by the Board. <p>External</p> <ol style="list-style-type: none"> a. To facilitate in smooth conduct of audits by external agencies, Statutory Auditors, Reserve Bank of India (RBI), lenders and any other external auditors as appointed by the Company or any other stakeholder (lenders, shareholders, regulators, government etc.) b. To review with management, verifying and recommending adoption of quarterly, half yearly and annual accounts to Board of the company with special emphasis on accounting policies and practices, provisioning norms adopted by the company and any amendments adopted during the year, adherence to capital adequacy norms, compliance with accounting standard and other requirements concerning financial statements that may arise. c. To report, on a quarterly basis, the key findings of the quarter, as well as the action taken report on the same for previous quarters, to the Board of Directors. d. To establish procedures for receipt and treatment of complaints regarding accounting and auditing matters and engage independent counsel, if required, for such conflict resolution and to update the Board of the Company on the status of the same, every quarter. <p>Compliance</p>

	<p>a. To prepare a calendar detailing the list of compliances/ covenants that needs to be monitored and the frequency of its reporting to the Board of the Company as well as the regulatory agencies and the stakeholders.</p> <p>b. To review statement of significant related party transactions and examination of the reasons for substantial defaults, if any, in payment to stakeholders.</p> <p>c. To review compliance within stipulated statutory and regulatory requirements particularly in relation to financial management and reporting.</p> <p>d. To review compliance of various inspections and audit reports of internal, concurrent and statutory auditors and commenting on the action taken report prepared by the management and ensuring submission to the Board of the Company from time to time – classified under heads for major/ material and minor and also set timelines if the compliance is still to be met.</p> <p>e. To review the consolidated compliance report and the final accounting system for the financial year before it is submitted to the Board of the Company for adoption.</p> <p>f. To internalize guidelines issued by the regulator specifically for the NBFCs or any other guidelines as may be relevant to the Company and monitor adherence to the same.</p> <p>Administrative</p> <p>a. To recommend appointment, remuneration and removal of external auditors on company’s request, or as mandated by the regulators, lenders or other stakeholders.</p> <p>b. To review and recommend a scope of audit on the basis of requirements and reviewing the policies, procedures, techniques and findings of such audits.</p> <p>c. To oversee that contracted fees are paid to the various audit firms, at stipulated frequency on receipt of their reports.</p> <p>d. To establish procedures for receipt and treatment of complaints regarding accounting and auditing matters and engage independent counsel, if required, for such conflict resolution. Updating the Board of the Company on the status of the same, every quarter.</p>
--	---

2. Nomination and Remuneration Committee:

The Company has constituted the Nomination and Remuneration Committee (NRC) to ensure 'fit and proper' status of proposed/ existing Directors and shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013 and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. The Company has a Board approved Nomination and Remuneration Policy (including fit and proper criteria) in place and required disclosures to that effect are made from time to time.

Composition	<p>i. The Committee shall have at least three Directors.</p> <p>ii. All Directors of the committee shall be non-executive Directors.</p> <p>iii. At least fifty percent of the Directors shall be Independent Directors.</p>
Secretary	The Company Secretary of the Company shall act as Secretary.
Quorum	The quorum for the meeting shall be at least two members.
Frequency	The Committee shall meet at least twice in every financial year.

Terms of Reference	<p>a. To guide and assist the Board and work out a policy and implement it besides monitoring progress in relation to appointment and removal of Directors, Key Managerial Personnel (KMP), Senior Management and Credit Committee members.</p> <ol style="list-style-type: none"> i. To recommend to the Board appointment of Directors. To develop a succession plan for the Board and to regularly review the plan. ii. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board. iii. To formulate the criteria for determining qualifications, positive attributes and independence of a Director in line with the prevailing regulatory guidelines. iv. To recommend appointments of senior management (one level below the executive directors) to the Board of the company. <p>b. To review and advise the management on the organization structure, including creating a two-tire organization structure for smooth succession planning and operational backups.</p> <p>c. To objectively examine the annual manpower plan in relation to the business plan of the company and to examine management recommendations regarding manpower strategy and suggest corrective action, if required.</p> <p>Remuneration</p> <ol style="list-style-type: none"> a. To recommend to the Board a policy relating to the remuneration of Directors, KMP and other employees and Credit Committee members. b. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management and Credit Committee members. c. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations. d. To evaluate and approve the compensation packages of above-mentioned persons with particular reference to fixed and variable pay (including bonuses and Employees Stock Options). e. To guide the management in developing a balanced remuneration policy with no biases and focus and enhancing performance drivers and motivation levels of the employees with a view to attract, retain, promote and groom/ train employees. This shall also include considering grant of stock options to employees, reviewing compensation levels of the employee’s vis- a- vis other NBFCs and industry in general and create competitive advantage.
--------------------	--

3. Asset Liability Management Committee:

This Committee is constituted in compliance with the provisions of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. The Company has a Board approved Asset Liability Management Policy in place and required disclosures to the effect are made from time to time. The Asset Liability Management Committee shall monitor the asset liability gap and strategies action to mitigate the risks associated with the business of the Company.

