

## INTERNAL GUIDELINES ON CORPORATE GOVERNANCE (“THE POLICY ON CG”)

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

Manappuram Finance Limited (“the Company”) is committed to practice good Corporate Governance standards in adherence to the RBI guideline/directions, the SEBI (LODR) Regulations 2015, the SEBI regulations, the MCA guidelines, the Companies Act, and the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023. 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 deemed necessary by the Board in the context of changing regulations 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, the Reserve Bank of India has, on May 8, 2007, issued guidelines on Corporate Governance. In pursuance of the aforesaid Guidelines, Master Circular - “Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015, and the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023, the Company has framed the following internal Guidelines on Corporate Governance.

#### **1. BOARD OF DIRECTORS: -**

The Board of Manappuram Finance Limited shall comprise of a minimum number of Six<sup>1</sup> directors and a maximum number of fifteen directors.

The Board of Directors of the company shall have optimum combination of executive and non- executive directors with at least one Woman Independent Director<sup>2</sup> and not less than fifty percent of the Board of Directors comprising non-executive directors.

<sup>1</sup> As per the SEBI (LODR) Amendment Regulations, 2018, the companies which are falling under the list of top 1000 listed entities shall have minimum six (6 nos.) Directors w.e.f. April 1, 2019 and by top 2000 listed entities w.e.f. April 1, 2020

<sup>2</sup> As per the SEBI (LODR) Amendment Regulations, 2018, Board of directors of the top 500 listed entities shall have at least one Independent Woman Director by April 1, 2019, and the Board of directors of the top 1000 listed entities shall have at least one independent woman director by April 1, 2020

The Board of Directors shall meet at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings.

The quorum requirement for every meeting of Board shall be one third (1/3<sup>rd</sup>) of its total strength or three directors whichever is higher, including at least one Independent Director.<sup>3</sup>

Where the Chairperson of the Board of Directors is a non-executive director, at least one-third of the Board of Directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors:

Provided that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of independent directors.

**Explanation** - For the purpose of this clause, the expression “related to any promoter” shall have the following meaning:

- (i) if the promoter is a listed entity, its directors other than the independent directors, its employees or its nominees shall be deemed to be related to it.
- (ii) if the promoter is an unlisted entity, its directors, its employees, or its nominees shall be deemed to be related to it.

No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

A person shall not be a director in more than eight listed entities with effect from April 1, 2019, and in not more than seven listed entities with effect from April 1, 2020

Provided that a person shall not serve as an independent director in more than seven listed entities.

Notwithstanding the above, any person who is serving as a whole-time director/ managing director in any listed entity shall serve as an independent director in not more than three listed entities.

For the purpose of this sub-regulation, the count for the number of listed entities on which a person is a director/ independent director shall be only those whose equity shares are listed on a stock exchange. 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

<sup>3</sup> Applicable with effect from 1<sup>st</sup> April 2019 for top 1000 listed entities and April 1, 2020, for top 2000 listed entities. (As per the SEBI (LODR) Amendment Regulations, 2018)

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 and it shall lay down a Code of Conduct for all directors and senior management which shall suitably include the duties of independent directors as per the Companies Act, 2013.

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 strictures 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 or listing requirements 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, Corporate Governance Report, MDL Report of Annual Report
24. Diversification of Business
25. Approval of notices of AGM/ EGM/ Postal Ballot
26. Annual Disclosure of Directors
27. CEO/ CFO Certificate
28. Approval of Circular Resolution
29. ESOP
30. Borrowing programme for the financial years
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
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: -

The membership status of below mentioned committees as on 31st January 2024 are subject to change and the details of changes, if any, will be updated at the time of review of the Policy.

### **(A) Audit Committee**

The audit committee shall have a minimum of 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 chairperson of the audit committee shall be an independent director and he shall be present at Annual general meeting to answer shareholder queries.

