



# **SPANDANA**

**SPANDANA SPHOORTY FINANCIAL LIMITED**

**Internal Guidelines on Corporate Governance**

**Date of Implementation: June 25, 2007**

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## **1. Corporate Governance Philosophy of the Company**

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

In pursuing its Mission of "providing financial services to the low-income households and thereby improving their living standards", Spandana has been balancing its dual objectives of "social" and "financial" goals, since its inception.

"Responsible financing", "ethical values" and "transparency in all its dealings with its customers, lenders, investors, and employees" have been the cornerstone of its operations.

## **2. RBI Guidelines on Corporate Governance**

Pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("SBR Directions"), the Company has framed this internal Guidelines on Corporate Governance. The Company's securities being Listed on Stock Exchanges in India, the Company is also required to comply with the applicable Regulations of Securities & Exchange Board of India (SEBI Regulations) relating to Corporate Governance and related matters subject to changes from time to time. The Company shall ensure that it complies with both SBR Directions and SEBI Regulations, and in case of an overlap, whichever is more stringent.

## **3. Board of Directors**

The Board of Directors ("**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.

As per the Company's Articles of Association, the Company shall ensure that it always has the minimum number of Directors on its Board including the adequate mix of independent, executive, and non-executive directors, as prescribed under the Companies Act, 2013 ("Act") and SEBI Regulations, from time to time. The Independent Directors shall be appointed for such tenure as may be decided by the Board but not more than 2 terms of 5 years each or such number of years as may be prescribed under the Act and SEBI Regulations.

The Board shall meet in each financial year for not less than such number of times as may be required under the Act, read with applicable provisions of SEBI Regulations. The quorum for such meetings shall be as prescribed under the Act and SEBI Regulations, from time to time.

Every Director of the Company shall not hold the office of a Director including Chairmanship, membership of Committees of the Board in more than such number of Companies as may be prescribed under the Act, SEBI Regulations and SBR Directions. The Board shall constitute/ reconstitute the Committees as and when required. The election of Chairperson of Board and Committees shall be decided by the Board from time to time.

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 organization.

The performance of the entire Board of the Company shall be evaluated based on the procedures and criteria as laid down in the Policy for Evaluation of the Performance of the Board of Directors.

The Board shall periodically review Compliance Reports of all laws applicable to the Company prepared by the Company as well as steps taken by the Company to rectify instances of non-compliance.

#### **4. Duties and Responsibilities of Board of Directors**

The Board shall meet the expectations of shareholders by adhering to the requirements specified in 'Report of the Consultative Group of directors of Banks / Financial Institutions' suggested by Reserve Bank of India ("RBI") apart from the statutory duties and responsibilities prescribed under the Act, SBR Directions and SEBI Regulations in this regard.

In accordance with the provisions of Section 166 of the Act and SBR Directions and as a matter of Corporate Governance, the Directors of the Company have the following duties, as may be amended from time to time: -

(1) Subject to the provisions of this Act, the Director of a Company shall act in accordance with the Articles of the Company.

(2) 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.

(3) A director of a Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

(4) A Director of a Company shall not be involved 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.

(5) 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.

(6) A director of a Company shall not assign his office and any assignment so made shall be void.

#### **5. Information to be placed before the Board**

- 1) Annual operating plans and budgets and any updates.
- 2) Capital budgets and any updates.
- 3) Quarterly 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 listed entity, or substantial non-payment for goods sold by the listed entity.
- 9) Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- 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 nonpayment of dividend, delay in share transfer etc.

## **6. Committees of the Board**

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board constitutes a set of Committees with specific terms of reference / scope. The Committees shall operate as empowered agents of the Board as per their Charter / terms of reference. The terms of reference of all Committees is attached as **Annexure 1**.

The composition and functioning of these board committees is in compliance with the applicable provisions of the Act, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto, (the 'SEBI Listing Regulations') and the Corporate Governance directions issued by Reserve Bank of India, as applicable.