Composition	The Committee shall consist of such number of members as may be determined by
-------------	---

	the Board of Directors.
Secretary	The Company Secretary of the Company shall act as Secretary.
Quorum	At least two members present in the meeting shall form a quorum.
Frequency	The Committee shall meet at least once in every quarter.
Terms of Reference	<ul style="list-style-type: none"> a. To put in place an effective liquidity risk management policy, including, inter alia, the funding strategies, liquidity planning under alternative crisis scenarios, source of funding, prudential limits and review the same periodically. b. To adhere risk tolerance/limits set by the Board. c. To articulate the interest rate view of the company and decide the pricing methodology for advances in line with extant regulatory guidelines. d. To oversee the implementation of the Asset Liability Management (ALM) system and review the functioning periodically and to ensure that the decisions taken on financial strategy are in line with the objectives of the committee. e. To review the management of balance sheet of the Company within the risk parameters laid down by the Board of Directors or a committee thereof, with a view to manage the current income as well as to take steps for enhancing the same. f. To review the capital & profit planning and growth projections of the company in line with the business plan and ensure that the same is reported to the Board of the Company. g. To consider and recommend any other matter related to liquidity and market risk management including matters that might be required by the lenders or any other regulatory body to ensure that the same is recommended to the Board of Directors of the Company for suitable action.

4. Risk Committee:

This Committee is constituted in compliance with the provisions of the Companies Act, 2013 and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. The Company has a Board approved Credit-Risk Policy in place and required disclosures to the effect are made from time to time. The Risk Committee shall ensure that the risks associated with the business/functioning of the Company are identified, controlled and mitigated and shall also lay down procedures regarding managing and mitigating the risks through integrated risk management systems, strategies and mechanisms.

Composition	The Committee shall consist of such number of members as may be determined by the Board of Directors.
Secretary	The Company Secretary of the Company shall act as Secretary.
Quorum	At least two members present in the meeting shall form a quorum.
Frequency	The Committee shall meet at least twice in every financial year.
Terms of Reference	<p>Risk Control</p> <ul style="list-style-type: none"> a. To review company’s risk management policies including ICAAP in relation to various risks (credit, market, liquidity, operational and reputation risk) b. To review the risk return profile of the Company, Capital adequacy based on risk profile of the company’s balance sheet, business continuity plan and disaster

recovery plan, key risk indicators and significant risk exposures and implementations of enterprise risk management.

- c. To hold such risk reviews to ensure adequate monitoring as may be felt necessary by the internal as well as external stakeholders and to appraise the Board of the Company on a periodic basis. This shall cover:
 - i. To review performance of credit risk in the business and portfolio using risk assessment tools;
 - ii. To review and approve the risk rating tool, performance of portfolio on the tool and review the tool's efficacy periodically;
 - iii. To review stress in portfolio, and recommend corrective measures and policy level changes based on portfolio performance;
 - iv. To review performance against the exposure norms and make recommendations to the Board based on outlook of business.
- d. To give oversight to the Credit Committee (CC) and review and take note of minutes of CC meetings. Risk Committee at its discretion may call one or any of the CC members when they feel it is desired for any specific discussions.
- e. Review portfolio against the exposure norms and credit delegation and give approvals based on authority delegated by the Board. When the portfolio deviates from the credit quality metric as per the business plan (loan loss provisioning and write-off as per the approved budget), then the CC will have discretion to limit approvals to some of the areas showing stresses.

