

**Hindusthan Microfinance Private Limited  
(HMPL)**



**CORPORATE GOVERNANCE POLICY**

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## 1. Corporate Governance – Meaning & Scope of the Concept:

Corporate governance is the system of rules, practices, and processes by which a company is directed, controlled and managed. The whole process is anchored by the key principles of participation, inclusion, non-discrimination, equality, rule of law and accountability.

Establishing and implementing these practices involves balancing the interests of a company's many stakeholders including shareholders, employees, senior management, lenders, Government authorities at various levels, customers, community members/groups

Thus, corporate governance encompasses practically every sphere of management, from action plans, internal controls to performance measurement and corporate disclosures. A company's board of directors is the primary force influencing corporate governance. The basic principles of corporate governance are accountability, transparency, fairness, responsibility, and risk management.

Good corporate governance can benefit the Organization in many ways as under:

- Enhance trust with investors, the community, and public officials.
- Provides all stakeholders with a clear idea of the company's direction and business integrity.
- Promotes long-term financial viability, opportunity, and returns.
- Facilitates the raising of capital.
- Contributes to rising share prices.
- Improves a company's reputation and customer retention; and
- Reduces the potential for financial loss, waste, risks, and corruption.

In the light of paramount importance and attendant benefits of good corporate governance as above, HMPL has framed its Corporate Governance policy and guidelines accordingly. The contours of the policy are outlined in the following paragraphs

## 2. Objectives of Corporate Governance Policy:

With the following broad objectives, the Company intends to formulate Corporate Governance Policy

- a. To ensure that the Company works in compliance with relevant laws and regulations, code of conduct and ethical standards;
- b. to establish and maintain corporate governance standards and practices;
- c. To ensure that it has the necessary systems e.g. internal control systems, compliance mechanisms, risk management safeguards, technological framework, digital & information systems;
- d. To formulate Company's policies and guide implementation of the policies /processes.;
- e. Formulate its business strategies and measures to have adequate resources to carry out approved strategies and business plans,

- f. to ensure protection of customers' interests and mitigate customers' grievances &
- g. to help the Company to develop human resources and a culture which strives for the best practices in all areas of microfinance business.

### **3. Board of Directors:**

*(Note: The Board of Directors of a company shall be entitled to exercise all such powers and to do all such acts and things, as the company is authorized to exercise and do. But subject to the Act, or in the Memorandum or Articles or in any regulations including regulations made by the Company in general meeting – Refer Se, 179 of the Companies Act, 2013)*

The Board of Directors along with its Committees shall provide leadership and strategic guidance to the Management and direct, oversee and control performance of the Company. The Board shall, therefore, take due diligence to identify suitable persons with sufficient experience, qualification, expertise, track record, integrity and meeting fit and proper criteria, for appointment as Director to the Board. The Company shall obtain all related information, statements and declarations periodically from the existing Directors to ensure that they continue to conform to the desired criteria during their term of directorship.

#### **3.1 Membership:**

The Company law provides for size of the Board up to 15 members and ,at least ,one third of the members should be independent and non-executive directors. The composition should be balanced and diversified. Considering size of the Company and its requirement, the Board consists of 4 Directors including 2 Independent Directors with wide spectrum of experience and deep knowledge in banking, Non-Banking (NBFC) or microfinance field for over decades. The Company will augment the Board in due course with also inclusion of woman director.

#### **3.2 Quorum:**

The quorum for the Board meeting with the size of 4 will be 2 with, at least, the presence of one Independent Director. In case of the inability of any Director to attend the meeting, he should seek grant of leave of absence in writing specifying reason,

#### **3.3 Tenure of the Board:**

The Company should always have functional and full-fledged Board. An independent Director can be appointed for one term of 5 years at a time by the Board with the approval of the AGM. While he/she could be designated as additional Director till the next AGM and then redesignated as non-executive Director. The Director can be appointed for the 2<sup>nd</sup> consecutive term of another five years in the similar process (thus, not exceeding total 10 years). The Board shall make succession planning well in advance, so that suitable substitute Director could be identified and appointed well in time. An Independent Director can resign before his term expires, stating reasons for his resignation in writing, The Board may consider and resolve to accept it.