## **7. Fit and Proper Criteria**

The Company recognizes the importance of due diligence of directors to ascertain suitability for the post by way of qualifications, technical expertise, track record, integrity etc. Therefore, the Company has put in place an internal supervisory process to carry out due diligence on directors on a continuing basis. In line with the directions of the Reserve Bank of India, the Company follows the procedures mentioned below and ensures that the minimum criteria are fulfilled by the persons before they are appointed on the Board:

- (a) The Company shall undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria.
- (b) The Company shall obtain a declaration and undertaking from the proposed / existing directors for the purpose in the format given at Appendix -XXIII-A of the SBR Directions, subject to changes from time to time
- (c) The Board of the Company must obtain a Deed of Covenant signed by the directors, which shall be in the format as given in Appendix XXIII-B of the SBR Directions, subject to changes from time to time
- (d) The NRC Committee of the Board shall scrutinize the declarations.
- (e) The Company shall obtain annually as on March 31, a simple declaration from the directors that the information already provided has not undergone change and where there is any change, requisite details shall be furnished by the directors forthwith.

## **8. Reporting to RBI**

The Company shall report to RBI as per the extant guidelines issued by RBI from time to time. As per the current guidelines, the Company shall furnish to RBI:

- a. a quarterly statement on change of directors.
- b. a certificate from the Managing Director of the NBFC that fit and proper criteria in selection of the directors has been followed.
- c. The statement submitted by the Company for the quarter ending March 31 shall be certified by the Auditors.

The statement shall be filed with the Regional Office of the Reserve Bank within 15 days of the close of the respective quarter.

## **9. Performance Evaluation**

The NRC Committee of the Company shall evaluate the performance of the individual Directors, the Board, as a whole and its Committees. The NRC Committee shall provide an overview Report of the evaluation conducted by it, to the Board for their discussion and analysis.

## **10. Disclosure and transparency**

The Company shall ensure transparency in disclosing information to its various stakeholders from time to time, as may be required, and in the manner prescribed under SBR Directions, Act and rules made thereunder, as well as other applicable laws and regulations that may be in force from time to time.

- 1) The Company shall put up to the Board, at regular intervals, as may be prescribed by the Board in this regard, the following:
  - i. the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;

- ii. 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.
- 2) The Company shall also disclose the following in its Annual Financial Statements:
- i. registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators;
  - ii. ratings assigned by credit rating agencies and migration of ratings during the year;
  - iii. penalties, if any, levied by any regulator;
  - iv. information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries and
  - v. Asset-Liability profile, extent of financing of parent Company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them and other disclosures, as given in Annex-XVI of the SBR Directions.

## **11. Auditors**

### **Statutory Auditors**

The Board and the Audit Committee of the Company shall be responsible for appointing Statutory Auditors who demonstrate professional ability and independence. The Company shall review the independence and performance of the Statutory Auditors and the effectiveness of the audit process periodically. Declaration shall be obtained from the Auditors affirming their eligibility for being appointed as the Statutory Auditors of the Company

The Company shall rotate the partner/s of the Chartered Accountant firm conducting the audit, every three years so that same partner does not conduct audit of the Company continuously for more than a period of 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. The Company shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

### **Internal Auditors**

The Board and the Audit Committee of the Company shall appoint Internal Auditors in accordance with the provisions of SBR Directions, Act and Rules made thereunder; and applicable laws and regulations as may be applicable from time to time, who shall perform independent and objective assessment of the internal controls, processes and procedures instituted by the management and accordingly monitor its adequacy and effectiveness.

### **Secretarial Auditors**

The Board shall appoint an independent Company Secretary in practice, in accordance with the provisions of the SEBI Listing Regulations, Act and Rules made thereunder to conduct Secretarial Audit of the Company for every financial year.

The Secretarial Auditor shall provide its report in the form and manner prescribed under the applicable laws / regulations. The Secretarial Audit Report shall be placed before the Board for its noting and records and the same be annexed to the Board's Report which shall be circulated to the members of the Company in accordance with the applicable laws / regulations.

### **12. Policies adopted by the Company**

The Company shall adopt such policies, as may be required to adopt under the Act, the SBR Directions/ Guidelines applicable to the Company, and such other laws and regulations as may be applicable.

