A. K. CAPITAL FINANCE LIMITED

BUILDING BONDS

Internal Guidelines on Corporate Governance

Adopted/ Amendment of the Policy	Board Meeting Date(s)
Adoption of the Guidelines	July 02, 2015
Amendment in Guidelines	April 01, 2022
Amendment in Guidelines	May 11, 2024
Amendment in Guidelines	August 05, 2024
Amendment in Guidelines	October 30, 2024
Amendment in Guidelines	February 03, 2025
Amendment in Guidelines	May 17, 2025

Last reviewed on May 17, 2025

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1. INTRODUCTION

A. K. Capital Finance Limited is a Non-Banking Financial Company - Non Deposit accepting – Middle Layer (NBFC-ND-ML) registered with Reserve Bank of India (RBI). The Company is also member of the CBLO Segment of 'The Clearing Corporation of India Limited' (CCIL). The Company is categorized as an Investment and Credit Company and is primarily involved in Debt Market and is into trading of Debt securities (Non-SLR) and investment in Government securities (SLR).

The Company carries its activities in accordance with good corporate practices and is constantly striving to better them by adopting the best practices. To manage the affairs of the Company with integrity, fairness, accountability and transparency, the Company lays down the following set of Guidelines/ Corporate Governance Practices to create value for the stakeholders viz. the shareholders, employees, customers, society at large etc.

2. OBJECTIVE OF GUIDELINES ON CORPORATE GOVERNANCE

Pursuant to the Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023, it is required to frame internal guidelines on Corporate Governance in order to enable the Company to adopt best practices and achieve greater transparency in its operations.

3. DEFINITION(S)

A. **"Act"** means the Companies Act, 2013 read with rules made thereunder [*including any amendments or re-enactments thereof*]

B. "**Board**" or "**Board of Directors**" means Board of Directors of the Company, as constituted from time to time.

C. "**Company**" means A. K. Capital Finance Limited.

D. "**Committees**" means statutory as well as non-statutory committees constituted/ reconstituted by the Board from time to time

E. **"CG Guidelines" or "Corporate Governance Practices**" **or "Guidelines"** shall mean Internal Guidelines on Corporate Governance, as may be amended from time to time

F. **"RBI Master Direction" or "Master Direction"** shall mean Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

Any term(s) and, or expression(s) not defined in this Guidelines shall have the same meaning as defined in the applicable provisions of the Act and other applicable laws/ regulation.

Wherever appropriate in this Guideline a singular term shall be construed to mean the plural where necessary and a plural term the singular. Similarly, any masculine term shall also be construed to mean the feminine or any other gender and vice versa.

4. GOVERNANCE STRUCTURE

A. Board of Directors

The Board of Directors along with its various Committees shall provide leadership and strategic guidance to the Company's management. The Company's management shall act in accordance with the supervision, control and direction by the Board of the Company.

The Board has a vital role to play in the matters relating to policy formulation, implementation and strategic issues which are crucial for the long term development of the Company. The Board shall be responsible for overall compliance with the principles of corporate governance of the Company and oversee the business affairs, in doing so the Board must act honestly, in good faith and in the best interests of the Company.

Composition:

The Company's Board shall have an optimum combination of Executive, Non-Executive and Independent Directors in line with the requirements of the provisions of the Companies Act, 2013, RBI Master Directions, the Articles of Association of the Company and such other applicable laws in force.

Quorum and Meetings:

The quorum and meetings of the Board shall be held as per the requirements of the Act, and as prescribed in the Articles of Association of the Company. The directors shall strive to attend all the meetings of the Board and its Committees wherein he is a member. In case a director is unable to attend specific meeting, he or she shall seek leave of absence from the Board.

B. Statutory & Operational Committees

To focus effectively on the critical issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/ scope.

The Committees shall operate as per the terms of reference approved by the Board. The minutes of the meetings of all Committees of the Board shall be placed before the Board for noting in the subsequent meeting.

a) AUDIT COMMITTEE

The Company shall have in place an Audit Committee of the Company constituted in accordance with the provisions of the Section 177 of the Act, RBI Master Directions and applicable provisions of any other applicable laws. The powers, functions and duties of the Audit Committee shall be in compliance with the applicable provisions.

Composition:

The Audit Committee of the Company shall have minimum of three Directors with Independent Directors forming majority. The members of the Audit Committee shall be persons with financial literacy, accounting or related financial expertise, etc. The members of the Audit Committee shall be appointed by the Board of Directors.

