

Corporate Governance Policy

Version 4.0



ANNAPURNA
FINANCE
GROWING TOGETHER

DOCUMENT OWNER, VERSION CONTROL & REVIEW PROCESS

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CORPORATE GOVERNANCE POLICY

1. PURPOSE

Annapurna Finance Private Limited (“Company”) is committed to highest standards of professionalism, ethics, accountability and integrity as well as to follow best practices in Corporate Governance, disclosure and transparency in its business operations. The company makes its best endeavor to uphold and nurture these core values across all aspects of its operations. The Company always strives to achieve the best and constantly endeavours to improve upon its standards.

Annapurna firmly believes in and has consistently endeavored to practice good corporate governance. It follows a sound governance process consists of a combination of transparent business practices, which enhance shareholders value and enables the company to fulfil its obligations to customers, employees, financiers and to the society in general. The company further believes that, such practices are founded upon the core values of transparency, empowerment, accountability, independent monitoring and environment consciousness.

2. REGULATION REFERENCES

The Reserve Bank of India (“RBI”) has issued the Master Direction – “Reserve Bank of India (Non- Banking Financial Company – Scale Based Regulation) Directions, 2023” dated October 19, 2023 (“RBI SBR Directions”) including amendments or updates if any, repealing the earlier issued Master Circular on Corporate Governance, Master Direction on Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 and Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 on Corporate Governance.

The policy has been aligned with the Companies Act, 2013 (‘Act’) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’), applicable Secretarial Standards framed by the ICSI, and RBI SBR Directions, as amended from time to time.

3. DEFINITIONS

In this Policy, unless the context otherwise requires, the following words, expressions and derivations therefrom shall have the meanings assigned to them as under:

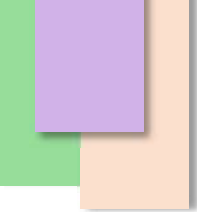
- a) ALM Committee: mean Assets Liability Management Committee (otherwise known as ALCO Committee).
- b) Board of Directors” or “Board”, in relation to a Company, shall mean the collective body of the Directors of the Company..
- c) Company: Annapurna Finance Private Limited/ AFPL.
- d) Head Office: Registered office of the company.
- e) Minutes: means the minutes of the board or committees of the meeting prepared in accordance with the applicable provisions of Companies Act 2013 and secretarial standards issued by ICSI.
- f) Master Directions or RBI Directions or SBR Direction shall mean Master Direction – “Reserve Bank of India (Non- Banking Financial Company – Scale Based Regulation) Directions, 2023” dated October 19, 2023 (“RBISBR Directions”) including amendments or updates if any or any other Directions issued by RBI and applicable to company being NBFC-MFI.
- g) NBFC-ML: Non-Banking Financial Company -Middle Layer
- h) NBFC-UL: Non-Banking Financial Company – Upper Layer
- i) SEBI Regulations: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- j) Secretarial Standards: Secretarial Standards specified by the Institute of Company Secretaries of India (ICSI)

Words importing the singular number shall include the plural number and words importing the masculine gender shall, where the context admits, include the feminine and neutral gender.

Words and expressions used but not defined in this Policy shall have the same meaning as ascribed to them in the Act / Regulations, and the rules made thereunder, as the case may be or in any subsequent amendment thereto. This Policy shall be subject to such statutory clarifications, informal guidance and FAQs as may be issued by Regulatory Authority from time to time.

4. BOARD OF DIRECTORS

The Board shall be responsible for exercising its business judgments to act in, what it reasonably believes to be in the best interests of the Company and its shareholders. The Board of Directors (BOD) along with its constituted Committees shall provide direction and guidance for the Company and shall further supervise and review the performance of the Company.



As the Directors occupy fiduciary position, they shall attend and actively participate in Board and its Committee meetings thereof, on which they serve, and shall properly discharge their responsibilities.

The Board shall be responsible for overall compliance with the Corporate Governance of the Company and oversee the business affairs including responsibility for the Company's business strategy and financial soundness, key personnel decisions, internal organisation and governance structure and practices, Risk Management and compliance obligations and in doing so the Board must act honestly, in good faith and in the best interest of the Company.

The Board should ensure that the Company's organisational structure enables the Board and Senior Management to carry out their responsibilities and facilitates effective decision making and good governance. This includes clearly laying out the key responsibilities and authorities of the Board itself, Senior Management and of those responsible for the control functions.

The Board should actively engage in the major matters of the Company and keep up with material changes in the Company's business and the external environment as well as act in timely manner to protect the long-term interests of the Company.

The Board should ensure that transactions with related parties are reviewed to assess risk and are subject to appropriate resolutions/approval, as required under various applicable laws and that corporate or business resources of the Company are not misappropriated or misapplied.

a) CORPORATE CULTURE AND VALUES

In order to promote sound corporate culture and values, the Board should ensure the following:

- setting and adhering to corporate values for itself, Senior Management and other employees that create expectations that all business should be conducted in a legal and ethical manner;
- promoting risk awareness within a strong risk culture, conveying the Board's expectation that it does not support excessive risk-taking and that all employees are responsible for helping to ensure that the Company operates within the agreed risk appetite and risk limits;

- ensuring that appropriate steps are taken to communicate throughout the Company, the corporate values, professional standards or Code of Conduct it sets, together with supporting policies;
- employees should be encouraged and able to communicate confidentially and without the risk of victimization, legitimate concerns about illegal, unethical or questionable practices.

b) OVERSIGHT OF SENIOR MANAGEMENT

The Board should delegate proper authority to the Executive Directors who are responsible for the day to day affairs of the Company to oversee the Senior Management who should hold position of Senior Management accountable for their actions and enumerate the consequences if those actions are not aligned with the Board's performance and expectations. This includes adhering to the Company's values, risk appetite and risk culture, regardless of financial gain or loss to the Company. In doing so, the Board should through the Executive Directors:

- monitor that Senior Management's actions are consistent with the strategies and policies approved by the Board;
- meet regularly with Senior Management;
- interrogate and critically review and reply on the information provided by Senior Management;
- ensure that Senior Management's knowledge and expertise remain appropriate, given the nature of the business and the Company's risk profile;
- ensure that appropriate succession plans are in place for Senior Management positions.

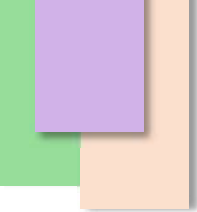
c) SIZE OF THE BOARD

The Board's strength shall be as per the limits specified in the Companies Act, 2013 and the Articles of Association of the Company.

d) BOARD COMPOSITION

The 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 and other Applicable Laws and the Articles of Association of the Company.

Further within the permissible limits in terms of the Companies Act, 2013, the independent director shall not be on the Board of more than three



NBFCs (NBFC-ML or NBFC-UL) at the same time. The Board of the Company shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time.

Except for directorship in a subsidiary, Key Managerial Personnel shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL.

e) QUALIFICATION AND EXPERIENCE OF THE BOARD

Board members shall be competent to manage the affairs of the NBFC. The composition of the Board should ensure the mix of educational qualifications and experience within the Board. The specific expertise of Board members shall be a prerequisite depending on the type of business pursued by the Company.

