

# INTERNAL GUIDELINES ON CORPORATE GOVERNANCE -NABKISAN FINANCE

## LIMITED

### Company Philosophy on Corporate

#### Governance:

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency and fairness in all transactions in the widest sense and meet the stakeholder's aspirations and social expectations. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target.

The Company has set itself the objective of achieving excellence in its business. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance. The Company emphasizes the need for full transparency and accountability and conducting its business in a highly professional and ethical manner, thereby enhancing trust and confidence of all its stakeholders. The Company believes in pursuing holistic growth and realizes its responsibility towards its stakeholders and environment.

The comprehensive Corporate Governance practices ensures that the Company always works optimally, protecting the best interests of the stakeholders and withholding the reputation and status of the Company.

## Board of Directors:

The Board of Directors play a pivotal role in ensuring that the good corporate governance practices are followed within the Company. The Board of Directors along with its Committees oversees the functioning of the Company and that of its management; and ensures that every decision taken is in the best interest of the stakeholders of the Company. The Directors shall possess the requisite qualifications and experience in general corporate management, banking, finance, marketing and other allied fields which enable them to enhance their contribution effectively to the Company in their capacity as Directors of the Company. The Board of Directors of the Company shall have an optimum combination of Executive, Non-Executive, Independent and Woman Directors (where the paid-up capital is Rs.100 Crore or more), as per the Guidelines/ Regulations applicable to the Company. All the Directors shall meet the 'fit and proper' criteria as prescribed by the RBI. None of the Directors of the Company are related to each other. All the Directors on the Board (except Independent Directors and NABARD Nominee Directors) are liable to retire by rotation and one third of such Directors shall retire at every Annual General Meeting of the Company. The Directors who are longest in office shall retire and in accordance with the provisions of applicable laws shall be eligible for re-election. All the Directors shall make the necessary annual disclosure regarding their change in concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including shareholding, directorships and committee positions and shall intimate changes as and when they take place. The Board of Directors shall lay down a Code of Conduct for Senior Management of the Company. Senior Management Personnel shall affirm compliance with the code on an annual basis. The Directors shall not disclose any confidential

information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, during their term or following termination (by whatever means) to third parties unless expressly approved by the Board or required by law.

### **Meetings of the Board:**

At least four Board Meetings shall be held in a year. The maximum time gap between any two meetings shall not be more than one hundred and twenty days. The minimum information to be statutorily made available to the Board shall be furnished to the Directors before the meeting. The Quorum for a Meeting of the Board shall be one-third of the total strength of the Board, or two Directors, whichever is higher and the same shall be maintained for the entire meeting.

The Independent Directors of the Company shall meet at least once in a year without the presence of Non-Executive Directors and the Management in terms of Schedule IV of the Companies Act, 2013.

The Current Board comprises of the following members:

- Smt P V Bharathi, Chairperson
- Shri Mahesh KS, Nominee Director
- Shri Chandrasekaran, Nominee Director
- Shri CA Rishab, Nominee Director
- Shri Emmanuel Murray, Independent Director
- Shri Lalit Kumar Vaid, Independent Director
- Shri Jayant Kumar Dash, Independent Director
- Shri Prasad Rao Managing Director & CEO
- Shri G Immanuvel, Nominee Director & CFO

## Committees of the Board:

For operational convenience and to focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted several committees to deal with specific matters and for operational convenience, delegated powers for different functional areas to different Committees in accordance with the applicable laws. The Audit Committee, Nomination and Remuneration Committee, ALM Committee, Risk Management Committee, Corporate Social Responsibility Committee, Share Transfer Committee and other Committee(s) have been constituted in accordance with the provisions of the Companies Act, 2013, guidelines / directions issued by the RBI as applicable to the Company and for internal requirements and operational convenience. These Board Committees have specific terms of reference/scope to focus effectively on the issues and ensure expedient resolution of diverse matters. All decisions pertaining to the constitution/re-constitution/dissolution of Committees, appointment of members and fixing/modification of terms of reference of the various Committees shall be made by the Board of Directors.

Details of the Various Committees are as under:

### **1. AUDIT COMMITTEE**

The Company has in place an Audit Committee constituted under the provisions of Section 177 of the Companies Act, 2013.