The Audit Committee Meeting may be attended by the following as may be required by the Committee:

- Internal Auditors
- Representative of Statutory Auditors as and when invited
- Such other invitees at the discretion of the Chairperson of the Committee

Company Secretary shall act as the secretary to the Committee.

Quorum and Meetings:

Quorum shall comprise of two members or one third of the Members of the Audit Committee whichever is higher. At least one meeting of the Audit Committee shall be held per quarter including one prior to the finalization of the annual accounts.

Role of the Committee:

The role of the Audit Committee, inter-alia, shall include the following:

1. Oversight of the Company's financial reporting process and disclosures of financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment (including remuneration and other terms of appointment thereof) and, if required, the replacement or removal of the auditors and the fixation of audit fees.
3. Monitoring the Auditors' independence and performance and effectiveness of audit process.
4. Review with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval;
5. Review with the Management, the quarterly financial results before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses/ application of funds raised, the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and making appropriate recommendations to the Board to take up steps in this matter;
7. Evaluation of internal financial controls and risk management systems;
8. Review with the management adequacy of the internal control systems;
9. Reviewing the adequacy of internal audit function, if any, including its structure, staffing and seniority of the official who heads the department, reporting structure coverage and frequency of internal audit.
10. Discussion with internal auditors of any significant findings and follow up thereon;
11. Review and approve any related party transaction of the Company including granting of omnibus approval ;
12. Approval or any subsequent modification of transactions of the Company with related parties.
13. Review and approve the disclosure of related party transactions by the Company as per the statutory requirements;
14. Monitoring end use of the funds of the Company;
15. Scrutiny of inter-corporate loans and investments.
16. Valuation of undertakings or assets of the Company, wherever it is necessary
17. To review the functioning of the Whistle Blower/ Vigil mechanism;

18. To review compliance with the provisions of Insider Trading Regulations on a quarterly basis and verify that the systems for internal control are adequate and are operating effectively.
19. To look 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.
20. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
21. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
22. To review and approve granting of loans & advances or awarding of any contracts aggregating to INR 5 Crores or above to the following:
    - Directors (including the Chairperson/ Managing Director) of the Company or relatives of directors;
    - any firm in which any of the directors of the Company or their relatives, is interested as a partner, manager, employee or guarantor;
    - any company in which any of the directors of the Company, or their relatives, is interested as a major shareholder, director, manager, employee or guarantor.

*"**Majority Shareholder**" shall mean a person holding 10 % or more of the paid-up share capital or five crore rupees in paid-up shares, whichever is lower or as may be amended from time to time.*

23. The Committee shall ensure that the details of such loans & advances granted, or contracts awarded as specified in aforesaid clause shall be placed before the Board on quarterly basis.
24. The Committee may review the disclosures to be made in the financial statements of the Company with respect to the sanctioned loans & advances or contracts before the same will be placed before the Board for approval.
25. Periodic review of the cases of wilful defaults and recommend steps to be taken to prevent such occurrences and their early detection should these occur
26. Root cause analysis of wilful default cases and on system deficiencies, if any
27. Review credit risk monitoring
28. To conduct Information System Audit of all the identified information technology assets and systems as per the periodicity specified in the IS audit policy of the Company.
29. To carry out any other function or undertake any other activity (from time to time) as is referred/ specified by the Board or enforced by any statutory notification/ amendment or modification as may be applicable, whether under the Act, RBI Master Directions or by any other regulatory authority.

b) NOMINATION AND REMUNERATION COMMITTEE

The Company shall have in place a Nomination & Remuneration Committee ("**NRC**") to meet the requirements of Section 178 of the Act, RBI Master Directions and applicable provisions of any other applicable laws. The NRC shall apart from other things review the appointments and removals of directors, key managerial personnel and senior management, the compensation related matters and evaluation of performance of the directors, key managerial personnel and senior management, etc.

Composition:

The NRC of the Board shall consist of three or more non-executive Directors out of which not less than one-half shall be independent directors.

The Chairperson of the Board (whether executive or non-executive) may be appointed as a member of the NRC but shall not chair such committee.

Company Secretary shall act as the secretary to the Committee.

Quorum and Meetings:

Quorum shall comprise of two members or one third of the members of the NRC, whichever is higher. The NRC shall meet at least once in financial year and/ or as and when required.