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

### **13. Disclosures and Transparency**

The Company is committed to making adequate disclosures based on the principles of transparency, timeliness, fairness and continuity. The Board of Directors and employees of the Company shall ensure and make necessary disclosures to the Company, the Regulator(s)/Statutory Authorities, the Shareholders, Investors, Members or other stakeholders as may be required by the applicable laws and the codes / policies of the Company.

### **14. Conflict of Policy:**

In the event of the Policy being inconsistent with any regulatory provision, such regulatory provision shall prevail upon the corresponding provision of this Policy.

### **15. Review**

These guidelines shall be reviewed by the Board at such intervals as and when deemed necessary, in order to align the same with the prevalent regulatory guidelines and emerging best practices with a view to enhance the Company's Governance.

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## Annexure 1

The terms of reference, roles and responsibilities of the Committees of the Board will be aligned from time to time based on the changes in the regulations and business requirements with the approval of Board. The Company complies with the above requirements of committee constitution and have the following committees of the Board:

### 1. Audit Committee

The Company has in place the Audit Committee in accordance with the provisions of Section 177 of the Act read with applicable rules thereto and in accordance with Regulation 18 read with Part D of Schedule II of SEBI Listing Regulations and SBR Directions.

Composition	<p>The Audit Committee, meeting the composition prescribed thereunder with a minimum of two-third of its members (including Chairperson) being independent directors.</p> <p>All members are non-executive directors, are financially literate and have accounting or related financial management expertise.</p>
Secretary	<p>The Company Secretary of the Company shall act as the Secretary to the Audit Committee.</p>
Meetings and Quorum	<p>The Audit Committee shall meet at least four times in a financial year and not more than one hundred and twenty days shall elapse between two meetings.</p> <p>The Chief Financial Officer, Internal Auditor and a Representative of the External Auditor may be invited to be present as invitees to the meetings of the Audit Committee, wherever necessary.</p> <p>The quorum shall be either two members or one third of the members of the Audit Committee whichever is greater, with at least two independent directors in attendance.</p>
Terms of reference	<p>The Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include:</p> <ol style="list-style-type: none"><li>Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;</li><li>Recommending to the Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the statutory auditor, internal auditor, cost auditor and secretarial auditor;</li><li>Reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process;</li><li>Approving payments to the statutory auditors, internal auditor, cost auditor and secretarial auditor, for any other services rendered by them;</li><li>Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular</li></ol>



reference to:

- (i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Act;
  - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
  - (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (iv) Significant adjustments made in the financial statements arising out of audit findings;
  - (v) Compliance with listing and other legal requirements relating to financial statements;
  - (vi) Disclosure of any related party transactions; and
  - (vii) Qualifications and modified opinions in the draft audit report.
- f) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
  - g) Scrutiny of inter-corporate loans and investments;
  - h) Valuation of undertakings or assets of the Company, wherever it is necessary;
  - i) Evaluation of internal financial controls and risk management systems;
  - j) Approval or any subsequent modification of transactions of the Company with related parties;

Explanation: The term "Related Party Transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Act.

- k) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, qualified institutional placement, 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 issue or rights issue or preferential issue or qualified institutional placements, and making appropriate recommendations to the Board to take up steps in this matter;
- l) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- m) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- o) Discussion with internal auditors on any significant findings and follow up thereon;
- p) 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;
- q) Discussion with statutory auditors, internal auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- r) Looking into the reasons for substantial defaults in the payment to the depositors,

- debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- s) Approval of appointment of the chief financial officer (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;
  - t) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
  - u) Reviewing the utilization of loans and/ or advances from/investment by the 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;
  - v) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;
  - w) Carrying out any other functions as provided under the Act, the SEBI Listing Regulations and other applicable laws;
  - x) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;
  - y) To review the financial statement with respect to its subsidiaries, if any, in particular investments made by the unlisted subsidiaries;
  - z) To examine the efficacy of audit functions and systems and suggesting steps on a periodic basis (quarterly, half yearly) for its improvement;
  - aa) To facilitate smooth conduct of audits by external agencies, Statutory Auditors, RBI, lenders and any other external auditors as appointed by the Company or any other stakeholders (lenders, shareholders, regulators, government etc.);
  - bb) 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;
  - cc) 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;
  - dd) To monitor and review all frauds that may have occurred in the Company involving an amount of Rs. 0.1 million and above or as decided from time to time;
  - ee) To report such frauds and other flag-offs to the Board of Directors regulators and other stakeholders, as the case warrants, along with the extent of losses. This would include drafting a calendar of reporting frauds and the remedial measures taken, to the Board of the Company;
  - ff) 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;
  - gg) 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;
  - hh) To review 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 mechanism;