The Audit Committee comprises of:

- Shri Jayant Kumar Dash, Independent Director & Chairman
- Shri Emmanuel Murray, Independent Director
- Shri Mahesh KS, Nominee Director

### Role and Responsibilities (Terms of Reference):

- To make the recommendation for appointment, remuneration and terms of appointment of auditors of the company.
- To review and monitor the auditor's independence and performance, and effectiveness of audit process.
- To examine the financial statement and the auditors' report thereon.
- To approve transactions of the company with related parties.
- To scrutinise inter-corporate loans and investments.
- To make the valuation of undertakings or assets of the company, wherever it is necessary.
- To evaluate internal financial controls and risk management systems.
- To monitor the end use of funds raised through public offers and related matters.

### **2. NOMINATION AND REMUNERATION COMMITTEE:**

The Company has in place a nomination and remuneration committee constituted under the provisions of Section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee shall meet as and when required to discuss matters. The Committee shall meet at least once in every financial year. The Nomination and Remuneration Committee shall comprise of at least three directors and all Directors of the Committee shall be Non- Executive Directors. At least fifty percent of the Members shall be Independent Directors. The quorum shall comprise of any two Directors.

The Nomination & Remuneration Committee comprises of:

- Smt.P V Bharathi, Independent Director & Chairperson
- Shri Lalit Kumar Vaid, Independent Director
- Shri Jayant Kumar Dash, Independent Director
- Shri V Chandrasekaran, Nominee Director

- Shri K S Mahesh, Nominee Director

Role and Responsibilities (Terms of Reference):

- The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- The Nomination and Remuneration Committee shall, while formulating the policy ensure that—
  - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- The policy formulated shall be disclosed in the Board's report.

### **3. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

The constitution and the terms of reference of the Corporate Social Responsibility Committee shall be in compliance with the provisions of section 135(1) of the Companies Act, 2013 ("the Act") and the Rules framed thereunder and Schedule VII of the Act. The Corporate Social

Responsibility Committee shall consist of three or more Directors, out of which at least one Director shall be an Independent Director.

The CSR Committee comprises of:

- Shri Emmanuel Murray, Independent Director and Chairman
- Shri Lalit Kumar Vaid, Independent Director
- Shri. KS Mahesh, Nominee Director
- Shri. Prasad Rao, MD & CEO of NABKISAN
- Shri. Immanuvel Ganesan, Director & CFO of NABKISAN

Role and Responsibilities (Terms of Reference):

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

#### **4. RISK MANAGEMENT COMMITTEE**

The Risk Management Committee comprises of:

- Shri Lalit Kumar Vaid, Independent Director & Chairman
- Smt. P V Bharathi, Independent Director
- Shri. V Chandrasekaran, Nominee Director
- Shri K S Mahesh, Nominee Director
- Spl invitee from RMD, NABARD

- Shri. Prasad Rao, MD & CEO of NABKISAN
- Shri. Immanuvel Ganesan, Director & CFO of NABKISAN

The Risk Management Committee is required to manage the integrated risk and inform the Board from time to time the progress made in putting in place a progressive risk management system, risk management policy and strategy followed by the Company.

## **5. ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)**

The ALM Committee comprises of:

- Shri Prasad Rao, Managing Director & CEO of NABKISAN & Chairman
- Shri Immanuvel Ganesan, Director & CFO of NABKISAN
- Shri Maheep Panwar, COO of NABKISAN
- Smt Usha Mahesh, CBO of NABKISAN
- Shri Nagabhushana, CRO of NABKISAN

The constitution and the terms of reference of the Asset Liability Committee shall be in compliance with the Guidelines issued by RBI. The ALCO's primary goal is to evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure.

## **6. SHARE TRANSFER COMMITTEE**

The Share Transfer Committee comprises of:

- Shri KS Mahesh, Nominee Director and Chairman
- Shri. Prasad Rao, Managing Director & CEO of NABKISAN
- Shri. Immanuvel Ganesan, Director & CFO of NABKISAN

The Share Transfer Committee was constituted to deal with various matters relating to share transfer/transmission, issue of duplicate share certificates, approving the split and consolidation request and other matters relating to transfer and registration of shares.