As per the requirement of professional experience in managing the affairs of the Company, at least one of the directors shall have the relevant experience of having worked in an NBFC/Bank.

f) BOARD MEETINGS AND QUORUM

The Board Meetings of the Company shall be held as per the requirements prescribed under the Companies Act, 2013, other Applicable Laws, Articles of Association and as decided by the Board of Directors. The meetings of the Board shall generally be held at the Company's Head office unless otherwise decided by the Board of Directors. The dates of the meetings shall be fixed well in advance. The quorum shall be as per the requirements of the Companies Act, 2013, other Applicable Laws and Articles of Association of the Company.

Important decisions of the Board may also be taken through Circular Resolution in compliance with the provisions of the Companies Act, 2013.

g) INFORMATION TO BE PLACED BEFORE BOARD AND ITS COMMITTEES

To enable the Board members to discharge their responsibilities effectively and to take informed decisions, detailed agenda papers with explanations on each item, shall be sent to each Director well in advance as per Companies Act, 2013, other Applicable Laws and Articles of Association of the Company. All the items on the agenda shall be discussed in detail, during the Board and its Committee meetings. The Board members shall have complete access to any information, within the Company. At the meetings, the Board members shall be provided with all the relevant information on important matters affecting the working of the Company as

well as the related details that require deliberation by the members of the Board.

h) AGENDA FOR THE MEETING

The agenda for the Board and its Committee meetings shall be sent to the Board members and the Committee members respectively within a reasonable period of time prior to the Meeting as per Companies Act, 2013 and other Applicable Laws. Each Board member and Committee member as the case may be is free to suggest inclusion of items in the agenda. With the permission of the Chair, each Board member and Committee member as the case may be is free to raise any matter(s) that is/are not on the agenda of the Board and the Committee Meeting respectively and any other matter can be placed for discussion.

i) ATTENDANCE AT BOARD MEETINGS

The Directors shall strive to attend all meetings of the Board and its Committees where they are members. In case a Director is unable to attend specific Board Meeting or its Committees where they are members, he or she shall obtain leave of absence from the Board or the Committee as the case may be. The company shall also provide video conferencing facility to members to the meetings.

j) MINUTES

The minutes of all meetings of the Board and the Committees shall be circulated to the Board and the Committee members respectively and shall be noted in the consequent Board Meeting and Committee meetings respectively as per Companies Act, 2013 and other Applicable Laws. Minutes of meetings of Committees of Board shall also be placed before the Board.

Furthermore, Minutes of proceedings of meeting of Board of Directors, Committee Meetings and any other meeting shall be prepared in accordance with Secretarial Standards specified by the Institute of Company Secretaries of India constituted under section 3 of the Company Secretaries Act, 1980 (56 of 1980).

5. BOARD COMMITTEE AND MANAGEMENT LEVEL COMMITTEE

In order to focus on the critical functions of the Company, the Board may constitute such Committees as and when required to ensure smooth functioning of the Company. The Board shall have the following Committees

mandatorily:

- Audit Committee
- Risk Management Committee
- Nomination and Remuneration Committee
- CSR & SPM Committee
- Executive Committee
- Stakeholders Relationship Committee
- IT Strategy Committee
- Annual Business Plan Committee

The terms of reference of the above mentioned Committees shall be determined by the Board from time to time as per Companies Act, 2013 and other Applicable Laws and the terms of reference, roles and responsibilities of the aforesaid Committees will be further aligned based on the changes in the applicable RBI Directions, SEBI Listing Regulations and the provisions of the Act, with the approval of Board. The Terms of Reference of the Board and above Committees are attached as annexures to this policy.

In addition to the above sub committees of Board, the Company shall have the following committees at management level, to assist Board and Sub committees.

- ALM Committee
- Risk Committee (management level)
- Women empowerment Committee.

The Committees may engage in any manner, from time to time such experts as the Committees may decide for effective discharge of the Roles and Responsibilities of such Committees.

The Board shall review the functioning of above mentioned sub committees of Board on annual basis vis-a- vis the role and responsibilities assigned to them. The Board shall ensure good corporate governance practices in its subsidiaries. The company shall also formulate a whistle-blower mechanism for directors and employees to report genuine concerns.

6. APPOINTMENT OF CREDIT RISK OFFICER (CRO)

As per SBR Direction, CRO shall be appointed and clearly define his specified role and responsibilities. Therefore, in line with the SBR Regulations, Board shall follow best practices in risk management and shall appoint a Chief Risk Officer (CRO) with clearly specified role and responsibilities. The CRO is required to function independently so as to ensure highest standards of risk management and shall strictly adhere to

the instructions given under such directions.

Further CRO shall comply with the role and responsibility mentioned in the Risk Management Policy.

7. FIT AND PROPER CRITERIA FOR DIRECTORS

The Company shall have a policy put in place for ascertaining the 'fit and proper' criteria of the directors at the time of the appointment of Directors and on a continuing basis. In line with the RBI Directions, the Company follows the procedures, reporting, compliances and ensures that the minimum criteria as mentioned below are fulfilled by the persons before they are appointed on the Boards:

1. The Nomination & Remuneration Committee (NRC) shall review the appointment/re-appointment of Directors considering their qualifications, expertise, track record, integrity and other 'fit and proper' criteria. The Nomination & Remuneration Committee (NRC) should obtain such declarations/undertakings, deed of covenant from the Directors and ensure furnishing such statement and certificates as may be prescribed for determining Fit and Proper Criteria in line with the Guidelines issued by the RBI for the time being in force.
2. Company shall obtain annually as on 31st March a simple declaration from the Directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.
3. The Board must ensure in public interest that the nominated/elected Directors execute the Deeds of Covenants as per the prescribed format.

As per the extant RBI Directions, the Company shall report the following to the regional office of the department of supervision of the RBI within 15 days of the close of respective quarter:

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

8. KEY MANAGERIAL PERSONNEL

Except for directorship in a subsidiary, Key Managerial Personnel (as defined in Companies Act 2013) shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL. It is clarified that they can assume directorship in NBFC-BL.

9. INDEPENDENT DIRECTOR

Within the permissible limits in terms of Companies Act, 2013, an independent director shall not be on the Board of more than three NBFCs (NBFCs-ML or NBFCs-UL) at the same time. Further, the Board of the Company shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time. There shall be no restriction to directorship on the Boards of NBFCs-BL, subject to provisions of Companies Act, 2013.

10. GUIDELINES ON COMPENSATION OF KEY MANAGERIAL PERSONNEL (KMP) AND SENIOR MANAGEMENT IN NBFCs

The Company should follow the Nomination and Remuneration Policy giving Compensation to Key Managerial Personnel and members of senior management of the Company. The policy shall include

- constitution of a Remuneration Committee
- principles for fixed/variable pay structures, and
- malus/claw back provisions

The Board of Company should delineate the role of various committees, including Nomination and Remuneration Committee (NRC).