- ii) Reviewing and recommending to the board of directors of the Company potential risks involved in any new business plans and processes;
- jj) Framing, devising, monitoring, assessing and reviewing the risk management plan and policy of the Company from time to time and recommend for amendment or modification thereof; and
- kk) Any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable laws.”

The audit committee shall mandatorily review the following information:

- a) management discussion and analysis of financial condition and results of operations;
- b) management letters / letters of internal control weaknesses issued by the statutory auditors;
- c) internal audit reports relating to internal control weaknesses;
- d) the appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the audit committee; and
- e) statement of deviations:
  - i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

## 2. Risk Management Committee

The Risk Management Committee of the Board has been constituted as per the requirements of the Act and as per Regulation 21 of the SEBI Listing Regulations.

Composition	The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director
	The Chairperson of the Risk Management Committee shall be a member of the Board of Directors and senior executives of the Company may be members of the committee.
Meetings and Quorum	<p>The Risk Management Committee shall meet at least twice in a financial year and as and when necessary to review and monitor the risk associated with business of the Company.</p> <p>The meetings of the Risk Management Committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.</p> <p>The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher,</p>

	including at least one member of the board of directors in attendance.
Terms of reference	<ul style="list-style-type: none"> <li>a) To formulate a detailed risk management policy which shall include: <ul style="list-style-type: none"> <li>i) 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.</li> <li>ii) Measures for risk mitigation including systems and processes for internal control of identified risks.</li> <li>iii) Business continuity plan.</li> </ul> </li> <li>b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;</li> <li>c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;</li> <li>d) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;</li> <li>e) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;</li> <li>f) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;</li> <li>g) To coordinate its activities with other committees, in instances where there is any overlap with activities of the other committees, as per the framework laid down by the board of directors;</li> <li>h) To review Company's risk management policies in relation to various risks (credit, market, liquidity, operational and reputation risk);</li> <li>i) To review the risk return profile of the Company, Capital adequacy based on risk profile of the MFI's balance sheet, business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures and implementations of enterprise risk management; and</li> <li>j) To hold such risk reviews to ensure adequate monitoring as may be felt necessary by the internal as well as external stakeholders and to apprise the Board of the Company on a periodic basis.</li> </ul>

### 3. Nomination and Remuneration Committee

This Nomination and Remuneration Committee is constituted in compliance with the provisions of Section 178 of the Act and SBR Direction and Regulation 19 of SEBI Listing Regulations.

Composition	<p>The Nomination and Remuneration Committee shall consist of three or more non-executive directors out of which not less than two-third shall be independent directors.</p> <p>The Chairman of the Nomination and Remuneration Committee shall be elected by the Board or the members may elect a Chairperson from amongst themselves, who shall necessarily be an Independent Director.</p> <p>However, the Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration but shall not chair the said Committee.</p>
Secretary	The Company Secretary of the Company shall act as the Secretary to the Nomination and Remuneration Committee.
Meetings and Quorum	<p>The Nomination and Remuneration Committee shall meet at least once in a financial year and as and when necessary.</p> <p>The quorum for transacting business at a meeting of the Nomination and Remuneration Committee shall be at least two or one-third of the members of the Committee, whichever is higher including at least one independent director in attendance.</p>
Terms of reference	<ol style="list-style-type: none"> <li>a) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees in accordance with Section 178(4) of the Act;</li> <li>b) Formulation of criteria for the performance of evaluation of independent directors and the Board;</li> <li>c) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may: <ol style="list-style-type: none"> <li>i) use the services of an external agencies, if required;</li> <li>ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and</li> <li>iii) consider the time commitments of the candidates</li> </ol> </li> <li>d) Devising a policy on Board diversity;</li> <li>e) Identify persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;</li> <li>f) To recommend to the board, all remuneration, in whatever form, payable to senior management;</li> <li>g) To determine key performance indicators of senior executives of the</li> </ol>