### 3.4 Frequency of Meetings

The Board shall meet ,at least, once in a quarter. It may meet more often depending on the requirement. The gap between 2 meetings shall not exceed 120 days. The Company shall prepare an annual calendar of meetings and shall plan for various agenda items as per the needs of the Company, besides mandatory regular items.

### 3.5 Board Rules, Regulations & Records:

The Board may frame its own rules and procedures for its effective functioning. However, keeping in view common Secretarial Standards as prescribed by the Institute of Company Secretaries of India & the provisions of section 118 (10) of the Companies Act,2013, the Company shall adhere to notice period, issue of agenda notes, preparation/approval of Minutes and maintenance of records. The Attendance Register and the Minutes register of the Board shall be permanently preserved. The Company Secretary or any other Officer designated by the Company shall attend the meeting along with other invites, as required by the Board. The deliberations of the meetings (Physical or Online) should be duly recorded. Resolutions of the Board shall be properly made and recorded. The” resolutions by circulation” shall be duly conformed in the following meeting. The agenda notes shall be made available to the Directors, at least, one week before the meeting. The Company has an obligation to provide all relevant data and information to the Board to enable them to take informed decisions.

### 3.6 Powers and Functions of the Board:

The Board has a certain mandatory role as per the Companies Act ,2013 and the RBI regulations, a certain advisory role and oversight role as per governance principles and practices in the industry. With a view to facilitating greater review and discussion of the important issues, the Board has delegated certain responsibilities to various Committees viz Audit Committee, Grievance Redressal Committee, Micro Credit Pricing Committee, Finance Committee, and Risk Management Committee). The Company is expected to provide updates on business ,finance , internal control system, risk management, regulatory compliance , human resources , information technology applications, and other areas of its functions. The primary roles and responsibilities of the Board of Directors are outlined below:

- a) To review and approves policies and implementation framework on various functional areas of the Company, from time to time;
- b) to approve the Company’s audited annual financial statements, Auditor’s Report as recommended by the Audit Committee.
- c) To approve and monitor implementation of the Annual budget of the Company.
- d) to consider and approve the loans and debts from various lenders as recommended by the Finance Committee and monitor compliance with lenders’ terms and conditions.
- e) to consider and approve pricing of Micro finance loan from time to time as recommended by the Micro Finance Loan Pricing Committee.
- f) to approve the Related Party transactions as recommended by the Audit Committee.

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- g) to review financial performance, ALM position, financial resources including resource mobilization initiatives. based on inputs by the Finance Committee and provide strategic advice;
- h) to consider and approve investments of the Company in various instruments for optimizing returns as per the investment policy.
- i) to review the status and trends of fraud & misappropriations and preventive and control measures taken/to be taken, as recommended by the Audit Committee.
- j) to review the compliance status and ensure that the Company complies to all regulatory requirements including payment of statutory dues and submission of statutory returns.
- k) to discuss and monitor Company's progress of implementation of Fair Practices Code and ensures their compliance.
- l) to ensure that Company has systems in place for risk management, internal control/internal audit and ethical standards and discuss the feedback of the Audit Committee.
- m) to review Human resources management and development initiatives and related policies for ensuring their retention, commitment and productivity.
- n) to appoint various KMP officials including the CEO and determine their terms of appointment including remuneration.
- o) to consider appointment of statutory Auditors and their terms of engagement including remunerations.
- p) to review digitization efforts including software applications and also introduction of various safety measures against cyber threats.
- q) to review and provide strategic advice for shaping and implementing perspective business growth and development plan.
- r) to review financial products and services, repayment performance of borrowers, portfolio quality and NPA management.
- s) to review the grievance redressal of customers, based on the feedback given by the Customer Grievances Redressal Committee and measures taken by the Company for customers education /digital literacy.
- t) to consider and pass various resolutions as required by various statutory authorities and lenders
- u) to review the Company's Vision, Mission, Memorandum of Association, Memorandum of Articles and recommend to the AGM for any amendment, if required.
- v) to consider organizational restructuring plans including setting up subsidiaries, if and when required.
- w) to review compliance with the RBI inspection report, if any issued.
- x) to give warning signals to the Company in view of any emerging risk threat or concern and.
- y) to monitor and to ensure compliance to Corporate Governance standards in the Company.