Fraud Control and Monitoring

- a. To monitor and review all frauds that may have occurred in the company and involves an amount of Rs. 0.1 million and above or as decided from time to time.
- b. To report such frauds and other flag-offs to stakeholders along with the extent of losses. This would include reviewing and recommending a calendar of reporting frauds and the remedial measures taken, to the Board of the Company.
- c. To conduct a root cause analysis and identify the systemic lacunae, if any, that may have facilitated perpetration of the fraud and put in place measures to rectify the same. Also, to ascertain reasons for delay in detection of such frauds, if any.
- d. To ensure the staff accountability is examined at all levels in all the cases of frauds and actions, if required, is completed quickly without loss of time.
- e. To review of efficacy of remedial actions taken to prevent recurrence of frauds, such as strengthening internal controls and putting in place other measures as may be considered relevant to strengthen preventive measure.

Vigil Mechanism

- a. To recommend Vigil Mechanism to the Board and monitor its progress and implementation and efficacy and recommend changes to the same from time to time.
- b. To ensure that the Vigilance Mechanism is adequate for the Directors and employees to report their genuine concerns. Such Vigil Mechanism should provide adequate safeguards against victimization of persons who use such mechanism and they should have a direct access to the Chairman of the Audit Committee in appropriate cases.

5. Corporate Social Responsibility Committee:

The Company has constituted the Corporate Social Responsibility (CSR) Committee as per Section 135 of Companies Act, 2013.

Composition	The committee shall consist of three or more Directors, out of which at least one Director shall be an independent Director.
Secretary	The Company Secretary of the Company shall act as Secretary.
Quorum	At least two members present in the meeting shall form a quorum.
Frequency	The Committee shall meet at least once in every financial year.
Terms of Reference	<ul style="list-style-type: none"> a. To establishment and review of Corporate Social Responsibility (CSR) policies and programs and compliances w.r.t to the Companies Act on CSR matters. b. To review and evaluate the adequacy of its charter and recommend to the Board any proposed changes. c. To recommend the amount of expenditure to be incurred on the activities specified in Schedule VII of the Companies Act, 2013 d. To review annual budgets with respect to CSR and review its utilization. The Board shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its CSR guidelines under the companies Act and any changes there-under. e. To ensure that the CSR program includes significant sustainable development, community relations and security policies and procedures. f. To have an oversight on implementation of CSR policies and programs. g. To review the findings and recommendations from any investigation or audit by regulatory agencies or external auditors or consultants concerning the Company's CSR matters. h. To review the Company's disclosure of corporate social responsibility matters in the Company's continuous disclosure documents and any annual social responsibility report. i. To have the power to obtain advice and assistance from outside legal or other advisors in its sole discretion. j. To annually evaluate its performance and report the results of such evaluation to the Board.

6. Corporate Governance and Executive Committee:

The Corporate Governance and Executive Committee serves as an administrative committee of the Board to facilitate approval of certain operational corporate actions that do not require consideration by the full Board.

Composition	The Committee shall consist of such number of members as may be determined by the Board.
Secretary	The Company Secretary of the Company shall act as Secretary.
Quorum	At least two members present in the meeting shall form a quorum.
Frequency	The Committee shall meet as and when required.
Terms of Reference	<ul style="list-style-type: none"> a. To make applications for obtaining licenses, registrations, connections, clearances, services etc. and to authorize/appoint company Directors/employees/officers for signing applications, returns, forms, bonds, agreements, documents, papers etc.

and for representing Company before the authorities under various Laws including but not limited to Corporate Laws, Industrial Laws, Tax Laws, Labour Laws and other business laws applicable to the Company in respect of all present and future offices of the Company for compliance of all provisions, rules, clauses, regulations, directives and other related matters under the said Laws, which may be applicable to the Company.

- b. To incur capital expenditure outside the annual business plan up to a limit of Rs.10 lakhs between two Board meetings.
- c. To apply for telephone connection or to disconnect.

Delegation of borrowing powers, investment and lending powers:

- a. To apply for loan and hypothecate book debts of the Company at such terms and conditions as may be decided by the committee from time to time within the borrowing powers delegated by Shareholders to the Board and Board to the Executive Committee (documented below).
- b. To apply for portfolio sell-down or securitization within the limits approved by the Board and the shareholders at such terms and conditions as may be decided by the committee from time to time, subject to reporting to the Board in the next Board meeting.
- c. To review and recommend, seek and operate borrowing limits delegated from the Board (subject to delegation by Shareholders to the Board in the latest AGM/ EGM)
- d. To review and recommend, seek and operate investment limits delegated from the Board (subject to delegation by Shareholders to the Board in the latest AGM/ EGM)
 - i. To purchase book debts or securitized paper of other Companies/ SPVs upto a limit of 10% of net worth of company per transaction aggregating to not more than 25% of net worth as on date of reckoning.