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 at its discretion may invite 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**

<b>Sl. No.</b>	<b>Name of the Member</b>	<b>Position</b>	<b>Category of Member</b>
1.	Mr. Abhijit Sen	Chairman	Independent Director
2.	Mr. P Manmohan	Member	Independent Director
3.	Mr. Shailesh J Mehta	Member	Independent Director
4.	Mr. Harshan Kollara	Member	Independent Director
5.	Ms. Pratima Ram	Member	Independent Director
6.	Dr. Sumitha Nandan	Member	Executive Director

## **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) compliance with listing and other legal requirements relating to the financial statements.
  - (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. 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.
22. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision.
23. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.



24. The Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the entity.

**(B) Nomination, Compensation and Corporate Governance Committee (NCCGC)**

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 non-executive) 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 dispatch the business under consideration. A 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 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 quorum requirement for every meeting of Nomination committee shall be one third (1/3<sup>rd</sup>) of its total strength or two (2) members whichever is greater including at least one Independent Director in attendance.<sup>4</sup>

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.

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<sup>4</sup> Applicable w.e.f April 1, 2019

## **Composition of the Nomination, Compensation and Corporate Governance Committee**

<b>Sl. No.</b>	<b>Name of the Member</b>	<b>Position</b>	<b>Category of Member</b>
1.	Mr. Harshan Kollara	Chairman	Non-Executive Independent Director
2.	Mr. Shailesh J Mehta	Member	Non-Executive Independent Director
3.	Adv. V P. Seemandini	Member	Non-Executive Independent Director

## **Terms of Reference of Nomination, Compensation and Corporate Governance Committee**

Considering the statutory provisions under Section 178 of the Companies Act, 2013, provisions of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the guidelines issued by the Reserve Bank of India on Corporate Governance of NBFCs, and the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023, the role and responsibilities of the committee can be classified into three broader categories such as **(I)** nomination, **(II)** fixation of remuneration and **(III)** performance evaluation and 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 vacancy 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 of Directors of the Company for its approval a policy relating to the remuneration for the Directors, Key managerial Personnel, Senior Management\* 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 based on 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.

As per the SEBI (LODR) Regulations, 2018 (Amendment Regulations) dated May 9, 2018, the additional responsibilities entrusted with Nomination Compensation and corporate Governance Committee with effect from 1<sup>st</sup> April 2019 are as follows: -

1. NRC shall revisit the list of Senior Management to assess the additions to the list.
2. NRC shall recommend remuneration of Senior Management\* to the Board
3. Formulation of Succession Planning for Senior management.
4. Review and affirm the senior management\* shall abide by the code of conduct on an annual basis.
5. Senior Management\* shall make disclosure to the Board relating to all material, Financial and Commercial transactions, where they have a personal interest that may have a potential conflict with the interest of the Company at a large.

(\*For the purpose of this Code the term ‘senior management’ shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.)

The Board of Directors at their meeting had identified following officials as ‘Senior Management’ for the purpose of this code.

Sl. No.	Senior Management
1	Chief Financial Officer
2	Head - Analytics and Business Review
3	Company Secretary
4	Vice President – Compliance Head CCO
5	Chief Risk Officer
6	Head - Information Technology Department
7	Head - Human Resource Department
8	Head - Internal audit Department
9	HRM Training Head
10	Head of Vigilance Department
11	Business Head of Gold loan department
12	Business Head of Commercial Vehicle Finance-VP
13	Business Head of Car loan
14	Business Head of Two - Wheeler Finance
15	Business Head of Farm Equipment
16	Business Head of MSME
17	Business Head of Micro Home Finance
18	Business Head of Security Personal Loan
19	Business Head of Digital Personal Loan
20	Business Head of Commercial Vehicle Finance - SVP

### 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, SEBI (LODR) Regulations, 2015 etc. 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 the proper mechanism for refreshment training for directors on relevant subjects.
- (d) The committee shall evaluate and put in place a proper mechanism to ensure that the independence of independent directors is 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) The Committee shall always ensure that the sub-commitments 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.
- (h) 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 Management Committee (RMC)**

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 4 times in a year and once in every quarter to improve risk management practices, may review risk management policy, 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**