11. DISCLOSURES IN THE FINANCIAL STATEMENTS

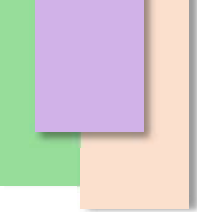
In addition to the disclosures required to be made as per the Applicable Laws, the following additional disclosures shall be made in the annual financial statements in terms of the RBI Directions:

- The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC.
- The composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.
- registration / licence / authorisation by whatever name called, obtained from other financial sector regulators;
- ratings assigned by credit rating agencies and migration of ratings during the year;
- penalties, if any, levied by any regulator;
- information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries; and
- asset-liability profile, Non-Performing Assets (NPA) and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them as also securitization/ assignment transactions and

- other disclosures.
- Capital to Risk Assets Ratio (CRAR); Exposure to real estate sector, both direct and indirect; and Maturity pattern of assets and liabilities.
 - Corporate Governance report containing composition and category of directors, the shareholding of non-executive directors, etc.
 - Disclosure on modified opinion, if any, expressed by auditors, its impact on various financial items and views of management on audit qualifications.
 - Items of income and expenditure of exceptional nature.
 - Breaches in terms of covenants in respect of loans availed by the NBFC or debt securities issued by the NBFC including incidence/s of default.
 - Divergence in asset classification and provisioning above a certain threshold to be decided by the Reserve Bank.
 - Any additional disclosures as may be required under any Applicable Laws from time to time shall also be disclosed in the Financial Statements.

12. MINIMUM INFORMATION TO BE PLACED BEFORE THE BOARD

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the board of directors.
- The information on recruitment and remuneration of senior officers, one level below the board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, occurrence of dangerous incidents, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- 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 company or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill,

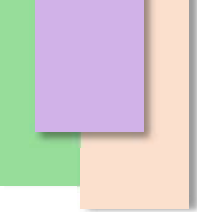
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- brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
 - Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
 - Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
 - Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
 - The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
 - 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.
 - 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.

13. APPOINTMENT AND ROTATION OF STATUTORY AUDITORS

Subject to the provisions contained in the Companies Act, 2013, the Auditors of the Company shall be appointed with the approval of the Shareholders at the Annual General Meeting as recommended by the Board of Directors of the Company based on the recommendation of the Audit Committee of the Company. The Auditors can be appointed for a period of 5 years Auditors can be appointed for a two consecutive term of 5 years.

The Company shall also comply with the RBI guidelines and provisions of the Companies Act, 2013 regarding rotation of partners of the Firm conducting Statutory Audit from time to time. As contained in the Directions, presently the Company is required to rotate the partner 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, subject to approval of the shareholders and recommendations of the Board and Audit Committee of the Company. The Company shall also incorporate appropriate terms in the



letter of appointment of the firm of auditors and ensure its compliance.

Company shall communicate not later than one month from the occurrence of any change in:

- (i) the complete postal address, telephone number/s and fax number/s of the registered/ corporate office;
- (ii) the names and residential addresses of the directors of the company;
- (iii) the names and the official designations of its principal officers;
- (iv) the names and office address of the auditors of the company; and
- (v) the specimen signatures of the officers authorised to sign on behalf of the company

to the Regional Office of the Department of Supervision of the Reserve Bank.

14. CLARIFICATION/ AMENDMENTS/ MISCELLANEOUS

In case of overlap of regulations on any subject matter, the Company shall ensure to comply with the Regulations which is more stringent.

This Policy shall be reviewed at least once a year and modified, as and when deemed necessary, to ensure alignment with the applicable laws and best practices in Corporate Governance.



ANNEXURE- TERMS OF REFERENCE OF BOARD & COMMITTEES

1. BOARD CHARTER AND ROLE OF BOARD OF DIRECTORS:

a) DUTIES OF THE DIRECTORS

The operations of the Company are managed under the direction of the Board within the framework of the Companies Act, 2013,, as amended (the “Act”) and the rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (the “Listing Regulations”) and the Articles of Association of the Company. The Board is also governed by Internal codes/ procedures prescribed within the Company from time to time.

The Board represents the Company and is accountable to the shareholders of the Company. The Board is primarily responsible to provide and evaluate the strategic direction of the Company, management policies and their effectiveness. The Board’s responsibilities further include overseeing the functioning of the Company’s top management and monitoring legal and regulatory compliance and the management of risks related to the Company’s operations.

The Board members are expected to act in good faith and with due care so as to exercise their judgment on an informed basis in what they reasonably and honestly believe to be in the best interests of the Company and its stakeholders.

The Directors are responsible for ensuring compliance with all applicable statutory requirements by the Company. For this the Board will require the management to place before itself all the relevant compliance reports, certificates, with supporting documents as applicable to facilitate the Board or its sub-committee to achieve this objective. In case any violation or default by the management is observed, the Board shall provide necessary direction to the management for taking corrective action and effective compliance

b) FUNCTIONS OF THE BOARD

The Board of Directors shall meet periodically to consider matters as required under the law and to consider, review and discuss reports by management on the performance of the Company, its plans and prospects as well as immediate issues facing the company. In addition to its general oversight of management, the Board, through itself or through its Committees shall perform a number of specific functions, including:

- Selecting, advising, evaluating and compensating the CMD and overseeing top management succession planning;
- Providing counsel and oversight on the selection, evaluation, development and compensation of senior management;
- Reviewing, monitoring and where appropriate, approving financial and business strategies and major corporate actions;

- Monitoring corporate performance against strategic business plans, including overseeing operating results on a regular basis to evaluate whether the business is being properly managed;
- Assessing major risks facing the Company and reviewing options for their mitigation / avoidance;
- Reviewing and approving material transactions not in the ordinary course of business;
- Ensuring the implementation of processes that uphold the integrity of the Company, particularly by maintaining the accuracy and reliability of financial statements.
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- compliance with law and ethics, and integrity of relationships with customers, suppliers and other stakeholders;
- Ensuring that the Company is in compliance with all applicable statutory and legal requirements;
- Protection and enhancement of Shareholders' value.

2. BOARD COMMITTEES

The Board has established the following Committees to assist the Board in discharging its responsibilities:

- A. Audit Committee
- B. Nomination and Remuneration Committee
- C. CSR and SPM Committee
- D. Risk Management Committee
- E. Product Committee
- F. Annual Business Plan Committee
- G. Executive Committee
- H. IT Strategy Committee
- I. Asset Liability Management (ALM) Committee
- J. Stakeholders Relationship Committee

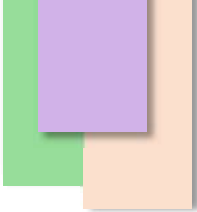
The Board has adopted charters setting forth the roles and responsibilities of each of the above Committees. The Board may constitute new Committees or dissolve any existing Committee, as it deems necessary for the discharge of its responsibilities.

A. AUDIT COMMITTEE

The Audit Committee shall function in accordance with the terms of reference covered under this Charter, such additional provisions as may be stipulated under Listing Regulations, the Companies Act, RBI Guidelines and other statutes or any modification or re-enactment thereof and as may be specified by the Board from time to time.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee assists the Board with its responsibility for overseeing the quality and



integrity of the accounting, auditing, and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting processes of the Company, the audits of the Company's financial statements, the qualifications, independence and performance of the statutory auditors, the performance of internal auditors and the risk management policies.