The Board has constituted the following Board level Committees and other Management level Committees for discussing critical issues and recommending suitable measures for its further consideration.

Accordingly, the Audit Committees was constituted on 4th December 2014

#### 4. Terms of Reference of the Audit Committee

<b>Areas</b>	<b>Functions</b>
<b>Membership</b>	<p>The Committee shall be appointed by the Board</p> <p>Members of the Committee shall be entitled to vote and in case of equality, the Chairman shall have one additional casting vote.</p> <p>the Company Secretary and Internal Auditor/Head of Internal Audit Department of the Company shall attend and participate at the meeting but shall not have the right to vote. The Audit Committee may invite the CFO, COO, Grievance Redressal Officer, Vice President, Finance, Compliance Officer, Statutory Auditor, Company's Legal counsel, valuation expert as and when needed.,</p>
<b>Quorum</b>	<p>The quorum necessary for the transaction of business shall be two (one of which should be an Independent Director) A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.</p>
<b>Tenure</b>	<p>The Audit Committee shall continue to be in function as a Committee of the Board until otherwise resolved by the Board, to carry on the functions and responsibility of the Audit Committee.</p>
<b>Frequency of Meeting</b>	<p>The Committee shall meet at least four (4) times in a year. However, it shall once meet before the finalization of the half yearly review and before approval of annual accounts by the Board.</p>
<b>Functions and Power</b>	<p>The Committee shall have discussion with the Internal Audit Head (other auditors, if necessary) periodically about internal control system, the scope of audit including the observations of the auditors and review the quarterly, half-yearly and annual financial statements before submission to the Board and ensure compliance of internal control systems.</p> <p>The Committee shall invite/ the Statutory Auditors to present Annual / Half -yearly (if audited) financial statements and Auditor's Report.</p> <p>In discharging the function of the Audit Committee, the Committee shall have authority to investigate into any matter or referred to it by the Board. Or any Whistle blower</p>
<b>Roles and Responsibilities</b>	<p>Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.</p>

	<p>Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory auditor and the audit fees for the same.</p> <p>Reviewing, with the Management, the quarterly &amp; annual financial statements before submission to the Board for approval, with reference to ;</p> <p>Discussing matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies act, 2013.</p> <p>Changes, if any, in accounting policies and practices and reasons for the same Major accounting entries involving estimates, based on the exercise of judgment by Management.</p> <p>Significant adjustments made in the financial statements arising out of audit findings.</p> <p>Compliance with accounting and other legal requirements relating to financial statements.</p> <p>Disclosure of any related party transactions and to ensure that the transactions of the related parties are dealt with in ordinary course of business and kept at arm's length in conformity with the Company's Related Party Transaction Policy. Consideration of Omnibus approval to Related Parties.</p> <p>Qualifications, if any in the draft Statutory auditor's report';</p> <p>Reviewing, with the Management, performance of statutory and internal auditors, and adequacy of the internal control systems.</p> <p>Reviewing the adequacy of the internal audit functions, if any, including the structure of the Internal Audit Department, staffing and seniority of the officials heading the department, reporting structure, coverage and frequency of internal audit and training &amp; capacity -building of auditors.</p> <p>Discussion with internal auditors any significant findings and follow up there on for necessary compliance.</p> <p>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.; Review of efforts for prevention, detection, control, and minimization of incidence of frauds, misappropriation and embezzlement/. theft of funds.</p> <p>Review of claims under the insurance policies, e.g., credit life insurance /health insurance, etc.</p> <p>Review of protected complaints of Whistle Blowers.</p> <p>Reviewing the legal and regulatory compliance in every quarter.</p> <p>Assessing emerging risks, particularly audit -related and regulatory risks,</p> <ol style="list-style-type: none"> <li>Review of reports of external auditors, if engaged, the Rating agency and the RBI inspection.</li> </ol>
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	<p>b) Looking at implantation of the RBI's Micro Finance Regulatory framework (e.g. Survey, customers' identification, Fair Practice Code, etc) at the field level, as reported by the auditors, Assess the system of management, preservation, and retrieval of documents/records (physical, electronic, digital) in the Company; and Ensure review of variance analysis of financial performance, risk categorization of audit findings and their mitigation mechanism and overall compliance system.</p> <p>Undertaking periodic review of progress of audit and its compliance and ensuring quality and effectiveness.</p>
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## **5. Grievance Redressal Committee.**