<b>SI.No.</b>	<b>Name of the Member</b>	<b>Position</b>	<b>Category of Member</b>
1.	Mr. Abhijit Sen	Chairman	Independent Director
2.	Mr. P. Manomohanan	Member	Independent Director
3.	Mr. V.P. Nandakumar	Member	Managing Directors & Chief Executive Officer
4.	Mr. Shailesh J Mehta	Member	Independent Director
5.	Mr. Harshan Kollara	Member	Independent Director

### **Appointment of Members, Chairman of the Risk Management Committee, Secretary, Invitees / Non - Members, Quorum**

- (a) The Risk Management Committee shall have a minimum of three members with the majority of them being members of the board of directors, including at least one independent director.
- (b) The RMC meetings shall be chaired by the Chairman of the Risk Management Committee.
- (c) The Company Secretary 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 or one third of the members of the committee, whichever is higher, including at least 2 independent directors in attendance.
- (f) Decisions of the RMC shall be based on 'majority' and in case of a 'tie' the Chairman shall exercise a casting vote.

### **Frequency of Meetings, Circulation of agenda for meetings and minutes**

- (a) The RMC shall meet at least once in every quarter of a financial year.
- (b) The agenda for the meetings shall be prepared by the Chief Risk Officer, recommended by the Managing Director & Chief Executive Officer of the Company 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 7 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.

### **Purpose and Scope of Risk Management Committee & its powers**

- (A) The purpose of the RMC reviews 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) Continuous Monitoring of the existence of Cyber security in the Company
- (viii) 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.
- (ix) To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
- (x) To ensure that appropriate method, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- (xi) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- (xii) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity
- (xiii) To keep the board of directors informed about the nature and content of its discussions, recommendations, and actions to be taken.

(xiv) The appointment, removal, and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

(xv) The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

**(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.

**(C)** The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

#### **(A) STAKEHOLDERS RELATIONSHIP AND SECURITIES TRANSFER COMMITTEE (SRSTC)**

The company has constituted a Stakeholders Relationship and Securities Transfer Committee under the chairmanship of Adv. V R Ramachandran, an independent director, to approve/authenticate security transfer requisitions submitted by the RTA in respect of listed securities and the transfer requisitions submitted to the Company, in respect of unlisted securities and also to monitor the investor complaints/ grievances, ensure quick redressal of investor complaints associated with transfer/ transmission/ dematerialisation of shares, non-receipt of Balance Sheet, Dividend warrants etc.

#### **Statutory Requirements**

The chairperson of this committee shall be a non-executive director. At least three directors, with at least one being an independent director, shall be members of the Committee. The Chairperson of the Stakeholders Relationship Committee shall be present at the annual general meetings to answer queries of the security holders. The Stakeholders Relationship Committee shall meet at least once a year.

#### **The role of the committee shall Inter-alia include the following.**

Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.

Review of measures taken for effective exercise of voting rights by shareholders.

Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.



Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

### Composition of Committee

Sl. No.	Name of the Member	Position	Category of Member
1.	Mr. V R Ramachandran	Chairman	Independent Director
2.	Mr. V P Nandakumar	Member	Managing Director & Chief Executive Officer
3.	Mr. P Manomohanan	Member	Independent Director
4.	Mr. S R Balasubramanian	Member	Non- Executive Non- Independent
5.	Adv. V P Seemandini	Member	Independent Director

### (B) ASSET- LIABILITY MANAGEMENT COMMITTEE (ALCO)

Asset - Liability Management will be overseen by Committee named Asset- Liability Management Committee (ALCO) consisting of the following officials:

Sl. No	Name of the Member	Position	Category of Members
1.	Mr. V P Nandakumar	Chairman	Managing Director & Chief Executive Officer
2.	Ms. Bindu A L	Member	Chief Financial Officer
3.	Mr. Madhumohan	Member	Chief Risk Officer
4.	Mr. Jayakrishnan	Member	Head - Credit

One third of the total members or two members whichever is higher shall constitute the quorum. Further, Mr. Harshan Kollara, Independent Director of the Company, and the personnel occupying the position of Chief Technology Officer of the Company, and Chief Economist of the Company may, upon invitation, participate in the meetings of the Committee.

