

KEERTANA FINSERV PRIVATE LIMITED

Name of Policy	Corporate Governance Policy
Date of Last Approval/Review	NA
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Approving Authority	Board of Directors
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CORPORATE GOVERNANCE POLICY

1. Introduction

Keertana Finserv Private Limited (the “**Company**” / “**KFPL**”) is categorized under Middle Layer as per the RBI Master Direction Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

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

Corporate Governance means the system of rules, practices and processes by which a company is administered and controlled. It involves balancing the interests of the various stakeholders of the company including shareholders, employees, customers and the community within which it operates. These corporate governance guidelines will help the Company in attaining its objectives/goals, since it encompasses every sphere of operations, management, action plans, internal controls and regulatory disclosure.

The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board or the committees of the members of the Board

2. Corporate Governance Structure

A. REGULATORS

KFPL, being a company incorporated under the provisions of the Companies Act, 1956 and exist within the purview of the Companies Act, 2013 and registered with Reserve Bank of India (RBI) as Non-Banking Financial Company (NBFC) is regulated by two regulators, i.e. Ministry of Corporate Affairs (MCA) and RBI.

The Non-Convertible Debentures of KFPL are listed on Bombay Stock Exchange of India Limited (BSE) and may further be listed with other recognized stock exchanges. In view of this, the affairs of KFPL are also regulated by regulations prescribed by Securities and Exchange Board of India (SEBI) and exchanges on which the NCDs get listed.

B. 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 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 organization 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 interests of the Company.

The Board should ensure that the Company's organizational 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, of 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 a 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.

The Board should review this Policy periodically so that it remains appropriate in the light of material changes in regulatory requirement with respect to the Company's size, complexity, geographic reach, business strategy, market and best governance practices.

The company shall hold at least four Meetings of its Board in each Calendar Year with a maximum interval of one hundred and twenty days between any two consecutive Meetings.

i. Size & Composition of the Board of Directors

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.

The current Board of KFPL comprises of 5 (Five) Directors, including 3 (Three) Independent Directors, 1 (One) Executive Directors and 1 (One) Non-Executive Directors.

ii. Duties and Responsibilities of Board of Directors

In accordance with the provisions of Section 166 of the Companies Act, 2013 and as a matter of corporate governance, the directors of the Company have the following duties:-

1. A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
2. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
3. A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
4. A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
5. A director of a company shall not assign his office and any assignment so made shall be void.

iii. Minimum Information to be placed before the Board

In accordance with the provisions of Section 166 of the Companies Act, 2013 and as a matter of corporate governance, the directors of the Company have the following duties:-

1. Annual operating plans and budgets and any updates;
2. Yearly Business Plan;
3. Quarterly results for the listed entity and its operating divisions or business segments;
4. Minutes of meetings of Audit Committee and other committees of the Board of Directors;
5. The information on recruitment and remuneration of Key Managerial Personal;
6. Any material default in financial obligations to and by the Company;
7. Any issue which involves possible public or product liability claims of substantial nature;
8. Details of any joint venture or collaboration agreement;
9. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.
10. 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.

C. COMMITTEES OF THE BOARD

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

While as per the RBI Guidelines, Companies Act, 2013 and SEBI LODR Regulations, the Company requires the setting up of an Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Management Committee (ALCO) and Corporate Social Responsibility Committee.

In compliance with the applicable provisions of the Act, RBI guidelines on Corporate Governance and in order to meet business exigencies, the Company has constituted its Board & committees. A pictorial representation of Board Committees of KFPL is given below:

i. Audit Committee

The Company has in place the Audit Committee in accordance with the provisions of Section 177 of the Companies Act, 2013, Regulation 18 of SEBI LODR and RBI guidelines on Corporate Governance. The Audit Committee shall have the powers and duties conferred upon it in compliance with the provisions of Section 177 of the Companies Act 2013, and Regulation 18 of SEBI LODR and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

The Audit Committee comprise of Three (3) Director including Two (2) Independent Directors and Chairman of the Committee is an Independent Director.

The Audit Committee should meet at least Four times in Financial Year with a maximum interval of one hundred and twenty days between any two consecutive Meetings.

ii. Nomination and Remuneration Committee

The Company has constituted a 'Nomination and Remuneration Committee' in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI LODR and the same is in conformity with the RBI guidelines issued in this regard from time to time.

The Nomination and Remuneration Committee shall have the powers and duties conferred upon it in compliance with the provisions of Section 178 of the Act, Regulation 19 of SEBI LODR, RBI guidelines and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

The Nomination Remuneration Committee comprises of three (3) Independent Directors and the Chairman of the Committee is an Independent Director.

The Nomination and Remuneration Committee should meet as and when required.

iii. Corporate Social Responsibility (CSR) Committee

Corporate Social Responsibility Committee is constituted as per Section 135 of the Companies Act 2013.

The CSR Committee monitors the overall CSR Activities of the Company. It provides guidance on various areas where CSR activities can be carried out. The Committee comprise of three (3) Directors including one Independent Director.

The CSR Committee should meet at least once in a Financial Year

iv. Risk Management Committee

The Company has in place a Risk Management Committee constituted in accordance with the RBI guidelines and as per Regulation 21 of SEBI LODR. The Risk Management Committee is responsible for managing, inter alia the integrated risk which includes liquidity risk, interest rate risk, currency risk and such other functions as may be assigned to it by the Board of the Company. Further, the Risk Management Committee shall ensure that progressive risk management system and risk management policy and strategy followed by the Company are put in place.

The RMC comprise of Three (3) Directors including Two Independent Director.

The Risk Management Committee should meet at least twice in a Financial Year.

v. Asset Liability Management Committee

In terms of RBI Directions, 2016, the Company has constituted an Asset-Liability Management Committee responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the Company. The constitution, powers, functions and duties of the Committee shall be in line with the RBI Master Direction.

The Asset Liability Management Committee will convene its meeting at least once every quarter.

D. CODE OF CONDUCT

The Company shall adopt code of conduct approved by the Board of Directors which is binding on employees and directors of the Company and the same shall be complied with. Code of conduct shall be signed off on annual basis.

E. FIT & PROPER CRITERIA

The Company shall have a policy put in place for ascertaining the fit and proper criteria at the time of appointment of Directors and on a continuing basis. The Nomination and Remuneration Committee shall review the appointment/re-appointment of Directors considering their qualifications, expertise, track record, integrity and other 'fit and proper' criteria.

F. WHISTLE BLOWER MECHANISM

The Company has established a mechanism for the employees and its directors for reporting to the management, concerns about unethical behavior, actual or suspected fraud or even to which is against the interest of the Company or society or as a violation of the Company's Code of Conduct or ethics policy.

The Whistle Blower mechanism provides for adequate safeguards against victimization of persons who use this mechanism and shall also provide direct access to the Chairman of the Audit Committee in exceptional cases. An update on whistle blower cases and investigation conducted thereon shall be presented before the Audit Committee.

G. STATUTORY AUDITORS

The Statutory Auditors of the Company shall be appointed in accordance with the provisions of the Companies Act, 2013 and as per the RBI Guidelines for Appointment of Statutory Auditors.

Declaration shall be obtained from the Auditors every year affirming their eligibility for being appointed as the Statutory Auditors of the Company. The Audit Committee shall review the independence and performance of the Statutory Auditors and the effectiveness of the audit process periodically.

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. Auditors can be appointed for a term 3 years.

3. POLICIES ADOPTED BY THE COMPANY

These guidelines shall be reviewed by the Board of Directors at such intervals as and when deemed necessary, in order to align the same with the prevalent regulatory and business requirements.

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