	<p>Company and specify deliverables for the executive in line with the business plan of the Company;  “Senior executive to include the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Whole Time Directors, the Head of Departments of various functions and other key managerial personnel as decided from time to time in consultation with the Board of the Company and other stakeholders.”</p> <p>h) 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 actions, if required;</p> <p>i) To finalise top tier organization structure including top field level functionaries and direct reportees on a periodical basis or as and when required;</p> <p>j) 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);</p> <p>k) To recommend to the Board a policy, relating to remuneration for the Directors and Key Managerial Personnel;</p> <p>l) Determining the Company’s policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;</p> <p>m) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, including the following:</p> <p>n) administering employee stock option schemes, employee stock purchase schemes, stock appreciation rights schemes, general employee benefits scheme and retirement benefit schemes (the “Schemes”);</p> <p>o) delegating the administration and superintendence of the Schemes to any trust set up with respect to the Schemes;</p> <p>p) formulating detailed terms and conditions for the Schemes including provisions specified by the Board of Directors of the Company in this regard;</p> <p>q) determining the eligibility of employees to participate under the Schemes;</p> <p>r) granting options to eligible employees and determining the date of grant;</p> <p>s) determining the number of options to be granted to an employee;</p> <p>t) determining the exercise price under of the Schemes; and</p> <p>u) Construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Schemes, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Schemes.</p> <p>v) Framing suitable policies and systems to ensure that there is no violation of securities laws by, the Company, its employees or trust set up with respect to the Schemes, if any, of any applicable laws in India or overseas, including:</p> <ol style="list-style-type: none"> <li>i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and</li> <li>ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended;</li> </ol>
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	<p>w) Determine whether to extend or continue the terms of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors;</p> <p>x) and Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee</p>
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#### 4. Corporate Social Responsibility Committee

The Board has constituted the Corporate Social Responsibility Committee (the “CSR Committee”) in accordance with the provisions of Section 135 of the Act, and the rules made there under to oversee social programs undertaken by the Company and monitor economic and social impact of CSR programs. The Company has a Board approved CSR Policy in place and required disclosures to the effect are made from time to time.

Composition	In terms of Section 135 of the Act, every Company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a CSR Committee of the Board consisting 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 the Secretary to the CSR Committee.
Meetings and Quorum	<p>The CSR Committee shall meet at least two times in a year. However, the gap between two meetings shall not be more than 180 days. (As per the CSR policy)</p> <p>The quorum shall be at least two or one-third of the members of the Committee, whichever is higher</p>
Terms of reference	<ol style="list-style-type: none"> <li>a) the list of CSR projects or programs that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;</li> <li>b) the manner of execution of such projects or programs;</li> <li>c) the modalities of utilization of funds and implementation schedules for the projects or programs;</li> <li>d) monitoring and reporting mechanism for the projects or programs; and</li> <li>e) details of need and impact assessment, if any, for the projects undertaken by the Company</li> <li>f) Recommend the alteration to annual action plan, if any, to the Board during the financial year</li> <li>g) Recommend the amount of expenditure to be incurred on such activities;</li> <li>h) Review the periodical progress in implementing the CSR initiatives and ensure completion as per plan;</li> <li>i) Assess the impact of the CSR initiatives of the Company including appointment of independent firm/agency to conduct the impact assessment;</li> <li>j) Identify the ongoing CSR projects and recommend the CSR spend for such ongoing CSR Projects;</li> <li>k) Review the periodical progress in implementing the initiatives of ongoing CSR Projects and recommend modifications, if any, to the Board during the</li> </ol>

	financial year for smooth implementation of such projects.
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### 5. IT Strategy Committee:

The IT Strategy Committee has been constituted pursuant to SBR Directions - Information Technology Framework for the NBFC Sector.