The Reserve Bank of India has stipulated templates for reporting Structural liquidity (DNBS-4B). Dynamic Liquidity (DNBS 4A) and Interest Rate Sensitivity DNBS-4B). They have also provided indicative formats for compiling the figures. ALCO will use the indicative formats for compiling the figures and the Reports on DNBS 4B, and DNBS 4A for reviewing the liquidity and interest rate risk. The Member-Secretary will arrange for convening the meetings of ALCO once in a quarter or as and when needed depending upon the necessity.

### Terms of reference of Asset- Liability Management Committee (ALCO)

- I. The committee shall meet once in a month and transact the following business;
  - (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 any other member shall act as the Chairman of the committee and 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. The 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 Analysing 'What If Scenario' and Preparation of Contingency Plans

### **(C) Corporate Social Responsibility Committee (CSR Committee)**

The Company has constituted the 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

Sl. No	Name of the Member	Position	Category of Members
1.	Adv. V R Ramachandran	Chairperson	Independent Director
2.	Mr. V P Nandakumar	Member	Managing Director & Chief Executive Officer
3.	Mr. Abhijit Sen	Member	Independent Director
4.	Mr. S R Balasubramanian	Member	Non-Executive Non - Independent Director
5.	Adv. V P Seemandini	Member	Independent Director

### Role of the Committee shall include the following: -

- 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 project.
- 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. Formulate and recommend to the board the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act.
- vii. Formulate and recommend to the board the manner of execution of such projects or programmes.
- viii. Formulate and recommend to the board the modalities of utilisation of funds and implementation schedules for the projects or programmes.
- ix. Formulate and recommend to the board monitoring and reporting mechanism for the projects or programmes.
- x. Formulate and recommend to the board details of need and impact assessment, if any, for the projects undertaken by the company.
- xi. To carry such other functions as may be delegated to it by the board relating to CSR activities of the company.

BRSR disclosure - Business Responsibility and Sustainability Reporting (BRSR) is India specific sustainability disclosure that have been designed by SEBI. SEBI vide Circular No.: SEBI/HO/CFD/CMD-2/P/CIR/2021/562, dated May 20, 2021, has made BRSR reporting mandatory for top 1000 listed companies from FY 2022-23.

**ESG Policy** - Lists the commitment made by MAFIL in terms of aligning its activities to promote wellbeing of environment, society, and the organization. A separate document detailing ESG policy of Manappuram is available.

**ESG Committee** - It is proposed that the scope of the CSR committee be expanded to include oversight of sustainability related activities. Accordingly, the role of the Committee shall include: -

- i. Formulate and draft the ESG Policy, and recommend the same to the Board of Directors of the Company for their approval.
- ii. Review and recommend any new ESG initiatives to be taken up by the Company including the selection/appointment of implementation agencies.
- iii. Review the progress of ESG Projects already undertaken by the Company and the utilization of budgets for each such projects.
- iv. Review and recommend any amendments to be made in the ESG Policy of the Company.
- v. Monitor the ESG Policy of the Company from time to time.
- vi. To carry such other functions as may be delegated to it by the board relating to ESG activities of the Company.

#### **(D) DEBENTURE COMMITTEE**

The Debenture Committee has been constituted by the Board of Directors of the Company for issuance of debentures of the company to public.

#### **Composition of Committee**

<b>Sl. No.</b>	<b>Name of the Member</b>	<b>Position</b>	<b>Category of Members</b>
1.	Mr. V P Nandakumar	Chairman	Managing Director & Chief Executive Officer
2.	Ms. Bindu A L	Member	Chief Financial Officer
3.	Mr. Manoj Kumar V R	Member	Company Secretary

#### **The functions of the Debenture Committee include the following –**

- (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 supplement 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 over-subscription.
- (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.
- (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.

## (E) FINANCIAL RESOURCE & MANAGEMENT COMMITTEE (FRMC)

The Financial Resources and Management Committee has constituted by the Board of Directors of the Company to facilitate the day-to-day management of the Company.