## **7. IT STRATEGY COMMITTEE**

The IT Strategy committee comprises of:

- Shri. Emmanuel Murray, Independent Director & Chairman
- Shri Jayant Kumar Dash, Independent Director
- Shri. Prasad Rao, Managing Director & CEO of NABKISAN
- Shri. Immanuvel Ganesan, Director & CFO of NABKISAN
- Shri Maheep Panwar, COO of NABKISAN
- Shri. Sameer Kumar Prayaga, CTO, NABKISAN
- Spl invitee: CTO, NABARD
- Spl invitee: Shri. SK Dhinesh, Representative from NABARD as a domain expert

Role and Responsibilities (Terms of Reference):

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- 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 proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls;

## **8. INTERNAL COMPLAINTS COMMITTEE FOR PREVENTION OF SEXUAL HARASSMENT (POSH) AT WORKPLACE**

The POSH Committee comprises of:

- Smt. Usha Mahesh, CBO of NABKISAN, Chairperson
- Smt. Forum Parekh, SVP
- Smt. Merin Maria Thomas, Sr. AVP
- Shri Ethirajan, Senior Manager
- Smt.Snehal Velkar – External Member

Role and Responsibilities (Terms of Reference):

- The Complaints Committee should consist of four members headed by a Senior lady Officer and not less than half of its members should be women. The Managing Director (MD) will nominate the members on the Committee;
- The Complaints Committee should have one member from a third party either a NGO or association committed to the cause of women or a person familiar with the issues relating to sexual harassment;
- The Complaints Committee would meet if the situation warrants;
- The role of the Complaints Committee is recommendatory for further necessary action by the Competent Authority;
- The Complaints Committee should ensure time bound disposal of the Complaints;
- The Complaints Committee should ensure strict maintenance of confidentiality;
- The Complaints Committee should maintain a Complaints Register;
- The Internal Complaint Committee against Sexual Harassment will prepare an annual report relating to the number of cases filed, if any, and their disposal details;
- The above report shall be included in the Annual Report;

Other Committees: In addition to the aforesaid Committees, the Company has also constituted the following Committees to oversee specific areas and/ or for the smooth functioning of business/ functional operations.

- Loan Committee
- Investment Committee
- Business Development Committee
- Stakeholder Relationship Committee
- Willful Defaulter Review Committee
- Special Committee on Monitoring of Fraud/Red Flag Accounts
- HR Implementation Committee
- Ethics/Conduct Committee
- Customer Service/Support Committee

## Fair Practices Code:

Pursuant to the guidelines on Fair Practices Code issued by Reserve Bank of India, the Company has adopted a policy on Fair Practices Code which is posted on the website of the Company.

## Code of conduct:

The Company has adopted a code of conduct for Directors and Senior Management of the Company and due care is taken that the Directors and Senior Management adhere to it.

## Vigil Mechanism:

Pursuant to Section 177(9) of the Companies Act, 2013, the Company has established due Vigilance Mechanism for Directors, employees and other stakeholders of the Company. The purpose and objective of the Vigilance Policy is to address serious concerns that may have a larger impact on the image and values of the Company due to incorrect financial reporting or serious improper conduct.

## Policies adopted by the company

The Company shall adopt such policies, as may be required to adopt under the Companies Act, 2013, the RBI Guidelines / Directions applicable to the company, and such other laws and regulations as may be applicable. The policies adopted may be reviewed by the Board from time to time.

## Disclosures and transparency

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

## Compliance Officer

Shri. Niranjana Verma shall act as the Compliance Officer of the Company. The Compliance Officer shall, inter-alia, be responsible for setting forth policies / procedures and ensuring conformity with the applicable laws/ regulations/ guidelines including Companies Act and RBI Directions/guidelines, issued from time to time. Smt. Suzette Dsouza is the Compliance Officer under SEBI (Listing Obligations and Disclosure Requirements) 2015 Regulations.

## Review

The Board of Directors of the Company reserves the right to add, amend, modify the Guidelines, as and when it deems appropriate.