Role of the Committee:

The role of the NRC, inter-alia, shall include the following:

1. Recommend persons to the Board for appointment and removal as Directors, Key Managerial Personnel ("**KMP**"), Senior Management Personnel ("**SMP**") and Chief Compliance Officer ("**CCO**"). The Committee may instruct the Managing Director to place the report on the remuneration fixed for SMPs, CCO and KMPs
2. Ensuring there is an appropriate induction in place for new directors, SMP, CCO and KMP
3. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, KMPs, SMPs and other employees
4. Lay down the criteria for performance evaluation of Board as whole, Committees of the Board of Directors (including Independent Directors), KMPs SMPs and Chairperson of the Board.
5. For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board. 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:
   a. use the services of an external agencies, if required
   b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
   c. consider the time commitments of the candidates
6. Deciding whether to extend or continue the term of appointment of the Independent Director on the basis of the report of performance evaluation of Independent Directors;
7. Monitoring of Nomination and Remuneration policy.
8. To decide on the commission of the Directors and/or other incentives payable, taking into account the individual's performance as well as that of the Company, if any.
9. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
10. Ensure adherence of fit & proper criteria for all the Directors in line with RBI Master Directions;
11. Ascertain that there is no conflict of interest between the Company and Directors, CCO, KMP & SMPs of the Company;
12. To carry out any other function or undertake any other activity (from time to time) as is referred/ specified by the Board or enforced by any statutory notification/amendment or modification as may be applicable, whether under the Act, RBI Master Directions or by any other regulatory authority.

'Senior Management' or 'Senior Management Personnel' *shall mean personnel of the Company who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the executive directors, including the functional heads.*

c) ASSET LIABILITY MANAGEMENT COMMITTEE

The Board shall also constitute an Asset Liability Management Committee ("**ALCO**") as required by the Guidelines on Liquidity Risk Management Framework as contained in the RBI Master Directions. The constitution and functioning of the ALCO shall be in line with the requirements of the Liquidity Risk Management (LRM) Framework of the RBI Master Directions and amended from time to time. The Committee inter alia, shall monitor the asset liability gap and strategize action to mitigate the risk associated.

Composition:

The Committee should have such members as approved by the Board in accordance with the requirements prescribed under the RBI Master Directions. The Managing Director shall chair the Committee. Further, Risk-Head shall be a member of the ALCO.

Company Secretary shall act as the secretary to the Committee.

Quorum and Meetings:

The quorum shall comprise of at least two members. The Committee shall meet as and when required, but shall meet at least four times in a year.

Role of the Committee:

1. Reviewing Asset-Liability Management report in the Company including liquidity risk management and ensure mitigating any gaps;
2. Noting of the returns filed with RBI
3. Review the ICAAP analysis and Stress Test run by the Company
4. Formulate standards on desired maturity profile of Loan assets.
5. Monitoring maturity profile of outstanding and incremental assets and liabilities.
6. Deciding interest rates that can be offered by the Company pursuant to the prevailing interest rates offered by peers and competitors.
7. Product pricing for advances.
8. To decide on the source and combination of or sale of loan assets.
9. To develop the funding plan of the Company in light of interest rate movements
10. Discussing the financial performance on quarterly basis.
11. To approve/ sign/ execute sheets for borrowings/ lending related activities for short term requirements through Tri-party Repo system of CCIL by any one of the member of the committee.
12. To exercise powers in accordance with the ALM Policy of the Company
13. To carry out any other function or undertake any other activity (from time to time) as is referred/ specified by the Board or enforced by any statutory notification/amendment or modification as may be applicable, whether under the Act, RBI Master Directions or by any other regulatory authority

Asset Liability Management (ALM) Support Group:

The ALM Support Group consisting of the operating staff shall be responsible for analyzing, monitoring and reporting the liquidity risk profile to the ALCO.

Such support group shall have such responsibilities as prescribed under the provisions of ALM & LRM Policy.

d) RISK MANAGEMENT COMMITTEE

The Risk Management Committee ("**RMC**") shall ensure that the risks associated with the business/ functioning of the Company are identified, controlled and mitigated and shall also lay down procedures regarding managing and mitigating the risks through integrated risk management systems, strategies and mechanisms.

Composition:

The RMC should have such members as approved by the Board in line with applicable provisions of the RBI Master Directions.

Company Secretary shall act as the secretary to the RMC.

Quorum and Meetings:

The quorum shall comprise of at least two members. The RMC shall meet as and when required, but shall meet at least on quarterly basis.

The Board of Directors shall define the roles and responsibilities of the RMC and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.

The RMC 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

The role of the committee shall, inter alia, include the following:

1. To formulate a detailed risk management policy which shall include:
    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.

2. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems, risk categorization, credit deviation;

3. To oversee 'Money Laundering and Terrorist Financing Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc.
4. To monitor concentration and other risks faced by NBFCs and take necessary measures to mitigate the same;
5. The Committee may seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, as may be required.
6. The Committee may place a sector or a client on watchlist and task the management with appropriate action, which could be freezing of exposure, run down of exposure, sale of exposure, client engagement etc. as required;
7. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
8. To oversee enterprise level operational risk and mitigation plans
9. To oversee the effectiveness of the Information and Communication Technology risk management through the designated committee
10. To ensure root cause analysis, after any disruption to a business service with emphasis on critical service.
11. The RMC 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
12. To lay down the risk appetite statement of the Company with well-defined thresholds/ limits for each kind of risks.
13. To develop various qualitative and quantitative aspects of risk assessments.
14. To exercise powers in accordance with the Risk Management and Evaluation Policy of the Company
15. To carry out any other function or undertake any other activity (from time to time) as is referred/ specified by the Board or enforced by any statutory notification/amendment or modification as may be applicable, whether under the Act, RBI Master Directions or by any other regulatory authority.

e) INVESTMENT AND CREDIT COMMITTEE

The Investment and Credit Committee ("**ICC**") of the Company shall overview the Company's financial position and the requirements of the fund for lending to the clients, after analyzing the credit worthiness of the borrower while lending including their repayment capacity.

Composition:

The ICC should have such members as approved by the Board. The ICC shall appoint one of its members as the Chairperson of the Committee.

Company Secretary shall act as the secretary to the Committee.

Quorum and Meetings:

The quorum shall comprise of at least two members. The ICC shall meet as and when required.

Role of the Committee:

1. Consider and approve the proposals to invest in shares, mutual fund units and other convertible/ non-convertible securities of the Company;
2. Authority to grant loans to bodies corporate, individuals and others from time to time, on such terms and conditions as may be decided by the ICC and look into matters arising/ related to post disbursements of loans.
3. Review the loans and investments portfolio of the Company along with valuation of investments on a set interval;
4. Review and consider the DPD status of loan assets and consider making provisions, if required. Further, may approve Technical write-off/ Compromise settlements and any other relevant matters.
5. Consider the critical breaches of covenants, if escalated by Internal Risk Management Committee;
6. To negotiate, finalise and execute any agreement/ document/ letter/ contract/ application/ form, as may be required for the primary/ secondary dealings of the Company, including registration with any authority;
7. To consider and approve the acquisition of loan portfolio/ pool of assets under PTC or securitization and other ancillary matters;
8. Review the status of customer complaints at regular intervals.
9. To ensure that stipulated timelines are followed with respect to the reporting of credit information and resolving the disputes and take necessary steps in case of any deviations from stipulated time limits are observed.
10. To review Credit Information reports submitted to CICs at regular intervals and address grievances in relation to the same, if any.
11. To carry out Root Cause Analysis of the customer grievances received, if any, at regular intervals and review the outcome of the said analysis.
12. To compensate the customers for delay in resolving complaints relating to credit information within the prescribed timelines as per the prescribed framework
13. To exercise powers in accordance with the Investment Policy and Credit Policy of the Company
14. To carry out any other function or undertake any other activity (from time to time) as is referred/ specified by the Board or in relation to the investment as well as credit related activities of the Company

f) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board shall constitute a Corporate Social Responsibility Committee ("**CSR Committee**") to meet the requirements of Section 135 of the Act. The CSR Committee will be vested with necessary powers, as laid down in its terms of reference to achieve its objectives.

Composition:

The CSR Committee shall have minimum three directors, out of which at least one director shall be an independent director. The members of the CSR Committee shall be appointed by the Board of Directors. The Committee shall appoint one of its members as the Chairperson of the Committee.

Company Secretary shall act as the secretary to the Committee.

Quorum and Meetings:

Quorum shall comprise of two members or one third of the members of the committee, whichever is higher. The Committee shall meet as and when required but at least meet once in year.

Role of the Committee:

1. Formulating and recommending to the Board, CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;
2. Making recommendation on the amount of expenditure to be incurred on CSR activities and set-off the excess amount, if any;
3. Identify the activities to be considered by the Company and the projects and timelines and recommend the same to the Board for its approval. Formulate Annual Action Plan and recommend the same to the Board;
4. Instituting a transparent monitoring mechanism for implementation of the CSR activities to be undertaken by the Company;
5. Review the policy's effectiveness and implementation on a regular basis and report relevant findings and make appropriate recommendations to the Board;
6. Review and finalise CSR Report as part of the Annual Report and website disclosure of the Company;
7. All such acts, deeds, matters as may be required for successful execution, implementation and smooth compliance of matters pertaining to CSR, as and when required;
8. To carry out any other function or undertake any other activity (from time to time) as is referred/ specified by the Board or enforced by any statutory notification/amendment or modification as may be applicable, whether under the Act or by any other regulatory authority.

g) STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Stakeholders' Relationship Committee ("**SRC**") shall specifically look into various aspects of interest of shareholders, debenture holders and other security holders.