The Company attaches high importance to customers' satisfaction over its services and therefore, has constituted a Board level Grievance Redressal Committee with the following

### **Terms of Reference:**

- Reviewing the grievances of its customers received through various channels in the form of complaints /queries from time to time.
- to ensure that the grievances are redressed promptly with in the turnaround time to the satisfaction of the borrowers;
- to analyses the nature and areas of the complaints/queries received and suggest preventions/solutions.
- to ensure that necessary feedback /report is submitted to Self- Regulatory Organizations (SROs) and other regulators, if any as per the regulatory guidelines.
- to review the efficacy of customers' Grievance Redressal Policy and system periodically.
- ;
- to oversee Customers promotion and protection measures for overall customer participation and empowerment; and
- Any other matter, as may be delegated by the Board.

### **5.1 Composition & Quorum.**

The Committee comprises of 3 Directors of the Board The quorum is two members including, at least, one Independent Director.:

Number of Meetings: 4 meetings – Once in a quarter

Vice President, Finance / Company Secretary, who will function as Secretary to Committee will convenes the meeting of the Committee.

### **5.2 Powers, Functions and Processes:**

The Company will keep a record of all complaints /queries received from the customers in various ways. The queries /complaints received through Toll Free telephone, Branch Managers, Grievance Redressal Officer (GRO), direct letter/email communication from

Customers, other MFIs, SROs, Credit Information Companies (CICs), Ombudsman /RBI will be redressed . The above communications are to be classified, recorded, processed and acted upon. The detailed agenda notes are to be prepared, giving the nature of complaints. /Queries, their status of resolutions and if pending, the reasons, therefore. The Committee will discuss the issues from various preventive and curative angles and direct action, wherever required, and gives feedback to the Board. It will also discuss the implementation of RBI notification on customers service and payment of compensation to customers, in case there is a delay involving CICs and the Company. The Committee will discuss all issues pertaining to customers satisfaction, customers education, impact assessment, Satisfaction Survey, if any conducted keeping in view the term of reference.

### **5.3 The Agenda Notes and Minutes of the Meeting:**

The Secretary to Committee will prepare the agenda note on the above issues with necessary data /information, Action Taken Report (ATR) for the meeting of the Committee from time to time. The Minutes of the Meeting will be submitted to the Committee and the Board for their ratification/confirmation.

### **6. Micro Credit Pricing Committee:**

As per the Micro Finance Regulation of the RBI vide its circular, 14 March 2022, Board of Directors has been empowered to decide interest rate for micro finance borrowers from time to time, based on certain broad framework. It was decided to focus on customer centricity, business suitability and risk management approach. The Board of HMPL had accordingly framed Micro Credit Pricing Policy to implement the RBI direction. An Interest Rate Pricing Committee was constituted with the following 3 members

- 1.Chairman & Managing Director.
- 2.Executive Director. and
3. Vice-President, Finance

The quorum for the Committee is 2 members. The meeting of the Committee should be held regularly as and when required. However, the meeting of the Committee should be held at least once in a quarter.

#### **6.1The following are its Terms of Reference:**

- a) To implement the Company's Micro Credit Pricing Policy scrupulously.
- b) To compute finance cost, operating cost, other transaction cost, loan loss, risk premium and profit margin to arrive at right price.
- c) To determine fees and other charges, as per the policy.
- d) To ensure that all disclosures are made on the website and other literatures, and
- e) To provide necessary Key Financial statements to the borrowers.

#### **6.2 Role, Responsibility and Process:**

The Committee will garner all information on market /industry trends as also feedback from the field with respect to pricing for enabling its proper review. It has to decide pricing within the policy framework and get it ratified by the Board at the earliest. It will examine product -specific interest differentiation from time to time. It will also ensure that the maximum, minimum and average interest rate are placed in the website and shared with all concerned. Any proposal for a change in the Pricing Policy framework will be placed before the Board for its approval and the Committee will not deviate from the Board approved policy during implementation.