The terms of all such transactions – including the term loans, securitization, asset sale, or NCD issuance should be within limits approved by the Board.

- e. Summary of each of such sale, securitization, purchase, subscription of securitized paper should be placed before the Board in next ensuing Board meeting.
- f. To delegate the power to finalise and approve co-lending proposal upto the limit of Rs. 200cr per institution to Managing Director/Chief Executive Officer or jointly by Managing Director/ Chief Executive Officer and Chief Financial Officer as decided by the committee.
- g. To finalise and approve co-lending proposals of more than Rs.200cr.
- h. To approve the transactions for Business Correspondents (BC) Partnership Arrangements of more than Rs. 200cr. Where the Company is acting as BC Partner for Banks/NBFCs.
- i. The approval under point g & h are to be obtained when the outstanding limits under any or both the above forms of partnerships are reaching the 200 crore mark

Emergency response

The Executive Committee exercise powers of the Board in the event that an emergency or other time sensitive matter arises and in it not practicable to assemble the entire Board.

	<p>Corporate Governance</p> <p>a. To Implement and monitor policies and processes regarding principles of corporate governance.</p> <p>b. To review the status of company on various corporate governance related norms, guidelines and industry best practices and recommend action to the Board and to the Management to improve the practices.</p>
--	--

7. Product, Process, Credit Policy & Grievance Redressal Committee:

Composition	The Committee shall consist of such number of members as may be determined by the Board of Directors.
Secretary	The Company Secretary of the Company shall act as Secretary.
Quorum	At least two members present in the meeting shall form a quorum.
Frequency	The Committee shall meet as and when required.
Terms of Reference	<p>Product and Process</p> <p>a. To review from time to time the suite of products run by the company covering its fulfillment process within the regulatory compliance norms, customer service quality, viability and profitability within the objectives of the company.</p> <p>b. To approve new products (including pilots and full scale rollouts) and rolling out of business in new geographies in which products (new as well as existing) can be rolled out.</p> <p>c. To set up standard operating processes with regard to the products and ensure that these are being reviewed and strengthened by the management.</p> <p>d. To monitor adherence to the process compliances by internal as well as third-party evaluations.</p> <p>Credit Policy</p> <p>a. To review and recommend credit policy framework in line with the stipulated guidelines of the Board and other extant regulatory and statutory guidelines for conduct of business.</p> <p>b. To recommend setting up of delegation of functional powers for staff to the Board of the Company for suitable action.</p> <p>c. To consider and approve any other matter related to the credit policy including matters that might be required by the Board or any other regulatory body.</p> <p>Customer Service and Grievance Redressal</p> <p>a. To review the customer service initiatives, overseeing the functioning of the customer service council and evolving innovative measures for enhancing the quality of customer service and improvement in the overall satisfaction level of customers.</p> <p>b. To review and recommend a customer grievance redressal policy in line with extant regulatory and statutory guidelines which shall include, among other things, the contact details of the employees responsible, the turn-around-time stipulated for addressing the grievances, the escalation mechanism etc. and to ensure that this policy is available for reference all branches of the company.</p>

	c. To set up a grievance redressal mechanism to address the complaints of the customers and report a synopsis of such complaints received to the Board of the company on a quarterly basis.
--	---

8. IT Strategy Committee:

This Committee is constituted in compliance with the provisions of RBI Master Direction No. RBI/2023-24/107 DoS.CO.CSITG/SEC.7/31.01.015/2023-24 dated November 07, 2023 on Information Technology Governance, Risk, Controls and Assurance Practices (hereinafter referred as Master Directions) for the NBFC Sector. The Company has put in place the IT Strategy Committee and the powers, functions and duties of the Committee are as given in RBI Master Directions and other regulations applicable to the Company as amended from time to time. The Company has a Board approved Information Technology Policy in place.

Composition	The constitution of the Committee shall consist of at least three directors or such number of Directors as may be appointed by the Board. The Chairman of the Committee shall be an Independent Director with substantial IT expertise in managing/ guiding information technology initiatives. Members of the Committee must have knowledge of Information Technology. Chief Information Officer (CIO), Chief Information Security Officer who shall be permanent invitee and Chief Technology Officer (CTO) shall be a part of the Committee.
Secretary	The Company Secretary of the Company shall act as Secretary.
Quorum	At least two members in attendance shall form a quorum.
Frequency	The Committee shall meet at least once in a quarter.
Terms of Reference	<ul style="list-style-type: none"> a. To approve IT Strategy and policy documents and ensuring that the Management has put an effective strategic planning process in place b. To ascertain that Management has implemented processes and practices to ensure that IT delivers value to the business c. To ensure IT investments represent a balance of risks and benefits and that budgets are acceptable d. To monitor the method that Management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources e. To ensure proper balance of IT investments for sustaining the growth of the Company and becoming aware of the exposure towards IT risks and controls f. To ensure outsourcing of IT Services is as per the guidelines mandated by RBI. g. To review functioning of IT Steering and Information Security Committee h. To monitor the standards and procedures for access management i. To consider and recommend to the Board policies pertaining to information security, information technology, risk management and any other policies delegated by the Board.

