

## **Corporate Governance Guidelines**

The need for good corporate governance has been gaining increased emphasis over the years. Companies are adopting best corporate practices to increase the investors confidence as also that of other stakeholders. Corporate Governance is the key to protecting the interests of the stake-holders in the corporate sector. Reserve Bank of India vide their initial Circular(s) dated May 08, 2007 and July 11, 2007 have issued guidelines on Corporate Governance to non – deposit taking NBFC's with an asset size of Rs.100 crore or above, in order to enable the adoption of best practices and greater transparency in their operations. In accordance with RBI Guidelines, 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.

### **Objective**

The objective of the Corporate Governance Policy is to ensure that the structure, responsibilities and functions of Board of Directors and the senior management of the Company, fully recognize the expectations of all stakeholders as well as those of the regulator. The structure should be such that it adopts sound and prudent principles and practices for the governance of the company.

### **Company's Philosophy on Corporate Governance**

The Company recognizes its role as a corporate citizen and endeavors to adopt the best industry practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities shall be carried out in accordance with good corporate practices and the Company shall constantly strive to better them and adopt the best industry practices. The affairs of the Company shall be conducted with integrity, fairness, accountability and transparency. All commitments in its dealings with stakeholders and regulatory authorities shall be met.

### **Composition of Board of Directors**

The Board of Directors along with its Committees shall provide leadership and guidance to the Company's management and direct, supervise and control the performance of the Company. The Board of Directors of the Company shall have a judicious mix of executive and non-executive directors with the right element of independence on the Board.

### **Constitution of various Committees**

With the objective of attaining accountability, transparency and fairness, the Board in exercise of its powers has set out clear roles and responsibilities, including those powers, which the Board wishes to exercise by itself or through a formally constituted committees to ensure the good governance.

#### **- Audit Committee**

The Committee of the Board shall be responsible to review the company's financial management policies, adequacy of internal control systems and internal audit system, review the annual financial statements with the

Management and Auditors and all other aspects that are required to be performed by the Audit Committee of the Company. The Audit Committee shall comprise of minimum three directors of which majority shall be non-executive directors.

- **Risk Management Committee**

The Committee shall be responsible to review the risk management policies, procedures and risk reporting mechanisms, parameters of trading, counterparty/instrument – wise exposure limits, compliance with the approved/statutory risk policies, procedures, parameters or other risk related matters.

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

The Committee of the senior management of the Company shall attend to issues relating to Asset Liability Management, ensuring adherence to the Risk Management Policies approved by the Board/Committees of the Board; drafting of Risk Management Policies on risks associated with the Company's business for approval of the Board etc.

- **Management Committee**

The Committee shall be formed inline with the Business Investment and Risk policy of the Company shall consist of the senior management of the Company. The Committee shall be responsible to assist the Managing Director in decision making by acting as a co-ordination committee of the various departments of the Company. It would deliberate on any matter which has a bearing on the Company's operations and would function as a forum to elicit inputs from all the departmental heads and keep all the departmental heads aware of issues.

- **Primary Market Committee**

The Committee shall consist of the senior management of the Company and the Committee shall be responsible to decide on the issues relating to Annual Bidding Commitments as a Primary Dealer, to be submitted to RBI at the beginning of each year, the underwriting bids at the time of each auction, the bidding at the auction/issue of government securities (G-Sec.) and Treasury Bills (T-Bills).

- **Equity Market Committee**

The Committee shall be constituted and active only when such business activities are carried on by the Company. The senior management Committee of the Company shall be responsible to review the Equity Portfolio in Cash, F&O and Equity Linked Mutual Fund, the Investment in IPOs /FPOs and the Equity- Linked Mutual Funds and decide on the appropriate trading strategies.

- **Remuneration and Nomination Committee**

The Committee of the Board of Director is constituted in line with the requirement of RBI and/or any other acts, as applicable, to ensure the 'fit and proper' status of proposed or existing Directors.

- **IT Technical Committee**

The Committee shall consist of professionals/experts having wide exposure and experience in the matters pertaining to the Information Technology.

**Periodicity of the Meetings of Board and Committees**

The Board and the Audit Committee shall meet atleast, four times at quarterly intervals and/or more frequently, if deemed necessary to conduct its business. The ALCO Committee would shall once in a fortnight. The Management Committee shall meet once in a month and the Primary Market Committee shall meet as and when auction is conducted by RBI.

**Disclosure and Transparency**

The following information shall be put up to the Board of Directors at regular intervals as may be prescribed by the RBI in this regard:

- (a) progress made in putting in place a progressive risk management system, and risk management policy and strategy followed
- (b) 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.

The Company shall place before the Board at quarterly intervals, a report on Review of Business, Internal Audit reports, Risk Review Reports etc. The Company shall also place at regular intervals a Statutory Compliance Certificate in regard to the compliance of the various laws as applicable to the Company.

**Connected Lending Relationships**

The Company shall comply with the RBI Instructions on lending to Directors, their relatives or Directors of other Companies and their relatives and other entities, if any such facility shall be provided in future.