Composition	The IT Strategy Committee shall comprise of minimum three directors as members. The Chairperson of IT Strategy Committee shall be an Independent Director who shall chair the Committee and shall have substantial IT expertise in managing/ guiding information technology initiatives.
Meetings and Quorum	The IT Strategy Committee shall meet at least once on a quarterly basis.  The quorum shall be at least two or one-third of the members of the Committee, whichever is higher.
Terms of Reference	<ul style="list-style-type: none"> <li>i. To Ensure that the Company has put an effective IT strategic planning process in place;</li> <li>ii. To 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;</li> <li>iii. To 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;</li> <li>iv. To ensure that the Company has put in place processes for assessing and managing IT and cybersecurity risks;</li> <li>v. To 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;</li> <li>vi. To Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company</li> </ul>

### 6. Stakeholders' Relationship Committee

This Stakeholders' Relationship Committee is constituted in compliance with the provisions of Sub-Section (5) of Section 178 of the Act and Regulation 20 of SEBI Listing Regulations.

Composition	<p>In terms of the provisions of Regulation 20 of SEBI Listing Regulations read with Section 178(5) of the Act, the Stakeholders Relationship Committee, shall comprise of at least three directors, with at least one being an independent director.</p> <p>The Stakeholders Relationship Committee consisting of a chairperson who shall be a non-executive director and such other members as may be decided</p>
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	by the Board.
Meetings and Quorum	<p>The Stakeholders Relationship Committee shall meet at least once in a financial year.</p> <p>The quorum shall be either two members or one third of the members of the Stakeholders Relationship Committee, whichever is higher.</p> <p>The Chairperson of the Stakeholders Relationship Committee shall be present at the Annual General Meetings to answer queries of the security holders</p>
Terms of Reference	<p>a. Redressal of grievances of shareholders, debenture holders and other security holders, including complaints related to the transfer of shares, including non receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, or any other documents or information to be sent by the Company to its shareholders, etc. and assisting with quarterly reporting of such complaints;</p> <p>b. Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;</p> <p>c. Dematerialisation of shares and re-materialisation of shares, issue of duplicate certificates and new certificates on split/consolidation/renewal;</p> <p>d. Non- receipt of declared dividends, balance sheets of the Company, annual report or any other documents or information to be sent by the Company to its shareholders;</p> <p>e. Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services; and</p> <p>f. Carrying out any other function as prescribed under the Listing Regulations, Companies Act, 2013 and the rules and regulations made thereunder, each as amended or other applicable laws.</p>

## 7. Asset Liability Management Committee

This Asset Liability Management Committee is constituted in compliance with the provisions of SBR Direction. The Company has a Board approved Asset Liability Management Policy in place and required disclosures to the effect are made from time to time.

Composition	<p>As per the Reserve Bank of India guidelines on Asset-Liability Management (ALM) System in Non- Banking Financial Companies (NBFCs), it is necessary:</p> <p>i. To formulate and review Asset-Liability Management Policy of the Company.</p> <p>ii. To constitute the Asset-Liability Committee (ALCO) in order to oversee the risk management policy/strategy of the Company relating to liquidity, interest rate and asset liability gap.</p> <p>iii. The CEO/ MD or the Executive Director should chair the Asset Liability Management Committee.</p>
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	<ul style="list-style-type: none"> <li>iv. Such committee should consist top management employees as members.</li> <li>v. To invite Chief Risk Officer and Head – Information Technology at the meeting.</li> </ul>
Meetings and Quorum	<p>The Asset Liability Management Committee shall meet at least twice in a financial year.</p> <p>The quorum shall be at least two or one-third of the members of the Committee, whichever is higher.</p>
Terms of Reference	<ul style="list-style-type: none"> <li>a) To manage the 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;</li> <li>b) To review the capital &amp; 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;</li> <li>c) To put in place an effective liquidity management policy, including, inter alia, the funding strategies, liquidity planning under alternative crisis scenarios, prudential limits and to review the same periodically.</li> <li>d) To articulate the interest rate view of the Company and decide the pricing methodology for advances in line with extant regulatory guidelines;</li> <li>e) To oversee the implementation of the 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;</li> <li>f) To consider and recommend any other matter related to liquidity and market risk management to the Board of Directors of the Company for suitable action;</li> <li>g) To forecast and analyse the 'What if scenario' and preparation of contingency plan.</li> </ul>

## 8. Management Committee of the Board

This Committee is constituted to facilitate execution of transactions inter-alia related to borrowings, investments, managing various bank accounts and other day to day business transactions from time to time.