### **7.Finance- Committee:**

The Company has constituted a Management level Finance Committee with the following **Terms of Reference:**

- a) To undertake the exploration of resources for financing various micro finance and non- microfinance activities.
- b) to carry out appraisal of the lenders' proposals, to suit Company's financial needs and policies.
- c) to effect prudent management of funds under different financial schemes,
- d) to comply with lenders' financial discipline and terms and conditions.
- e) to try to diversify and introduce new instruments of finance/borrowings.
- f) To consider various proposals /avenues of investments; and
- g) To carry out other financial issues as referred to by the Board.

### **7.1 Composition, Quorum & Periodicity of Meetings**

The Committee will consist of 3 members consisting of Chairman & Managing Director, Executive Director and Vice -President, Finance & Accounts. The quorum is 2 members; The Vice President, Finance is the convenor. Its meetings are to be held, at least once in a month. However, its meeting can be convened as many times as required.

### **7.2 Role, Responsibility and Process:**

- a) The Committee will meet at periodic intervals to review all matters of finance-borrowing, loaning and investment
- b) It will manage all financial products and recommend to the Board for any change.'
- c) It will appraise all borrowing proposals and get all its decisions of borrowing ratified by the Board; it will present to the Board all terms and conditions, positive aspects, risks and safeguards associated with the financial accommodation to be availed.
- d) In case of investment proposal, it will present an analysis of proposed investment, in the light of investment policy, regulatory framework, risk tolerance and financial health of the Organization;
- e) It will prepare and recommend the financial budget of the Company to the Board, based on its performance against benchmarks, possibility of financial

resources through recovery / lending resources/ income and perspectives of growth& financial stability.

- f) Perform other duties in financial matters as authorized by the Board,

The minutes of the meetings of the Committee will be recorded and put up to the Board for their noting. The Committee will seek approval of all its recommendations to the Board with respect to borrowings, investment and lending. The Committee will decide financial matters within the policy framework approved by or authorized by the Board

## 8. Assets- Liability Management

Ass per RBI NBFC – Corporate Governance (RBI) Directions ,2015 , NBFC-MFIs shall one ALCO Committee which shall formulate one ALCO Committee which shall primarily be responsible for monitoring the asset liability gap and strategize action to mitigate the risk associated with the business of the Company from time to time .The Board has delegated this function to the existing Finance Committee instead of forming a separate ALCO . Finance Committee will enable strategically matching of assets and liabilities, the Company can thereby achieve greater efficiency and profitability while also reducing risk. It will review the structured statement of asset -liability matching on different time horizons. Based on statement, the Committee could identify suitable funding sources including committed stand by lines, desired maturity profile and mix of incremental liabilities.

Finance Committee will meet periodically and monitor liquidity position of the Company, based on the Structured statement of assets and liabilities and matching analysis. The minutes of Finance Committee will be noted by the Board from time to time.

## 9. Risk Management

The Board of Directors of the Company has designed the Risk Management Policy and Guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses, and define a structured approach to manage uncertainty and to make use of these in their decision-making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews. The Audit Committee also reviews various emerging risks, particularly audit-related risks and their mitigation. *In accordance with clause 19 of Master Direction -RBI (-NBFC base-level) Direction ,2023, October 19 ,2023, the Company has constituted Risk Management Committee (RMC) at executive level into that Board is able to focus on Risk Management. The following is the composition of the Committee :*

- 1 } Executive Director -Chairman;
- 2) Head of IT ;
- 3) Head of Finance (Vice President of Finance & Accounts)
- 4) Risk Management Officer- Convenor .

The Committee will meet regularly , at least once in a quarter .

*The RMC shall be responsible for evaluating the overall risks faced by the Company e.g ,market risks , liquidity risk, operational risks , regulatory, Cyber/digital risks and shall report to the Board.,*

#### **10.Internal Committee for Sexual Harassment:**

In accordance with Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2023 and in terms of policy on Prevention of Sexual Harassment of women at Workplace (POSH) policy, an internal committee will be formed to address such issues.