9. Stakeholders Relationship Committee:

The Company has constituted the Stakeholder Relationship Committee as per Section 178 of the Companies Act, 2013. The main objective of this Committee is to resolve the grievances of security holders of the company.

Composition	The Stakeholders Relationship Committee shall consist of at least 3 or more Directors with at least one being Independent Director. The Chairperson of the Committee shall be an Independent Director.
Secretary	The Company Secretary of the Company shall act as Secretary.
Quorum	At least two members in attendance shall form a quorum.
Frequency	The Committee shall meet at least once in a year.
Terms of Reference	<ul style="list-style-type: none"> a. The Committee shall consider and resolve the grievances of security holders of the Company; b. Performing such other functions as may be delegated by the Board and/or regulatory authorities and other applicable law.

In addition to the aforesaid committees, the Company has constituted the Credit Committee, Internal Recommendation Committee, Asset Liability Management Committee of the Management, Banking Operations Committee, Complaints Committee, Whistle Blower Committee, Information Security Committee, IT Steering Committee or such other committee as formed on time-to-time basis within the powers of the Board of Directors and/or CXOs in accordance with the Shareholders Agreement for smooth operations of the functioning of the Company.

3. FIT AND PROPER CRITERIA:

The Company has in place a Board approved policy on 'Fit and Proper Criteria for Directors'. Pursuant to the Policy, the Company obtains necessary declarations/ undertakings from Directors from time to time.

- i. The Nomination and Remuneration Committee of the Company ensures the 'Fit & Proper' status of existing / proposed Directors of the Company.
- ii. Every individual at the time of his / her appointment / re-appointment and on annual basis, as Director of Company, provides a Fit & Proper declaration in the manner and format as may be prescribed by RBI from time to time.
- iii. Nomination and Remuneration Committee (NRC) of the Board of Directors of the Company scrutinizes the aforesaid declarations as given by the individuals based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria.
- iv. Based on the information provided in the signed declarations, the NRC decides on the acceptance or otherwise of the Directors.
- v. The Company will obtain annually (as on 31st March) a simple declaration from each Director that the information already provided by the Director has not undergone change and where there is any change, the Company shall require such Director to furnish the requisite details forthwith.
- vi. Every Individual, once appointed as Director of the Company shall enter into a Deed of Covenant, as prescribed by RBI, with the Company.
- vii. The Company shall ensure to furnish to the RBI on a quarterly basis, statement on change of Directors and a certificate confirming that fit and proper criteria in selection of the Directors have been followed. The

same should be submitted to the Regional Office of RBI within 15 days of the close of the respective quarter and the statement for the quarter ending March 31, should be certified by the auditors.

4. DISCLOSURE AND TRANSPARENCY:

The Company shall disclose all information in its financial statements and on website as required by RBI and under other applicable laws.

5. ROTATION OF PARTNERS OF THE STATUTORY AUDITORS /AUDIT FIRM:

For the purpose of adopting best corporate practices and to strengthen the governance mechanism, the partner of the Statutory Auditors is subject to rotation and is required to rotate in every three years. However, the partner so rotated will be eligible for conducting the audit of the Company after an interval of three years, if the Company, so decides.

6. COMPLIANCE OFFICER:

The Company Secretary shall be primarily responsible to adhere to the requirements of this Code, as amended from time to time.

7. FAIR PRACTICE CODE:

Pursuant to the guidelines on Fair Practices Code issued by Reserve Bank of India, the Company has adopted a policy on Fair Practices Code which is posted on the website of the Company and also a regular review on the implementation of the same is conducted by Board Members.

8. COMPANY WEBSITE:

The Company shall publish this Corporate Governance Policy on its website for the information of various stakeholders.

9. REVIEW:

This Policy shall be reviewed on an annual basis by the Management. If there is any change to the policy, then the Management will seek Board approval.

---XXX---