The details of its terms of reference as approved by the Board of the Company are given below:

Composition	The Board of Directors has constituted the Management Committee consists of three Members.
Meetings and Quorum	<p>The Management Committee shall meet as and when required.</p> <p>The quorum shall be two members of the Management Committee.</p>
Terms of Reference	<ul style="list-style-type: none"> <li>a) to apply for loans and to provide security including hypothecation of book debts of the Company at such terms and conditions as may be decided by the Committee from time to time;</li> <li>b) to borrow moneys from time to time subject to an aggregate amount as approved by the Shareholders of the Company;</li> <li>c) to determine the terms of the Issue(s) of Debentures, and finalise the terms and conditions of such Issue(s) including the number of Debentures to be</li> </ul>

	<p>allotted in each Issue, Issue Price, Face Value, Rate of Interest, Redemption Period, the nature of security etc. for the purpose of raising funds in its absolute discretion deem fit and to do all such acts, deeds and things as may be required necessary in this regard;</p> <p>d) to determine the terms of the Issue(s) of Commercial Papers, and finalise the terms and conditions of such Issue(s) including the quantum of Commercial Papers to be allotted in each Issue, Issue Price, Face Value, Rate of Interest, Redemption Period, etc. for the purpose of raising funds in its absolute discretion as deemed fit and to do all such acts, deeds and things as may be required necessary in this regard;</p> <p>e) to sell loan portfolios of the Company upto a limit of Rs. 1,500 crores per sanction;</p> <p>f) to securitize the loan receivables arising from an identified pool of loans ("Receivables") provided to various persons from time to time standing in the books of the Company upto a limit of Rs. 1,500 crores per sanction;</p> <p>g) to purchase book debts of other micro-finance/ NBFC Companies upto a limit of Rs. 50 crores per sanction;</p> <p>h) to grant loans including inter corporate loans and advances on such terms and conditions as it may deem fit;</p> <p>i) to give guarantee or provide security for securing the loans or advances availed or to be availed by its subsidiaries and group Companies;</p> <p>j) to authorize Company official/s for execution of agreements, deeds and documents on behalf of the Company, including any loan documents;</p> <p>k) to change and authorise any officials of the Company to open, operate and close the Bank Accounts and Demat Accounts of the Company;</p> <p>l) to invest funds of the Company in Fixed Deposits to the extent necessary to avail credit facilities/ loans from the Banks/ Financial Institutions etc. and to invest surplus funds in liquid funds (i.e. mutual funds etc.) for the benefit of the Company including authorising the officials of the Company for such investments;</p> <p>m) to approve capital and operational expenditure including any exception thereof as per the Delegation of Authority Matrix as approved by the Board and amended from time to time.</p> <p>n) to appoint /authorize Company official/s for execution of documents, agreement, deeds and papers as may be required from time to time in relation to day to day operations of the Company;</p> <p>o) to make applications for obtaining licenses, registrations, connections, clearances, services etc. and to authorize/appoint 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;</p> <p>p) to review lease, assign, sell, transfer or otherwise dispose of, any fixed</p>
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	<p>assets or investments, whether by one transaction or by a series of transactions (whether related or not);</p> <p>q) any proposal relating to borrowings including issue of debt securities or commercial papers to be placed before the Committee should be pre-approved by the two Directors who are Members of the Committee;</p> <p>r) consider, determine and approve entering into arrangements such as business correspondence, co-lending, partnership agreements under various schemes of Banks/ Financial Institutions etc., and finalizing the terms and conditions of such arrangement including the quantum in each such arrangement, etc. and as deemed fit and to do all such acts, deeds and things as may be required necessary in this regard including but not limited to authorization of official of the Company to execute the transaction related document as may be necessary.</p>
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