Composition:

The SRC of the Board shall be constituted in accordance with the provisions of Section 178(5) of the Act. The Chairperson of this committee shall be a non-executive director and such other members as may be decided by the Board.

Company Secretary shall act as the secretary to the Committee.

Quorum and Meetings:

Quorum shall comprise of two members or one third of the members of the committee, whichever is higher. The SRC shall meet as and when required but at least meet once in year.

The Board of Directors shall define the role and responsibility of the SRC.

The role of the committee shall, inter alia, include the following:

1. Resolving the grievances of the security holders of the Company as per the escalation matrix

mentioned in the Board approved Investor Grievance Mechanism of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, documents related to general meetings etc.;

2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company.
4. To undertake self-evaluation of its own functioning and identification of areas for improvement towards better governance;
5. The Committee shall not be responsible for handling the grievances received under grievance mechanism as applicable to Company under RBI Regulations, amended from time to time.
6. Resolving grievances of debenture holders including payment of interest/ principal
7. To carry out any other function or undertake any other activity (from time to time) as is referred/ specified by the Board or enforced by any statutory notification/amendment or modification as may be applicable, whether under the Actor by any other regulatory authority.

h) IT STRATEGY COMMITTEE:

IT Strategy Committee ("**ITSC**") shall ensure that effective IT strategic planning processes are in place.

Composition:

The ITSC should have such members as approved by the Board. The ITSC shall consists of minimum three directors and the Independent Director on the Board of the Company having substantial IT expertise in managing/ guiding information technology initiatives shall chair the committee, in pursuance to RBI (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023 dated November 7, 2023. Members of the ITSC shall be technically competent.

The Chief Information Security Officer ("**CISO**") shall be permanent invitee at the meetings of the ITSC.

Company Secretary shall act as the secretary to the Committee.

Quorum and Meetings:

The quorum shall comprise of at least two members. The Committee shall meet as and when required, but shall meet at least on quarterly basis.

The Board of Directors shall define the role and responsibility of the ITSC.

The role of the committee shall, inter alia, include the following:

1. To ensure an effective IT strategic planning process in place;
2. 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;
3. To satisfy 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;
4. To ensure that the Company has put in place processes for assessing and managing IT and

cyber security risks;

5. 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; and
6. To review the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery ("**DR**") Management of the Company. Periodicity of DR drills for critical information systems shall be at least on a half-yearly basis and for other information systems, as per risk assessment of the Company.
7. To conduct Vulnerability Assessment ("VA") at least once in every six months and Penetration Testing ("PT") at least once in 12 months for critical information systems. Requirement and periodicity of conduct of VA/ PT for non-critical information systems shall be decided on the basis of a risk-based approach.
8. To carry out any other function or undertake any other activity (from time to time) as is referred/ specified by the Board or enforced by any statutory notification/amendment or modification as may be applicable, whether under the Actor by any other regulatory authority

i) IT STEERING COMMITTEE:

IT Steering Committee shall assist the ITSC in strategic IT planning and ensure IT activities are in alignment with business needs.

Composition:

The Committee should have such members as approved by the Board. The Committee shall consists of representatives from senior management level from IT and business functions and appoint one of its members as the Chairperson of the Committee in pursuance to RBI (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023 dated November 7, 2023.

The Chief Information Security Officer ("**CISO**") and Chief Technology Officer ("**CTO**") shall be permanent invitees at the meetings of the IT Steering Committee.

Company Secretary shall act as the secretary to the Committee.

Quorum and Meetings:

The quorum shall comprise of at least two members. The Committee shall meet as and when required, but shall meet at least on quarterly basis.

The Board of Directors shall define the role and responsibility of the IT Steering Committee

The role of the committee shall, inter alia, include the following:

1. To assist the IT Strategy Committee in strategic IT planning, oversight of IT performance, and aligning IT activities with business needs;
2. To oversee the processes put in place for business continuity and disaster recovery;
3. To ensure implementation of a robust IT architecture meeting statutory and regulatory compliance; and
4. To update IT Strategy Committee and Managing Director periodically on the activities of IT

Steering Committee.