### Composition of Committee

Sl. No.	Name of the Member	Position	Category of Members
1.	Mr. V P Nandakumar	Chairman	Managing Director & Chief Executive Officer
2.	Mr. Manomohanan	Member	Independent Director
3.	Adv. V R Ramachandran	Member	Independent Director
4.	Ms. Pratima Ram	Member	Independent Director
5.	Dr. Sumitha Nandan	Member	Executive 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 of Directors 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 two (2) Members.

### 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 a 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 centres for different branches.
- (g) Approve fully hedged foreign currency transactions, including External Commercial Borrowings, Trade Credits, Inter Corporate Deposits and Foreign currency denominated Loans with domestic and overseas banks, investor classes, corporate and other financial institutions.
- (h) Buyback or Re-purchase of NCDs and other Debt Securities.
  - (i) Allotment of Debentures and Bonds -
    - (a) Approve the allotment of debentures and bonds including domestic and overseas fully hedged foreign currency instruments 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.
    - (b) Allotment of Shares under Employees Stock Option Schemes approved by Board from time to time.
- (j) **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 quasi - 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 of Directors**

A summary of the business transacted by the Committee as initialled by the Company Secretary shall be presented to the succeeding meeting of the Board of Directors of the Company for the purpose of noting and recording.

### **(F) IT STRATEGY COMMITTEE (ITSC)**

The Objective of the IT Strategy Committee of the Board of Directors ('the Board') of Manappuram Finance Limited ('the Company') is to assist the Board for effective IT Governance in the Company. The terms of reference of the Committee shall include matters set out below and such other items as may be prescribed by applicable laws as amended or by the Board in compliance with applicable law from time to time.

#### **Terms of reference -**

- (i) There shall be a minimum of three directors of the Company as members of the ITSC.
- (ii) The Chairperson of the ITSC shall be an independent director and have substantial IT expertise in managing/ guiding information technology initiatives.
- (iii) The Members of the ITSC shall be technically competent.
- (iv) The ITSC shall meet at least on a quarterly basis.
- (v) The ITSC shall ensure that the Company has put an effective IT strategic planning process in place.
- (vi) The ITSC shall guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the Company towards accomplishment of its business objectives.
- (vii) The ITSC shall satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation.



- (viii) The ITSC shall ensure that the Company has put in place processes for assessing and managing IT and cybersecurity risks.
- (ix) The ITSC shall ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives.
- (x) The ITSC shall review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company.

**Composition of the ITSC Committee: -**

Sl. No.	Name of the Member	Position	Category of Member
1.	Mr. Abhijit Sen	Chairman	Independent Director
2.	Mr. S.R. Balasubramanian	Member	Non-Executive Non-Independent Director
3.	Mr. Shailesh J Mehta	Member	Independent Director
4.	Dr. Sumitha Nandan	Member	Executive Director
5.	Mr. Manikandan T G	Member	Chief Technology Officer (CTO)
6.	Mr. Kannan K J	Member	Chief Information Security Officer (CISO)

**5. FIT AND PROPER CRITERIA FOR THE DIRECTORS**

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, and the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

**6. DISCLOSURE AND TRANSPARENCY**

The Company as per the requirement of the Companies Act, 2013, provisions of the SEBI(LODR) Regulations 2015, 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.

## 7. CODE OF CONDUCT FOR BOARD AND SENIOR MANAGEMENT

Manappuram 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 the Code “**the Board**” means all directors of the Company including the Chairman and Managing Director and the term “**Senior Management**” shall mean and include Chief Financial Officer, Head - Analytics and Business Review, Company Secretary, Vice President - Compliance, Chief Risk Officer, Head - Information Technology Department, Head - Human Resource Department, Head - Internal Audit Department, and Chief Executive Officers - Vehicle Finance and Two-Wheeler Finance Divisions).

- (a) 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.
- (b) 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.
- (c) 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.
- (d) 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.
- (e) 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.
- (f) They must obey existing local, state, national, and international laws unless there is a compelling ethical basis not to do so.
- (g) They shall strive to achieve the highest quality, effectiveness and dignity in their work and must accept social responsibilities for their acts.