COMPOSITION

RBI vide Circular "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015" and recent Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 has mandated all applicable NBFCs to constitute Audit Committee consisting of not less than three members of its Board of Directors. At least two-thirds of the members of Audit Committee shall be Independent Directors. The chairperson of the Audit Committee shall be an Independent Director and shall be present at Annual general meeting to answer shareholder queries. Further, the composition of Audit Committee shall be in consonance with the Listing Regulations. The role of the audit committee and the information to be reviewed by the audit committee shall be as specified in Part C of Schedule II to the Listing Regulations.

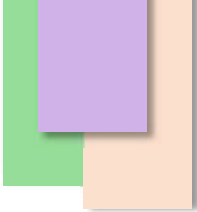
All members of the Committee shall be 'financially literate' and the Committee will have at least one member who shall have financial management and accounting expertise. For the purpose of this clause, "financially literate" shall mean the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows and a member shall be considered to have accounting or related financial management expertise if he or she possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

The Company Secretary shall act as the Secretary to the Committee. The Chairman of the Audit Committee will be appointed by the Board at the time of constitution / reconstitution of the Audit Committee. The members of the Committee may also elect the Chairman amongst themselves.

RESPONSIBILITIES

The role of the audit committee shall include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc., if any), 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 utilisation of proceeds of a

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- public issue or rights issue or preferential issue or qualified institutions placement, if any, and making appropriate recommendations to the board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - approval or any subsequent modification of transactions of the Company with related parties;
 - Scrutiny of inter-corporate loans and investments;
 - Valuation of undertakings or assets of the listed entity, wherever it is necessary;
 - 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;
 - Reviewing the functioning of the whistle blower mechanism;
 - Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
 - Carrying out any other function as is mentioned in the terms of reference of the audit committee.
 - Considering and sharing comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
 - Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s), if any in the draft audit report;
 - (h) Review the financial information provided to media and analysts.
 - (i) Review the risk management policies periodically and make recommendations to the Board

STATUTORY AUDITORS' QUALIFICATIONS, INDEPENDENCE, REMUNERATION AND PERFORMANCE

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company. The Committee's recommendation is annually submitted to the Board for placing before the shareholders for approval, as may be required.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Oversight / overview of the statutory auditor's activities including resolution of disagreements between management and the statutory auditor.

- Review with the management and the statutory auditor, the scope, planning and staffing of the proposed audit on an annual basis.
- Pre-approve the hiring of any employee or former employee of the Statutory Auditor for senior positions within the Company.

INTERNAL AUDIT

- Appointment of Internal Auditors - The Internal Audit Department of the Company based on size, experience and ability is functioning as Internal Auditors of the company for various activities / functions.
- The Committee shall be kept informed of the scope of audit given to such Internal Audit Department from time to time.
- The Audit Committee shall review the performance of the internal audit department including the objectivity and authority of its reporting obligations, the proposed audit plans for the coming year and the results of internal audits.
- In addition, the Committee shall perform the following functions:
 - a) evaluation of internal financial controls and risk management systems;
 - b) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - c) 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;
 - d) discussion with internal auditors of any significant findings and follow up there on;
 - e) 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;
 - f) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

The audit committee shall mandatorily review the following information:

- management discussion and analysis of financial condition and results of operations;
- management letters / letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the chief internal auditor/ Head of Internal Audit (HIA) and shall be subject to review by the audit committee.
- statement of deviations, if applicable

INFORMATION SYSTEM AUDIT

Pursuant to chapter XI(Governance Guidelines) of RBI Scale based Regulations, the Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the NBFCs.

COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS

- The Committee shall receive reports from the management on any legal matters as may be statutorily required and any material reports or inquiries from regulatory or governmental agencies on the financial statements of the Company. The Committee shall review such matters with the management, and any internal or external counsel, as the Committee considers appropriate.

OTHER DUTIES

- The Committee may perform such other functions, as may be necessary or appropriate for the performance of its oversight function. It is the responsibility of the Company's management to prepare the financial statements in accordance with applicable laws and regulations, and of the Statutory Auditors to audit those financial statements. Therefore, each member of the Committee shall be entitled to rely on the integrity of such persons and organizations from whom information is received, for the accuracy of the financial and other information provided to the Committee.

B. NOMINATION AND REMUNERATION COMMITTEE

As per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, shall form a Nomination and Remuneration Committee (NRC) which shall have the constitution, powers, functions and duties as laid down in section 178 of the Companies Act, 2013.

Further NRC may also ensure 'fit and proper' status of proposed/ existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management. Further the and corresponding rule, Companies (Meetings of Board and its Powers) Rules, 2014 has mandated the constitution of Nomination and Remuneration Committee for certain classes of Companies. Further, the composition of Nomination and Remuneration Committee shall be in consonance with the Listing Regulations. The role of the Nomination and Remuneration Committee shall be as specified as in Part D of the Schedule II to the SEBI Listing Regulations.

CONSTITUTION OF THE NRC COMMITTEE:

The above mentioned classes of companies shall constitute the Nomination and Remuneration Committee consisting of three or more Non-Executive Directors out of which not less than one third shall be Independent Directors. All Directors of the committee shall be Non-executive Directors. The chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee. Chairperson of the nomination and remuneration committee shall be an Independent Director. The Committee members shall be appointed by the Board. The Company Secretary shall act as the Secretary to the Committee.

The Committee shall follow the Nomination and Remuneration Committee Policy for its Role and Responsibility.

ROLE OF THE NRC COMMITTEE: The role of the Remuneration Committee is to recommend/ review remuneration of the Directors and Management Personnel based on their performance and defined assessment criteria. The NRC shall also have the mandate to oversee the framing, review and implementation of compensation policy of the company which should have the approval of the board.

INDUCTION AND TRAINING: The Committee members shall keep themselves updated of the new developments in managerial compensation. The members shall ensure that they are appropriately informed of the implications of such new developments by the Company.

MEETINGS: The Chairman of the Committee, in consultation with the Committee members, finalizes the schedule and frequency of the Committee meetings. The Committee shall meet at least once every year based upon a schedule established at the first meeting of the year. The schedule shall specify the broad Agenda to be discussed and considered at each meeting to ensure that the Committee's responsibilities are fully met.

AGENDA: The Chairman of the Committee finalizes the Agenda, in consultation with the management. The Agenda and information concerning the business to be conducted at each meeting, shall be, as far as practical, communicated to the members at least 5 days in advance of each meeting to facilitate meaningful discussion.

MEETING PROCEEDINGS: The Committee shall ensure that minutes of all its proceedings are kept and shall report on its actions and activities at the next meeting of the Board. The Secretary of the Committee record the proceedings of the Committee meeting which is then reviewed and approved by the Chairman of the meeting for circulation to the other members of the Committee for their confirmation. The final minutes are noted at the ensuing meeting of the Committee and signed by the Chairman of the meeting. The Committee is governed by the same rules regarding meetings, notice and voting requirements as are applicable to the Board. The Committee is authorized and empowered to look into other matter as it deems fit, beyond the provisions of this Charter.