5. To carry out any other function or undertake any other activity (from time to time) as is referred/ specified by the Board or enforced by any statutory notification/ amendment or modification as may be applicable, whether under the Act or by any other regulatory authority.

j) INFORMATION SECURITY COMMITTEE

Information Security Committee shall be responsible for managing cyber/ information security under the oversight of the ITSC.

Composition:

The Committee should have such members as approved by the Board on the recommendation of the ITSC. It shall consist of Chief Information Security Officer ("**CISO**"), Chief Technology Officer ("**CTO**") and other representatives from business and IT functions as its members in pursuance to RBI (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023 dated November 7, 2023. The Chairperson of the Committee shall be from risk management vertical.

Company Secretary shall act as the secretary to the Committee.

Quorum and Meetings:

The quorum shall comprise of at least two members. The Committee shall meet as and when required, but shall meet at least on a quarterly basis.

The Board of Directors shall define the roles and responsibilities of the Information Security Committee

The role of the committee shall, inter alia, include the following:

1. To manage cyber/ information security;
2. Development of information/ cyber security policies, implementation of policies, standards and procedures to ensure that all identified risks are managed within the RE's risk appetite
3. Approving and monitoring information security projects and security awareness initiatives
4. Reviewing cyber incidents, information systems audit observations, monitoring and mitigation activities
5. Updating IT Strategy Committee and Managing Director periodically on the activities of Information Security Committee.
6. To carry out any other function or undertake any other activity (from time to time) as is referred/ specified by the Board or enforced by any statutory notification/amendment or modification as may be applicable, whether under the Act or by any other regulatory authority.

k) BANKING AND OPERATIONS COMMITTEE

Banking and Operations Committee shall overview all the borrowing related transactions including opening of bank accounts for parking of funds required by the Company.

Composition:

The Committee should have such members as approved by the Board. The Committee shall appoint one of its members as the Chairperson of the Committee.

Company Secretary shall act as the secretary to the Committee.

Quorum and Meetings:

The quorum for the meeting shall be at least 2 members. The Committee may meet as and when required.

The Board of Directors shall define the roles and responsibilities of the Banking and Operations Committee.

The role of the committee shall, inter alia, include the following:

1. Opening/operating/closing of bank accounts, demat accounts & CSGL accounts;
2. Availing any services with respect to lending related transaction;
3. Availing any services with respect to any accounts maintained;
4. Modification in the list of authorized signatories to operate bank accounts, demat accounts & CSGL accounts.
5. Taking bank credit limits for onward lending.
6. Empanelment applications to the clients;
7. To approve any matter related to the day to day operations of the Company;
8. To exercise powers in accordance with the Borrowing Policy of the Company.
9. To negotiate, finalise and execute any agreement/ document/ letter/ contract/ deed/ application/ form in connection with sale and/ or lease of the property of the Company

I) INTERNAL RISK MANAGEMENT COMMITTEE

Internal Risk Management Committee of the Company shall overview the lending as well as investments activities of the Company from risk perspective, after analyzing the credit worthiness and such other key parameters. The Committee shall also carry out the functions of the Identification Committee as specified in the Master Direction on Treatment of Wilful Defaulters and Large Defaulters for examining and identifying the cases of wilful as well as large defaults, if any.

Composition:

The Committee should have such members as approved by the Board. The Committee shall appoint one of its members as the Chairperson of the Committee. Further, the Committee shall consists of an officer not more than one rank below the MD as chairperson and two senior officials, not more than two ranks below the chairperson of the committee, as members to fulfill its functions as an Identification Committee.

Company Secretary shall act as the secretary to the Committee.

Quorum and Meetings:

The quorum for the meeting shall be at least 2 members. The Committee may meet as and when required.

The Board of Directors shall define the roles and responsibilities of the Internal Risk Management Committee.

The role of the committee shall, inter alia, include the following:

1. Recommending and enforcing risk management policy in the Company;
2. Evaluating the risk implication of every activity at regular intervals of time
3. Reviewing the guidelines and monitoring exposure limits at regular intervals
4. Vetting of new credit products of the Company from risk perspective
5. Establishing best practices and standards including risk management and ensuring adherence of the same
6. Developing effective surveillance & MIS reports to review whether the risk management policy is effectively and efficiently implemented.
7. Ensure that appropriate training on money laundering and terrorist financing to employees/ staff is being carried out whenever required.
8. Risk profiling of customers at the time of discussing credit proposal. Ensure ongoing monitoring including credit risk monitoring which may cover review of the DPD status of loan assets, consider making provisions, if required, recommendation of Technical write-off/ Compromise settlements and any other relevant matters.
9. To discuss the breach of critical covenants on any loan account as well as investment
10. To note the breach of non-critical covenants on any loan account as well as investment
11. To exercise powers in relation to the risk management and mitigation, as may be required from time to time
12. To analyze and identify the cases of willful as well as large defaulters borrowers/ promoters/ guarantor and/ or directors/ persons-in-charge for the management of borrower with respect to any credit facility sanctioned by the Company for recommending the same to Review Committee for perusal.
13. To authorize the officials of the Company for issuing show cause notices to such willful/ larger defaulter borrowers/ promoters/ guarantor and/ or directors/ persons-in-charge for the management of borrower
14. To examine the 'wilful default' aspect in respect to all the Non-Performing Assets (NPA) accounts with outstanding amount of INR 25 lakh and above or as may be notified by Reserve Bank of India from time to time
15. To recommend the Review Committee the requirement of initiating criminal proceedings against any willful/ large defaulters, based on the facts and circumstances of each case.
16. To recommend penal actions and other measures against any such willful/ large defaulters/ guarantors/ promoters and/ or directors/ persons-in-charge for the management of borrower
17. To take all the necessary steps specified in the Board approved mechanism/ procedure for identifying willful/ large defaulters. The Committee may recommend to Review Committee any amendment to such mechanism/ procedure for approval and the same shall be placed place in subsequent meeting of Board of Directors.
18. Monitoring of payment/ repayments from borrowers
19. To recommend actions against statutory auditors of such borrower, in case of any negligence or deficiency at its part.

20. To analyse the accountability and involvement of third party engaged by the Company if they have played a vital role in credit sanction/ disbursement and are found negligent or deficient in their work or have facilitated the wilful default by the borrower.
21. To exercise powers in relation to the risk management and mitigation, as may be required from time to time.
22. To negotiate, finalise and execute any agreement/ document/ letter/ contract/ application/ form and to approve and sign dealing sheets as may be required for the primary/ secondary transactions of the Company.
23. To carry out any other function or undertake any other activity (from time to time) as is referred/ specified by the Board/ Committee or enforced by any statutory notification/ amendment or modification as may be applicable, whether under any act, regulations or by any other regulatory authority.

m) DEBENTURE COMMITTEE

Debenture Committee shall ensure smooth functioning of Issuance of Non-Convertible Securities ("NCS") and other transactions pertaining to the same post issuances.

Composition:

The Committee should have such members as approved by the Board. The Committee shall appoint one of its members as the Chairperson of the Committee.

Quorum and Meetings:

The quorum for the meeting shall be at least 2 members. The Committee may meet as and when required.

The Board of Directors shall define the roles and responsibilities of the Debenture Committee:

The role of the committee shall, inter alia, include the following:

1. To consider and transact the matter of raising of funds by issue of NCS up to the limit authorised by the shareholders, on private placement basis or through public issuance on such terms and conditions as it may deem fit and allot the said NCDs in one or more tranches and to do all such acts, deeds and things as may be deemed necessary;
2. To monitor the payment of interest/ principal to the holders of debenture from time to time;
3. To approve repurchase/ exercise of call option with respect to any debentures issued by the Company, as per the terms of issuance;
4. To consider and approve fund raising by way of issuance of Commercial Papers, within the limits approved by the shareholders of the Company;
5. To finalise, execute and submit any document/ agreement/ application/ form/ instrument/ any other paper to any authority including but not limited to stock exchanges, SEBI, depositories, RTA;
6. To appoint or avail services of any third party with respect to issuance of debentures on private placement as well as through public issue;
7. To exercise powers in relation to the issuance of NCS, as may be required from time to time

n) FRAUD MONITORING COMMITTEE

Fraud Monitoring Committee shall ensure proper systems are in place for fraud monitoring and mitigation in pursuance to Master Direction on Fraud Risk Management in Non-Banking Financial Companies dated July 15, 2024.

Composition:

The Committee should have such members as approved by the Board in pursuance to Master Direction on Fraud Risk Management in Non-Banking Financial Companies dated July 15, 2024. The Committee shall appoint one of its members as the Chairperson of the Committee.

Company Secretary shall act as the secretary to the Committee.

Quorum and Meetings:

The quorum for the meeting shall be at least 2 members. The Committee may meet as and when required.