- (h) They shall always abide by the Code of Conduct and shall be accountable to the Board for their actions/violations/default.
- (i) within the permissible limits in terms of the Companies Act, 2013, not be on the Board of more than three NBFCs - Middle Layer (NBFCs - ML) or NBFCs - Upper Layer (NBFCs - UL) at the same time, and there shall not be any restriction to directorship on the Boards of NBFCs - Base Layer (NBFCs - BL), subject to provisions of Companies Act, 2013. In this regard, the Board of Directors of the company shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time.

## **8. DUTIES OF INDEPENDENT DIRECTORS**

### **The Independent Directors of the Company shall –**

- (a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company.
- (b) 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.
- (c) strive to attend all meetings of the Board of Directors and of the Board Committees of which he is a Member.
- (d) participate constructively and actively in the Committees of the Board in which they are Chairpersons or Members.
- (e) strive to attend the general meetings of the Company.
- (f) 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.
- (g) keep themselves well informed about the Company and the external environment in which it operates.
- (h) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
- (i) 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.
- (j) 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.

- (k) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
- (l) acting within their authority, assist in protecting the legitimate interests of the Company, Shareholders and its Employees.
- (m) 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 of an independent director shall be subject to following professional conduct: -

An independent director shall –

- (a) uphold ethical standards of integrity and probity.
- (b) act objectively and constructively while exercising his duties.
- (c) exercise his responsibilities in a bona fide manner in the interest of the Company.
- (d) devote sufficient time and attention to his professional obligations for informed and balanced decision making.
- (e) do 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.
- (f) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person.
- (g) refrain from any action that would lead to loss of his independence.
- (h) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly.
- (i) 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, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the SEBI (LODR) Regulations, 2015.

## **9. RESTRICTION ON KEY MANAGERIAL PERSONNEL TO HOLD ANY OFFICE**

Except for directorship in a subsidiary, Key Managerial Personnel of the company shall not hold any office (including directorships) in any other NBFCs - Middle Layer (NBFCs-ML) or NBFCs - Upper Layer (NBFCs-UL). But they can assume directorship in NBFCs - Base Layer (NBFCs-BL).

## **10. APPOINTMENT OF CHIEF RISK OFFICER**

The Company shall appoint a Chief Risk Officer (CRO) with a clearly specified role and responsibilities. The CRO is required to function independently so as to ensure the highest standards of risk management. In this regard, the company shall strictly adhere to the following instructions: -

- (i) The CRO shall be a senior official in the hierarchy of an NBFC and shall possess adequate professional qualification/experience in the area of risk management.
- (ii) The CRO shall be appointed for a fixed tenure with the approval of the Board. The CRO can be transferred/ removed from his post before completion of the tenure only with the approval of the Board and such premature transfer/removal shall be reported to the Department of Supervision of the Regional Office of the Reserve Bank under whose jurisdiction the NBFC is registered. Further, any change in incumbency of the CRO shall also be reported to the stock exchanges.
- (iii) The Board of Directors of the Company shall put in place policies to safeguard the independence of the CRO. In this regard, the CRO shall have direct reporting lines to the MD and CEO/ Risk Management Committee (RMC) of the Board. In case the CRO reports to the MD and CEO, the RMC/ Board shall meet the CRO without the presence of the MD and CEO, at least on a quarterly basis. The CRO shall not have any reporting relationship with the business verticals of the NBFC and shall not be given any business targets. Further, there shall not be any 'dual hatting' i.e., the CRO shall not be given any other responsibility.
- (iv) The CRO shall be involved in the process of identification, measurement and mitigation of risks. All credit products (retail or wholesale) shall be vetted by the CRO from the angle of inherent and control risks. The CRO's role in deciding credit proposals shall be limited to being an advisor.
- (v) If the Company follows committee approach in credit sanction process for high value proposals, if the CRO is one of the decision makers in the credit sanction process, the CRO shall have voting power and all members who are part of the credit sanction process, shall individually and severally be liable for all the aspects, including risk perspective related to the credit proposal.