Quorum: The quorum for the purpose of the Committee meetings shall be either two members or one third of the members of the Committee, personally present, whichever is higher.

AUTHORITY : The Committee is authorized:

- To investigate any activity covered under this Charter;
- To seek any information, as may be required, from any employee(s) of the Company and the concerned employee(s) shall co-operate with the request of the Committee;
- To obtain legal or other independent professional advice and secure attendance of outsider(s) with relevant experience if the same is considered necessary;
- The Company shall bear all such expenses to support the requirements of the Committee.

RESPONSIBILITIES: The principal responsibilities and functions of the Remuneration Committee are as follows:

- Recommending / reviewing remuneration of the Managing Directors and Whole-time Directors based on their performance and defined assessment criteria.
- 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:

- 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.
- Approving appointment, if any, of a relative of a Director for holding office of profit in the Company as per the provisions of the Act and Rules issued thereunder.
 - formulation of criteria for evaluation of performance of independent directors and the board of directors;
 - devising a policy on diversity of board of directors
 - 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.
 - 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.
 - recommend to the board, all remuneration, in whatever form, payable to senior management.
 - Carrying out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.

CONFIDENTIALITY: The members of the Remuneration Committee and all other individuals attending the meetings of the Committee should not disclose the information contained in the reports they receive, the contents of discussion or confidential information regarding the Company, which has become known to them in such meetings to any other person other than in course of conducting their normal duties.

C. CSR AND SPM COMMITTEE

Reaching out to underserved communities is part of Annapurna's Mission and Vision. We believe in social equity and the principle of equal opportunity, irrespective of caste or creed. Social Performance is the "effective translation of an institution's mission into practice in line with accepted social values" This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face, and working towards making a meaningful difference to them with the objective of creating economic independence and sustainable livelihoods.

Corporate Social Responsibility is a company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the society at large and building capacity for sustainable livelihoods. Company right from its inception, has made consistent efforts to maintain an active corporate social responsibility portfolio. The Company believes in conducting its business responsibly, fairly and in a most transparent manner.

ROLE OF CSR COMMITTEE

The composition of CSR committee consists of following members:

A separate department being formed for the sole purpose of managing the social activities in backward areas to be called as **Social Performance Management Department** headed by a SPM officer of the Company. The CSR Committee will play the following role in fulfilling the Company's CSR objectives:

- Formulation and review of this CSR Policy indicating the activities to be undertaken by the Company towards CSR initiatives;
- Recommendation of the amount of expenditure to be incurred on the CSR activities;
- Formulation of a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/ activities proposed to be undertaken by the Company and the end use of the amount spent by it towards CSR activities;
- Monitoring and implementation of this Policy from time to time;
- Annually reporting to the Board, the status of the CSR activities and contributions made by the Company;
- Any other requirements mandated under the Act and Rules issued thereto;

OBJECTIVE

The main objective of this CSR Policy is to lay down guidelines to make CSR a key business process for sustainable development of the society and the environment in which it operates. It aims in enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of the Company's activities in India.

This Policy specifies the projects and programmes that can be undertaken, and list of CSR projects/programmes in terms of the Schedule VII to the Companies Act, 2013, which the Company plans to undertake during the implementation years, Partnering NGOs and other not for profit organisations, specifies the modalities of execution in the areas/ sectors chosen and the implementation schedule.

The scope of the Policy has been kept as wide as possible, so as to allow the Company to respond to different situations and challenges appropriately and flexibly, subject to the activities enumerated in Schedule VII of the Companies Act, 2013. However, no contribution will be made for any activities undertaken outside India.

CSR FUNDS

The Company shall ensure that it spends, in every financial year, at least 2% of its average net profits made during the 3 immediately preceding financial years, in pursuance of its corporate social responsibility and subject to Section 135 of the Companies Act, 2013 and the Rules made there under. Net profits mentioned herein above means, net profit before tax as per the books of accounts of the Company.

SPENDING OF CSR AMOUNT

A separate fund is maintained by the Company for the sole purpose for spending on CSR and SPM activities and allocation of funds from the profits of the Company to the fund duly made as per the provisions of law.

The CSR Committee will Forecast or schedule the CSR activities to be performed well in advance and make a proposed budget to allocate the funds required for that purpose.

The CSR Committee will decide on the following with regard to spending of CSR amount:

- Percentage of total amount to be contributed for social developmental activities.
- Salaries paid by the companies to regular CSR staff as well as to volunteers of the companies (in proportion to company's time/hours spent specifically on CSR) to be factored into CSR project cost as part of the CSR expenditure.
- Tranches of disbursement of funds for social activities.
- Any surplus arising from CSR projects or programs or activities will not form part of the business profits of the Company.
- Any income arising from the contribution received and surplus arising out of the CSR activities will be used for CSR only.
- The Committee shall recommend to contribute funds for building the CSR capacities of personnel for the Company as well as contribute for the same to external institutions (with established track records), through which it may undertake its CSR activities, but such expenditure shall not exceed 25% of total CSR expenditure of the company in one financial year and require prior approval of CSR Committee. The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year.

Pursuant to the provisions of Companies Act, 2013, and with the approval of the committee for spending of funds on mentioned social activities and that are within the purview of CSR activities:

- a) Activities of economic empowerment of Rural women.
- b) Training and guidance to start-up a small rural business.
- c) Encouraging Agricultural activities.

DISSEMINATION OF INFORMATION

The CSR Committee shall report to the Board of the Company, at least on an annual basis, the status of the CSR projects/ activities undertaken by the Company along with the report on the impact created by such projects/ activities.

The Company shall also upload this Policy on its website www.ampl.net.in Further, a detailed status report on the CSR activities carried out by the Company would be disclosed every year as part of the Directors' Report in the Annual Report.

The CSR Committee will also make a Responsibility Statement in the Annual Report stating that the CSR Policy implementation and monitoring thereof is, in letter and spirit, in compliance with its CSR objectives.

A half-yearly report on the performance of the social activities has been presented before the committee for their review and recommendations/suggestions if any.

D. RISK MANAGEMENT COMMITTEE

RBI vide Circular “Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015” has mandated all applicable NBFCs to constitute Risk Management Committee, besides the Asset Liability Management Committee.

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 members should preferably have prior experience or education in risk management. 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. The Committee shall meet quarterly and preferably before the meeting of the Board of Directors.

The Board of Directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit such function shall specifically cover cyber security.

Provided that the role and responsibilities of the Risk Management Committee shall mandatorily include the performance of functions specified in Part D of Schedule II to the Listing Regulations.

AUTHORITY:

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

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

ROLES AND RESPONSIBILITIES:

- Review compliance with respect to Risk Management Framework, philosophy and risk tolerance limits, including survey for all risks as per respective risk policies. Additionally monitor compliance with RBI regulations and any other external risk management requirements. For the avoidance of doubt, notwithstanding the role of ALCO, the committee will also exercise its oversight role over ALM risks (liquidity and interest rate risk in particular), alongside all other risk categories.
- Formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the Company, 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.