**11. Annual General Meeting (AGM):** -The following policy framework and guidelines will be followed by the Company for AGM.

- I. The AGM of the Company shall be convened by the Board of Directors and be held within 6 months from the closure of the Financial year (FY). Another 3 months of extension can be sought for from the Register of the Companies (ROC), giving precise reasons and pressing circumstances for extension. The date, time and venue of the AGM will be decided by the Board with specific resolution.
- II. Minimum 21 days' Notice shall be given for holding the AGM. However, the notice period can be relaxed with the concurrence of the share holders
- III. The Board could convene extra-ordinary general meeting (EGM) with lesser period of notice, if it is deemed necessary
- IV. The agenda issues for AGM should include (i) Annual audited Financial Statements as approved by the Board; (ii) Statutory Auditors' Report, (iv) Directors' Report approved by Board, (v) Appointment of new Director to replace retired Director - Change in Independent Directors (vi) Declaration of Dividend for Shareholders, (vii) Appointment of Statutory Auditor and his/her remuneration (viii) New Shareholder, if any, (ix) Appointment of MD /CEO with terms of conditions, (x) Special Business ,if any
- V. All shareholders and Statutory Auditors should be invited to the AGM. All Directors of the Board should be invited as Special Invitees. Legal Representative of the deceased shareholder, if any should be invited. The shareholders can appoint a representative to attend the meeting on their behalf,
- VI. If the Article of Association provides for specific person as Chairman, he /she should preside over. Otherwise, the AGM could decide any of the shareholders present as Chairman. The Quorum of AGM is 2 shareholders
- VII. The members /shareholders shall be provided with all documents/information on the agenda issues. The shareholders will have all rights to ask for any further information.
- VIII. The printed Annual Report for the FY should be released with the concurrence of the AGM (it is normally circulated/placed in the Company's Website after the AGM is over)
- IX. Minutes of the AGM shall be duly recorded. The shareholders should be given the Minutes of the AGM
- X. The Decision of the AGM should be made by Ordinary or Special resolution
- XI. The Board should be informed of the outcome of the AGM in their subsequent meeting

- XII. The Attendance Register and the Minutes Register shall be maintained for the AGM and preserved.  
All AGMs will be conducted and the Minutes recorded in accordance with the Secretarial Standards, prescribed by the Institute of Company Secretaries of India.

### **12. Statutory Auditors:**

The Statutory Auditors of the Company shall be appointed at the recommendations of the Audit Committee by the Board of Directors and the AGM, in terms of provisions of the Companies Act 2013. The Company shall rotate the partners of the Chartered Accountant firm conducting the statutory audit every five years so that the same partner does not conduct audit of the Company for more than a period of 5 years. However, the partner so rotated will be eligible for conducting the audit of the Company after an interval of three years, if the Company decides. The Company shall incorporate appropriate terms in the appointment of the firm of auditors and ensure compliance. (of Section 139(2) of the Companies Act ,2013).

### **13.Key Managerial Personnel (KMP)**

#### **13.1 Chairman and Managing Director / Executive Director (ED)/Chief Executive Officer (CEO):**

The **Chairman and Managing Director / Executive Director (ED)** is vested with substantial powers of management of affairs of the Company. He is appointed by the Board of Directors and his terms and conditions of service are approved by the Board duly concurred by the AGM. Any change in his terms of service, including salary and remuneration to be paid and the powers and functions is to be approved by the same authorities. His appointment or changes in the incumbency need to be informed to the RBI in the prescribed manner.

#### **13.2 Powers and functions:**

- a) To direct and control the Company's operations to ensure the Company achieves its mission and objectives.
- b) implementing all policies, strategies and systems as mandated by the Board.
- c) to prepare the business plan of the Company and monitor its progress so as to ensure its accomplishment efficiently and effectively.
- d) to exercise financial powers singly or jointly with Chairman, as delegated by the Board and as per the operational requirement of the Company.
- e) to prepare the annual financial budget of the Company for the approval of the Board and ensure that the Company's financial resources are deployed in the prudent manner and the budget targets are met.
- f) to undertake human resources management and human resources development to achieve desired productivity collectively ‘
- g) to represent the Company in all negotiations with lenders, suppliers, government agencies and various contracts and agreements.
- h) to establish and maintain effective marketing and public relations strategy and sustain links with all agencies and authorities for business growth and development of the Company.
- i) to take steps for good governance of the Company in all its dimensions – internal control, risk management, statutory compliance, prudent practices and transparency in operations.