## **11. APPOINTMENT OF CHIEF COMPLIANCE OFFICER**

The Company shall appoint a Chief Compliance Officer (CCO) with a clearly specified role and responsibilities. The CCO is required to function independently to ensure strict observance of all statutory and regulatory requirements for the company, including

standards of market conduct, managing conflict of interest, treating customers fairly and ensuring the suitability of customer service. In this regard, the company shall strictly adhere to the following instructions:

- (i) The Company shall lay down a Board-approved Compliance Policy clearly spelling out the role of CCO, and the Compliance Department of the company shall be headed by the Chief Compliance Officer meeting the requirements prescribed, if any. The CCO shall be a senior executive of the company with a position not below two levels from the CEO. However, this requirement can be relaxed by one level further. If the company considers it necessary, the CCO can also be recruited from the market. Further, the CCO shall have a clean track record and unquestionable integrity. Selection of the candidate for the post of the CCO shall be made based on a well-defined selection process and recommendations made by a committee constituted by the Board / Board Committee for the purpose. The Board/ Board Committee shall take final decision in the appointment of CCO. The CCO shall have direct reporting lines to the MD & CEO and / or Board / Board Committee. In case the CCO reports to the MD & CEO, the Board / Board Committee shall meet the CCO at quarterly intervals on a one-to-one basis, without the presence of the senior management, including MD & CEO. The CCO shall not have any reporting relationship with the business verticals. Further, the performance appraisal of the CCO shall be reviewed by the Board/ Board Committee. The CCO shall be appointed for a minimum fixed tenure of not less than 3 years. However, in exceptional cases, the Board / Board Committee may relax the minimum tenure by one year, provided appropriate succession planning is put in place. The CCO shall be transferred / removed before completion of the tenure only in exceptional circumstances, with the explicit prior approval of the Board/ Board Committee, after following a well-defined and transparent internal administrative procedure.
- (ii) A prior intimation to the Senior Supervisory Manager, Department of Supervision, Reserve Bank of India, shall be provided before appointment, premature transfer, resignation, early retirement or removal of the CCO. Such information shall be supported by a detailed profile of the candidate along with the 'Fit and Proper' certification by the MD & CEO of the NBFC, confirming that the person meets the prescribed supervisory requirements and rationale for changes, if any. 'Fit and Proper' criteria may be examined based on the requirements spelt out in this Circular.
- (iii) The CCO shall be the nodal point of contact between the NBFC and the regulators/ supervisors and shall necessarily be a participant in the structured or other regular discussions held with RBI. Further, compliance to RBI inspection reports shall be communicated to RBI through the office of the Compliance Function. Further, the CCO shall be a member of the 'new product' committee/s. All new products shall be subjected to intensive monitoring for at least the first six months of introduction to ensure that the indicative parameters of Compliance risk are adequately monitored.
- (iv) The CCO shall have the authority to communicate with any staff member and have access to all records or files that are necessary to enable her/ him to carry out entrusted responsibilities in respect of Compliance issues. This authority shall flow

from the Compliance Policy of the company. The CCO shall have the ability to exercise judgment independently. She / He shall have the freedom and authority to interact with regulators / supervisors directly and ensure compliance.

- (v) The CCO shall not be given any responsibility which brings elements of conflict of interest, especially any role relating to business. The CCO shall generally not be a member of any committee which conflicts her/ his role as CCO with responsibility as a member of the committee, including any committee dealing with purchases / sanctions. In case the CCO is a member of any such committee, that would only be an advisory role.

## **12. ROTATION OF PARTNERS OF THE STATUTORY AUDITORS/ AUDIT FIRM**

The Statutory Auditors shall be appointed in line with the requirement of the Companies Act, 2013, provisions of the SEBI (LODR) Regulations, 2015 and the guidelines/ directions issued by the Reserve Bank of India in this respect.