- Review the risk management policy including by considering the changing industry dynamics and evolving complexity;
- Monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of Risk Management Systems;
- Review periodically adequacy and appropriateness of Risk Management Policies at least once in two years. Recommend modifications or revisions to the Risk Management Framework policy as arising during review. Vet any revisions/modifications to the model framework following Risk Management review and propositions including risk sections of the ALM policy and oversee implementation of liquidity risk and interest rate risk management practices including maturity buckets, mismatch thresholds and cash flow forecasting techniques.
- Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- Ensure adequate staffing of the Risk Management Unit (risk department) and periodically review organizational structure of the unit in line with the risk strategy.
- Approve the appointment, removal and terms of remuneration of the Chief Risk Officer.
- Review of risk management effectiveness and follow up of remedial actions.
- Review of the risk profile of the Company quarterly through risk management reporting dashboards.
- Keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;

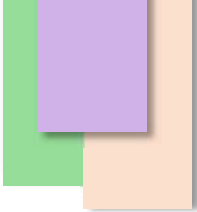
RISK REPORTING AND MONITORING

The committee on a regular basis shall review reports providing details of the risk exposure and risk management efforts of the Company. The types of reports shall, at a minimum include the following:

- Summaries of aggregate exposures (open currency statement- if and when the case, short term dynamic liquidity, re-pricing gap analysis etc.); reports demonstrating Company's compliance with policies and limits on ratios.
- Limit Reports showing Annapurna's position with respect to the limits set for liquidity and IRR risks. Plans to bring the limits back into compliance will also be included in the report if any of the limits are breached.
- Results of Stress tests along with the assumptions underlying the stress scenarios
- Annual Funding Resources Plan to be placed before the Board for approval
- Contingency Funding Plan

E. PRODUCT COMMITTEE

Product Management is an important element of Company's strategic planning, ensuring long term value creation for the benefit of customers, employees, shareholders, and other stakeholders. Innovation, product development, potential patent challenges and risk management are issues of increasing significance. To sustain in this competitive business, it is



considered necessary to have a separate committee on product management to look into these areas.

Objective:

- a) “The Product Committee” is a committee constituted by the Board of Directors authorised solely with preparing and supporting the decisions to be made by the Board of Directors as a whole on product management.
- b) It is specifically noted that the committee does not take over the responsibilities of the Board of Directors pursuant to the Companies Act, and other applicable regulations.
- c) The Board of Directors will appoint members of the committee among the members of the Board. The Board of Directors may decide to supplement the committee with additional members.
- d) Unless otherwise agreed, the Executive Committee assists with and performs delegated functions for the Product Committee.

The overall responsibilities of the Product Committee are to monitor the following:

- a) Status of product pipeline
- b) Opportunities and threats relating to technological developments.
- c) Maintenance and development of long-term Company’s mission.
- d) Basis for priority-ranking of projects.
- e) Product pipeline contribution as per budget and business plan.
- f) Review of basis for large-scale product development.
- g) Study of Market situation, segments, competition and differentiation.
- h) Evaluation of ongoing products
- i) Recommendation on pricing and incentive structure
- j) Fulfilment of strategic targets by projects.
- k) Financial follow-up
- l) Assessments of resource allocation and organization.

The Product Committee must conduct regular self-evaluations of the committee's work. The self-evaluation is submitted to the Chairman of the Board of Directors via the committee’s chairman. The committee may be charged with any task deemed appropriate by the Board of Directors and which naturally falls within the committee’s area of responsibility.

The Product Committee is authorized to:

- a. Obtain information from relevant employees, who may be called in to participate in the meetings upon request. Other members of the Board of Directors, the Executive Board and relevant employees are obliged to participate in meetings if requested to do so by the committee.
- b. Unlimited access to all information which the committee may deem relevant for the performance of its duties.
- c. Present proposals to the Board of Directors as per the company's product plans.

MEETINGS

Only members of the Product Committee and special invitees are entitled to be present at the meetings. The chairman of the Product Committee puts together the agenda and convenes the meetings of the committee in accordance with these terms of reference. The committee chairman is responsible for putting together a plan for the year, including a meeting schedule. This is presented to the Board of Directors for approval. The committee should, as a minimum, focus on the product pipeline in its entirety, including performance of existing products. Minutes are taken of all meetings and presented to the committee members for approval as soon as possible. The approved minutes are forthwith forwarded to all members of the Board of Directors. The minutes must reflect the dialog and the views presented at the meetings, with a view to ensuring a suitable and fair basis for the decisions to be made by the Board of Directors as a whole.

F. ANNUAL BUSINESS PLAN COMMITTEE (ABP)

The Annual Business Plan Committee (ABP) is established to oversee the development, review, and approval of the company's annual business plan, ensuring alignment with strategic objectives and financial goals.

Responsibilities: The Committee shall:

- Review and provide guidance on the preparation of the Annual Business Plan.
- Assess financial forecasts, operational targets, and key performance indicators (KPIs).
- Ensure the business plan aligns with the company's long-term strategy and risk appetite.
- Evaluate resource allocation, including budgets, capital expenditures, and workforce planning.
- Recommend necessary revisions to optimize business performance.
- Monitor progress and implementation of the approved Business Plan.

Composition & Meeting Frequency of ABP Committee:

- a) The Committee shall consist of Board members, including representatives from finance, accounts, risk, strategy, and other relevant departments, as per the requirements.
- b) The Chairperson shall be appointed by the Board.
- c) External advisors may be invited as needed.
- d) The Committee shall meet at least once in a year before the start of financial year. Any additional meetings may be convened at the discretion of the Chairperson.

Reporting: The Committee shall report its findings and recommendations to the Board of Directors and has the authority to request information, access resources, and engage experts as necessary for fulfilling its responsibilities. Further regular updates on progress against the business plan shall be provided to the Board and shareholders. The Board of Directors has the authority to review and recommend the business plan to shareholders. The Shareholders have the ultimate authority to approve the business plan after recommendation by the Board.

G. EXECUTIVE COMMITTEE

I. INTRODUCTION:

To make approval process in a smoother and filter way, Board may delegate its inherent powers to its committee formed, consists of only Board members. Although the overall responsibility lies with the Board of Directors, it is not practicable to oversee and participate in all managerial decision and discussion, hence delegation of certain functions is necessary and to exercise supervisory role on the functioning of the committee.

Notwithstanding anything contrary to the provisions contained in the Companies Act and subject to the Articles of Association of the Company and the Shareholders Agreement of the Company, the Board may delegate certain functions to its committee.

II. AUTHORITY OF THE EXECUTIVE COMMITTEE:

The Executive Committee shall have primary authority for the management of the Company's operations and strategic policy implementation, subject to policies approved by the Board of the Company (the "Board") and within financial limits set by the Board from time to time. The authority of the Executive Committee shall not extend to matters which have been expressly reserved to the Board.

III. MEMBERSHIP:

- A. The Executive Committee shall be appointed and dismissed by the Board and shall comprise at least two members.
- B. All executive directors of the board shall be members of the Executive Committee.
- C. The Chairman of the committee shall be the Managing director of the company.