- j) to provide all information to the Chairman and the Board as required by them from time to time; and
- k) to undertake all other assignments as may be required by the Board and in the best interest of the Company.
- l) **14.Head of the Departments Meet:**
- m) The Company holds review meetings of all Head of the Departments /senior management periodically, at least once in every month to discuss various business issues, implementation of policies and programmes, assessment of performance against plans, etc

### **15.Company Secretary:**

The Company will appoint a Company Secretary to perform the following role and responsibilities:

- a) To assist the Board in conducting the affairs of the Company including implementing the decisions of the Board;
- b) To provide guidance to the Directors in the performance of their duties including submission of various statutory declarations and reports.
- c) To ensure compliance with governance codes and statutory and regulatory requirements.
- d) To maintain various records and registers in compliance with Secretarial Standards.
- e) To function as Compliance Officer or assist the Compliance Officer in submission of various periodical statutory returns and reports.
- f) To obtain permission of the Board to sign various instruments / agreements on behalf of the Company; and
- g) To facilitate convening meetings of the Board, its Committees and the AGM

Apart from the above statutory duties, the Company Secretary will perform such other duties as may be entrusted by the Board from time to time

### **16.Disclosures & Transparency**

The governance of the Company will be kept very transparent to its shareholders, lenders, borrowers and the public. The website of the Company will contain all relevant information about Company's governance and financial performance including its audited balance sheet and financial statements. The Company will disclose the required information in accordance with directions/circulars of the RBI and as required by the laws. All disclosures will be accurate, clear and timely. Its financial statements will reveal its registration, license, authorization from the regulators, its area of operations, ratings assigned by the credit rating agencies, NPAs and movement of NPAs, details of all off-balance sheet, exposures to various segments and penalties, if any, imposed by any regulators. The objective of transparency is to provide information to all parties concerned to assess effectiveness of the Organization in governance.

### **17.Data Governance &Security:**

The Company will ensure that the data quality remains high throughout the complete cycle of data and the controls implemented meet with the Organization's business objectives. It will also have data security governance with set of policies, procedures, technology and



controls that ensure the confidentiality, integrity, availability and responsibility of the Organization 's data assets. Its policy adoption, practices, systems and review mechanism will be ensuring preparedness for data privacy in the Organization These elements collectively will contribute to fortifying security measures and safeguarding assets and individuals against potential threats and risks;

**18.Governance through Technology:**

Having regard to limited resources and size of the Company, it will endeavor to adopt cost-effective technology in work processes and communication to enhance strategic planning, data-driven decision-making, better monitoring and oversight. Thus, the Company through progressive use of technology, will strive to accomplish better corporate governance, operational efficiency and customer service.

**19.Code of Conduct and Fair Practices Code:**

The Company has adopted the policy on Fair Practices Code (FPC), in conformity with the guidelines issued by the RBI. The implementation of the FPC will be reviewed regularly by the Board and its Committee. The FPC is also posted in the website of the Company.

The Company has also adopted the Industry's Code of Conduct as framed by both the Self-Regulatory Organizations (SROs)- Sa Dhan and MFIN. The Company continues the member of both the SROs and complies with their guidelines issued from time to time.

**20.Fit & Proper Criteria for Directors:**

The Company has put in place due diligence in identifying and appointing Directors, particularly Independent Directors, in conformity with the guidelines of the RBI and the provisions of the Companies Act, 2013, as applicable to the Company. It ascertains fit and proper criteria of the Directors and ensures their observance of the criteria continuously. It will obtain all declarations, undertakings and statements, as prescribed by the RBI in the Schedule IV, V and VI of the RBI guidelines on the subject. It will file all related declarations/undertakings /Forms with the RBI & the ROC at the time of appointment, resignation, reappointment and changes, if any in their status and annually. The Directors will have obligation to inform the Company in case of any changes in their interest in other companies. The Directors are to abide by the code of professional conduct and discharge their responsibilities, as mandated by the Companies Act and the RBI guidelines.