The Board of Directors shall define the role and responsibility of the Fraud Monitoring Committee:

The role of the committee shall, inter alia, include the following:

1. oversee the effectiveness of the fraud risk management;
2. review, monitor, ascertain quantum of cases of frauds, if any, including root cause analysis, and suggest mitigating measures for strengthening the internal controls, risk management framework and minimising the incidence of frauds and may apprise the same to the Board/ Committee;
3. discuss fraud incidents in detail and other actionable including issue of show cause notice, analyse responses/ submissions from customer, classification of accounts, orders/ decision;
4. to put in place a transparent mechanism to ensure that Whistle Blower complaints on possible fraud cases/ suspicious activities in account(s) are examined and concluded appropriately under the Whistle Blower Policy;
5. Identify appropriate Early warning indicators for monitoring credit facilities/ loan accounts and other financial transactions, oversee the effectiveness of the framework for Early Warning Signals and implement preventive measures;
6. To carry out any other function or undertake any other activity (from time to time) as is referred/ specified by the Board or enforced by any applicable statutory notification/ amendment as may be notified by regulatory authority with respect to fraud monitoring.

o) REVIEW COMMITTEE

Review Committee shall review and analyze the willful/ large defaulters identified in pursuance to Master Directions on Treatment of Wilful Defaulters and Large Defaulters dated July 30, 2024.

Composition:

The Committee shall consist of two independent directors or non-executive directors or equivalent officials as members as approved by the Board in pursuance to Master Directions on Treatment of

Wilful Defaulters and Large Defaulters dated July 30, 2024. The Managing Director of the Company shall be the Chairperson of this committee.

Company Secretary shall act as the secretary to the Committee.

Quorum and Meetings:

The quorum for the meeting shall be atleast 2 members. The Committee may meet as and when required.

The Board of Directors shall define the role and responsibility of the Review Committee:

The role of the committee shall, inter alia, include the following:

1. To review the cases of willful as well as large defaulters as recommended by Internal Risk Management Committee ("IRMC") from time to time and classify the borrowers/ promoters/ guarantor and/ or directors/ persons-in-charge for the management of borrower as a willful/ large defaulter by explaining the reasons in writing.
2. To authorize the officials of the Company for issuing show cause notices to such willful/ larger defaulter borrowers/ promoters/ guarantor and/ or directors/ persons-in-charge for the management of borrower
3. To discuss the recommendation of IRMC in relation to wilful defaults identified for the Non-Performing Assets (NPA) accounts with outstanding amount of INR 25 lakh and above or as may be notified by Reserve Bank of India from time to time.
4. To examine the requirement of initiating criminal proceedings against any willful/ large defaulters, based on the facts and circumstances of each case.
5. To take penal actions and other measures against any such willful/ large defaulters
6. Regular monitoring of any willful as well as large defaulters identified
7. To take all the necessary steps specified in the Board approved mechanism/ procedure for identifying and reviewing willful/ large defaulters. The Committee may consider and approve the recommendation of IRMC for any amendment to such mechanism/ procedure. Revised mechanism/ procedure shall be placed in subsequent meeting of Board of Directors.
8. Monitoring of reporting to Credit Information Companies ("CICs") in relation to defaults in subject and on the website of the Company, in the prescribed manner
9. Ensure compromise settlements with any such default borrower to be made in line with policy as well as relevant directions/ circular.
10. To actions against statutory auditors of such borrower, in case of any negligence or deficiency at its part.
11. To fix the accountability of third party engaged by the Company if they have played a vital role in credit sanction/ disbursement and are found negligent or deficient in their work or have facilitated the wilful default by the borrower.
12. To carry out any other function or undertake any other activity (from time to time) as is referred/ specified by the Board/ Committee or enforced by any statutory notification/ amendment or modification as may be applicable, whether under any act, regulations or by any other regulatory authority.

Apart from the above committees, the Board shall constitute such other committees as may be deemed fit by it, if required.

5. DISCLOSURE TO THE BOARD:

The following disclosures shall be made to the Board of Directors at regular intervals as may be prescribed by the Board in this regard:

- 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.
- Management of risks including credit, KYC, fraud and mitigation steps to ensure preparedness of the Company

6. REVIEW/ AMENDMENT OF POLICY:

The Board shall review this policy on a regular interval. Also, in case of any deviation in any of the provisions of this policy from relevant regulations, the said regulations/ circulars/ guidelines shall prevail.

Further, any regulatory amendments with respect to the provisions of this policy shall be made effective from the date mentioned in the given notification and this policy may be amended later by the Board. An interim review and amendment can also be carried out to accommodate minor changes, if any, on regulatory and operating front by the Compliance Officer of the Company.