IV. PROCEEDINGS OF THE EXECUTIVE COMMITTEE:

- A. The Executive Committee shall meet formally at least four times a year and otherwise on such occasions as may be required.
- B. The quorum for transaction of business by the Executive Committee shall be at least two members.
- C. Notice of each meeting of the Executive Committee (confirming the venue, date and time, and an agenda of business to be discussed) shall, unless agreed by all concerned, be sent to each member not less than three working days before the meeting.
- D. The Secretary shall maintain a written record of the proceedings and decisions of the Executive Committee which shall be circulated to all members of the Executive Committee and be available to all members of the Board.
- E. The Chairman shall report the activities of the Executive Committee meeting to the next appropriate meeting of the Board.
- F. The meeting of the Executive Committee may also be convened through video conferencing mode.

V. ROLE OF THE EXECUTIVE COMMITTEE: The specific and general roles of the executive committee is covered separately in the Executive Committee- TOR.

VI. REPORTING AND DELIVERABLES:

The committee will report to the Board all transactions made at the subsequent Board Meeting. The minutes of the committee meeting to be prepared within seven days and to be placed at the subsequent committee meeting.

H. IT STRATEGY COMMITTEE

In terms of the RBI Guidelines prescribed under Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices, the Company formed an IT Strategy Committee for overseeing and guiding the development and implementation of information technology strategies ensuring alignment with the corporate strategies, Board approved Policy reviews, cyber security arrangements and addressing governance, risk, and control issues as prescribed by the RBI guidelines.

MEETING

The Committee shall meet at least once quarterly. It shall collaborate with other Board committees and Senior Management to ensure effective IT governance and provide input to them. The Committee's deliberations may be presented to the Board.

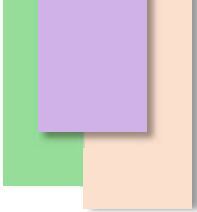
MEMBERSHIP:

ITSC Committee shall have:

- i. Minimum of three directors as members;
- ii. The Chairperson of the ITSC shall be an independent director and have substantial IT expertise in managing/ guiding information technology initiatives; and
- iii. Members are technically competent.

ROLES AND RESPONSIBILITIES OF IT STRATEGY COMMITTEE:

- Ensuring that the Company has put an effective IT strategic planning process in place.
- Guiding in the preparation of IT Strategy and ensuring that the IT Strategy aligns with the overall strategy of the company towards the accomplishment of its business objectives.
- Ascertaining that management has implemented processes and practices that effectively deliver value to the business.
- Ensuring IT investments represent a balance of risks and benefits.
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- Ensuring that the Company has put in place processes for assessing and managing IT and cybersecurity risks.

- 
- Ensuring that the budgetary allocations for the IT function (including for IT security), and cyber security are commensurate with the RE's IT maturity, digital depth, threat environment, and industry standards and are utilised in a manner intended for meeting the stated objectives; and
 - To review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company.
 - Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

As the company progressively transitions to a digital mode of operation and focuses on adopting more advanced digital tools and technologies, the Committee should ensure that a strategic direction is established for utilizing these tools. This strategy should aim to enhance internal process efficiency and drive product innovation.

Updated Roles and Responsibilities towards the adoption of digital mode of operation:

1. Approve Digital Transformation Strategy:
 - Oversee the implementation of digital tools aimed at enhancing internal processes and driving product innovation.
 - Ensure the team and board are informed about relevant global digital innovation trends.
2. Value Delivery through Digital Tools:
 - Ensure digital processes and technologies deliver maximum value and efficiency to business operations.
3. IT and Digital Investments:
 - Balance risks and benefits of IT and digital investments, ensuring budgets are allocated effectively to support innovation.
4. Resource Management and Innovation:
 - Provide direction for sourcing and utilizing digital resources, including newer technologies and innovations such as AI, machine learning, and automation technologies.
5. Digital Risk Management and Cybersecurity:
 - Implement processes for assessing and managing risks associated with digital and IT innovations, ensuring robust cybersecurity measures.
6. Budget Oversight for Digital Initiatives:
 - Ensure budget allocations for digital and IT initiatives are adequate and used effectively to meet strategic objectives, including cybersecurity.
7. Business Continuity and Disaster Recovery for Digital Systems:
 - Review the effectiveness of business continuity and disaster recovery plans, specifically for digital systems, on an annual basis.

8. Balance Digital Investments for Growth:

- Ensure a balanced approach to digital investments, supporting growth and managing exposure to digital risks.

9. Vendor Management:

- Oversee relationships with key IT vendors and service providers.
- Ensure the delivery of high-quality IT services and support.

10. Compliance with global best practices and standards:

- Guide the organization to follow or comply with global best-demonstrated practices such as ISO 27001 (Information Security Management), ISO 22301 (Business Continuity Management), ISO 14001 (Environmental Management), and ISO 50001 (Energy Management).
- Encourage the adoption of green energy practices for powering IT operations, sourcing environmentally responsible vendors, and e-waste management.

I. ASSETS LIABILITY MANAGEMENT (ALM) COMMITTEE OR ALCO

As per RBI Guidelines, company had constituted Assets Liability Management Committee to perform effective risk management in its various portfolios and to avoid Asset Liability mismatches and interest rate risk exposures.

COMPOSITION OF ALCO OR ALM COMMITTEE

The size (number of members) of ALCO would depend on the size of each institution, business mix and Organisational complexity. To ensure commitment of the Top Management and timely response to market dynamics, the CEO/CMD/President or the Director should head the Committee. The Chiefs of Investment, Credit, Resources Management or Planning, Funds Management / Treasury, International Business and Economic Research can be members of the Committee. In addition, the Head of the Technology Division should also be an invitee for building up of MIS and related computerisation. Large NBFCs may even have Sub-committees and Support Groups.

ALM PROCESS: The ALM process rests on three pillars:

- a) **ALM INFORMATION SYSTEMS**
 - Management Information Systems
 - Information availability, accuracy, adequacy and expediency
- b) **ALM Organisation**
 - Structure and responsibilities
 - Level of top management involvement
- c) **ALM Process**
 - Risk parameters

- Risk identification
- Risk measurement
- Risk management
- Risk policies and tolerance levels.

ROLE & RESPONSIBILITIES

- To perform effective risk management systems that address the issues relating to market risks primarily interest rate and liquidity risks.
- To measure not only the liquidity positions of NBFCs on an ongoing basis but also examine how liquidity requirements are likely to evolve under different assumptions
- To perform Gap or Mismatch risk analysis. It measures mismatches between rate sensitive liabilities and rate sensitive assets (including off-balance sheet positions)
- Prepare forecasts (simulations) showing the effects of various possible changes in market conditions related to the balance sheet and recommend the action needed to adhere to NBFC's internal limits.
- To plan balance sheet from risk return perspective including the strategic management of interest rate and liquidity risks
- To make and regulate business and risk management strategy which operates within the limits / parameters set by the Board.
- To ensure availability of adequate and accurate information with expedience
- Review the results of and progress in implementation of the decisions made in the previous meetings.

J. STAKEHOLDERS RELATIONSHIP COMMITTEE

As per the Listing Regulation, the Company has constituted a Stakeholders Relationship Committee to specifically look into various aspects of interest of shareholders, debenture holders and other security holders. The role of the Stakeholders Relationship Committee shall be as specified as in Part D of the Schedule II to the Listing Regulations.