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

The Company, in line with the requirement of the Companies Act, 2013, provisions of the SEBI (LODR) Regulations, 2015 with stock exchange, 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. Code of Conduct to regulate, monitor, and report trading by Insider & Code of practice and procedures for fair disclosure of UPSI.
2. Policy for determining material subsidiaries.
3. Policy on Board composition, compensation, and connected matters.
4. Related party Transaction Policy
5. CSR Policy
6. Policy on Resource Planning
7. Whistle Blower Policy
8. Risk Management Policy/ Enterprise Risk Management Policy & Framework
9. Investment Policy
10. KYC & PMLA Policy
11. Loan Policy
12. Auction Policy
13. Interest Rate Policy
14. Fair Practice Code
15. Policy on Income Recognition Policy for Short Term Gold Loans
16. Internal Audit Policy
17. Procurement policy
18. Asset - Liability Management Policy
19. Cross selling policy
20. Dividend Distribution Policy

21. Policy for Determination of Materiality and Disclosure of Material Events/ Information
22. Policy on Preservation of Documents and Archival of Documents in the Company Website
23. Policy on Internal Guidelines on Corporate Governance
24. Board Approved policies as a part of BR policy
25. Policy on Internal Guidelines on Corporate Governance
26. Board Approved policies as a part of BR policy -
  - (a) Employee speak- up Policy
  - (b) Gift Policy
  - (c) POSH (Protection of Women against Sexual Harassment Policy)
27. Outsourcing Policy & Framework
28. Cyber Security Policy
29. Cyber Crisis Management Plan (CCMP)
30. Information Security Policy (IS Policy) is splitted into 25 policies: -
  1. Acceptable Policy
  2. Access Control
  3. Antivirus
  4. Application Security
  5. Backup and Restoration
  6. Change Management
  7. Cryptography and Key Management
  8. Database Security
  9. E-Channel Security
  10. E-Mail Security
  11. Firewall Security
  12. Information Asset Handling
  13. Mobile Computing
  14. Network Security
  15. Operating System
  16. Operations Security
  17. Password
  18. Patch Management Policy
  19. Personnel Security
  20. Physical and Environmental Security
  21. Security Incident Management
  22. Supplier Relationship
  23. Wireless Security
  24. Legal and Compliance Policy
  25. Data Privacy Policy (Included in Nov' 2020)
31. Customer Protection Policy
32. Foreign Exchange Risk Management Policy
33. Risk Appetite and Tolerance Policy & Framework
34. Approval for New Products Policy
35. Credit Risk Management Policy
36. Policy and framework for resolution of stressed assets
37. Travel loan credit policy
38. Credit Policy for School Finance Vertical
39. Securitization Policy



40. IT Policy
41. Interest rate policy modification for vehicle Finance Division
42. Credit Policy Document - Gold backed Two - Wheeler Loan for all customers
43. MSME Restructuring Policy as per RBI guidelines
44. Expected Credit Loss (ECL) Policy
45. Legal Policy
46. Media policy
47. Liquidity Risk Management Policy
48. Restaurant Finance Policy
49. Business Continuity Management (BCM) Policy
50. SSIF-Loan Credit Policy
51. Online privacy policy
52. ISMS Policy
53. Social Media Policy
54. Code of Conduct for Direct Sales Agents (DSA)/ Direct Marketing Agents DMA)/ Collection-Recovery Agents (RAs)
55. Data Privacy Policy
56. Policy and Framework for resolution for COVID-19 related stress- other loans (one time)
57. Approval for Resolution Framework for COVID-19 related stress for Personal Loans Policy Document (One Time)
58. Emergency Credit Line Guarantee Scheme Policy
59. Reputational Risk Management Policy
60. Information Technology Policy
61. Guideline note on appointment of Independent Director
62. Transfer of Loan exposure Policy
63. Digital Lending Policy
64. Digital Personal Loan Policy
65. Corporate Credit Policy
66. Interoperability Policy
67. ICAAP Policy
68. Policy for Repledge of Gold Loan
69. Risk based Internal Audit (RBIA)
70. Policy on Lending to subsidiaries
71. Interest on Interest Refund Policy
72. Policy for Appointment/ Re-appointment of Statutory Auditors
73. Approval of Credit Policy - MSME
74. Approval of Micro Credit Loan Policy
75. Credit Policy of Micro Home Finance
76. Credit Policies of Consumer Loan Credit Policy
77. Standard Operating Procedures and policy Framework for selection and Appointment of Sub agents for MTSS business