COMPOSITION OF COMMITTEE

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

ROLE OF THE COMMITTEE

The role of the committee shall *inter-alia* include the following:

- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the listed entity in respect of

various services being rendered by the Registrar & Share Transfer Agent.

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

The Framework for performance evaluation of Committee members by the Board of Directors are mentioned below as **Annexure 1** and the same will be evaluated as per the evaluation sheet.



FREAMEWORK FOR PERFORMANCE EVALUATION OF COMMITTEE MEMBERS BY BOARD OF DIRECTOR

(Under section 178(2) of the Companies Act,2013)

1. OBJECTIVE OF THE FRAMEWORK

Performance evaluation is an effective tool by which the Board can measure the overall effectiveness of the Committee processes and serves as a means to consolidate and improve the functioning of the its Committees by creating awareness regarding the role of Members - individually and collectively facilitating identification of areas of concern and areas for improvement, team building, enhancing coordination amongst the Committee members and the management and achieving its objectives.

The Objective of this Framework is to formulate the procedures and prescribe the criteria to evaluate the performance of the entire Committee of the Company and to adopt best practices to manage the affairs of the Company in a seamless manner and ensure sustained long-term value creation for stakeholders by achieving good corporate governance.

2. EVALUATION MECHANISM

The objective of the evaluation process is to assess the following:

- i) Roles and responsibilities of the Committees;
- ii) Diversity of the Committee;
- iii) implementation of Committee processes;
- iv) Contribution of the Committee members in the discussions and decisions at meetings;
- v) adequate flow of information between the Board and Committee
- vi) delegation of powers and well-defined terms of reference and reporting requirement of Committees & independence of Committees and its members.

3. COMMITTEES OF THE BOARD

Assessment criteria be considered in the performance evaluation of the Committees of the Board should be as per the Evaluation sheet.

EVALUATION SHEET

EVALUATION OF BOARD COMMITTEES (By Board of Directors)

Sl No	Parameter	Criteria	How can the board do it better or differently	Criteria				
				Poor	Needs Improvement	Meets Expectation	Exceeds Expectation	Outstanding
				1	2	3	4	5
	Function and Duties							
1	The Committee has appropriate qualifications, expertise and experience to meet the best interests of the company.							
2	The Annual Calendar of meetings is communicated well in advance and reviewed from time to time.							
3	The Committee of the Board are appropriately constituted.							
4	The terms of reference for the committee are appropriate with clear defined roles and responsibilities.							
5	The composition of the committee is in compliance with the legal requirement.							
6	The amount of responsibility delegated by the Board to each of the committees is appropriate.							
7	The reporting by each of the Committees to the Board is sufficient.							
8	Observing Committees terms of reference.							
9	The performance of each of the Committees is assessed annually against the set goals of the committee.							
10	Whether the terms of reference are adequate to serve committee's purpose?							
11	The committee regularly reviews its mandate and performance.							
12	Committee takes effective and proactive measures to perform							

	its functions.							
	Management Relations							
11	Adequate independence of the Committee is ensured from the Board.							
12	Committee gives effective suggestion and recommendation.							
13	Committee meetings are conducted in a manner that encourages open communication and meaningful participation of its members.							
	Committee Meetings and Procedures							
14	The frequency of the Committee meetings is adequate.							
15	Committee makes periodically reporting to the Board along with its suggestions and recommendations.							
16	Committee meetings have been organized properly and appropriate procedures were followed in this regard?							

COMMITTEE WISE INDICATORS

Sl No	Paramater	How can the board do it better or differently	Criteria				
			Poor	Needs Improvement	Meets Expectation	Exceeds Expectation	Outstanding
			1	2	3	4	5
AUDIT COMMITTEE							
1	The Audit Committee has at least three, or more Members						
2	Majority of the Audit Committee is consists of Independent Directors						
3	At least one member of the Audit Committee has Expertise & knowledge in understanding the Financials and other financial matters of the Company.						
4	Other Members have a degree of financial knowledge and experience in Corporate Financial matters.						
5	The number of Audit committee meetings held during the FY is sufficient to discharge the role and responsibilities of the Members.						
6	The TOR of Audit Committee is made available on request.						
7	Training is provided on an on going and timely basis and includes an understanding of the principles of and developments in Financial reporting and matter related statutory regulations						
8	At least Once in a quarter the Audit Committee meets HIA without Management presence.						
Nomination and Remuneration Committee							
1	The NRC has at least three Non-executive Directors as Members and the same has been constituted as per the regulatory requirement						
2	The Committee has farmed a basic						

	criteria for selection and identification of persons who are qualified to become Directors of the Company.						
3	The TOR of NRC is made available on request.						
5	To determine board guidelines on removal/retirement of Senior Managerial Personnel and KMP						
	CSR and Social Performance Management Committee						
1	Recommendations have been given about the amount of expenditure to be incurred on the CSR activities following the Company policy.						
2	A transparent monitoring mechanism for ensuring implementation of the projects/ programmes/ activities proposed to be undertaken by the Committee and the end use of the amount spent by it towards CSR activities;						
3	Monitoring and implementation of this Policy from time to time.						
4	Annual reporting to the Board, the status of the CSR activities and contributions made by the Committee;						
5	The TOR of CSR and SPM is made available on request.						
	Risk Management Committee						
1	Constitution of the Committee has been as per the applicable Law.						
2	Review the risk management policy has been done by considering the changing industry dynamics and evolving complexity;						
3	Review of the risk profile of the Company quarterly through risk management reporting dashboard						
4	Keep the Board of Directors informed about the nature and						

	content of its discussions, recommendations and actions to be taken relating risk management						
5	The TOR of RMC is made available on request.						
Product Committee							
1	The Committee members have adequate knowledge about the MFI and Non MFI products and their pricing.						
2	The TOR of Product Committee is made available on request.						
3	Do the Members performs other assignments as and when assigned by the Board?						
IT Strategy Committee							
1	Approving IT strategy and policy documents and ensuring an effective strategic planning process on IT Management.						
2	IT Strategy Committee meets on regular basis as per the mandate.						
4	Performance review of IT vendor done on yearly basis.						
5	The TOR of IT Strategy Committee is made available on request.						
Asset Liability Management Committee							
1	Effective risk management systems have been framed that address the issues relating to market risks primarily interest rate and liquidity risks.						
2	Measure not only the liquidity positions of NBFCs on an ongoing basis but also examine how liquidity requirements are likely to evolve under different assumptions have been done effectively						
3	Review of the results and progress						

	in implementation of the decisions made is done properly.						
4	The TOR of ALM is made available on request.						
Stakeholder Relationship Committee							
1	The grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc have been resolved.						
2	The TOR of SRC is made available on request.						

Note:

- Appraisal of the Board Committee shall be based on the criteria and parameters as furnished above.
- Ratings- Scale of 1 to 5 with 1 being poor and 5 being outstanding. The aggregate score obtained would then be divided by number of parameters to arrive at the final rating.
- The final ratings of all the Director ratings would be aggregated and divided by the number of Directors providing feedback to arrive at the final rating of the Board.