**21.Duties and responsibilities of the Company for the Directors:**

The Company needs to carry out the following important functions with respect to the Directors:

- a) To ensure payment of befitting sitting fees /remuneration for participating the Board /Committee meetings and providing valuable advice regularly;
- b) To provide other logistics and courtesies, as and when they attend meetings and make field visits;
- c) To cover the Directors, particularly Independent Directors under Directors and Officers Insurance for such quantum and for such risks as may be determined by the Board;



- d) To develop proper MIS and provide all information /data /notes on various issues to Directors to enable them take informed decisions;
- e) To identify issue and bring timely proposals for facilitating Board to review and take decisions; and
- f) Not to extend any loan to the Directors from the Company, as a matter of policy.

**21.1 Familiarization, exposure and Knowledge Management of Directors:**

The Company will formulate proper familiarization programme for newly appointed Directors so as to familiarise them with the Company's policies, procedures, systems and practices. It will also provide field exposures, facilitation in attending suitable conferences /seminars and institutional training for enrichment of knowledge and insight of all Directors from time to time. It will provide facilitations for updating Directors with relevant information, on an ongoing basis.

**21.2 Duties of Directors:**

In accordance with the provisions of the Companies Act (Section 166), regulatory guidelines and best practices in corporate governance, the Directors will be performing the following broad duties:

- I. To perform their role and responsibilities in a faithful and diligent manner with due and reasonable care for the Company.
- II. To carry their independent professional judgement and offer strategic advice, prudent and practical solutions from the long-term perspective of the Organization.
- III. To maintain confidentiality and not to disclose in public any data /information shared by the Company in the Board /Committee meetings.
- IV. To abstain from any situation /issue where there is scope of conflict of interest with the Company; and
- V. To attend the meetings of the Board & Committees regularly and contribute to meaningful discussion on the agenda issues.

**22. Customers Grievance Redressal Mechanism**

The Company is dedicated for customers protection and promotion. It will be providing loan support, primarily microfinance services to the borrowers in the most efficient and responsive manner. It has formulated comprehensive policies viz Micro Finance loan policy, the Grievance redressal policy, Whistle blower mechanism, to ensure prompt and effective redressal of customers' grievances. Periodical monitoring and review of the complaints received from various channels (e.g. Branch Manager, Grievance Redressal Officer, Whistle Blowers, SROs, Credit Information Companies and RBI Ombudsman) will be ensured for satisfactory resolution within the turnaround time. There is well built escalation mechanism from the branch level to the Grievances Redressal Committee of the Board. to eliminate delay. The Company will report the status of complaints to the SROs regularly.

**22.1 Customers Educations & Empowerment:**

With a view to enhancing customers awareness, the Company will endeavour to spread customers 'education, financial literacy, digital literacy through various ways. It will continue to implement

Micro finance Loan Pricing policy under which Key Financial Statements on pricing are envisaged to be informed to the borrowers. The provision of group meetings, Loan Cards, information leaflets, training programmes and regular communication/contacts with the borrowers will be pursued to enrich awareness of the borrowers about the financial services, their rights and obligations, leading to their empowerment and their continued linkage with the Organization.

**23. Employees' Welfare.**

The Company will continue to pursue the best HR practices for enhancing the motivation, commitment and productivity of its employees. It will implement Human Resources Management and Development policy envisaging good salary, incentives, health insurance, staff advance, career development opportunities, acquisition of professional qualification, training and skill development. It will create

conducive work environment and culture for employees /officers facilitating leadership development, compliance culture and institutional loyalty,

**24.Board & Management Relationship:**

In the Company's governance framework, a constructive partnership between Management and Board will be cherished and pursued. As stated in various paragraphs above, the Management will be extending the following:

- a) To provide information to the Directors to take informed decisions.
- b) to identify issues that need Board attention.
- c) to bring proposals for policy review and changes,
- d) To respond to Directors' queries/ concerns.
- e) To develop robust MIS to facilitate timely solutions.; and
- f) To feel accountable to the Board.

Board shall be proactive, undertake healthy discussions, provide sound advice and counselling to the top Management, be accountable to shareholders, and have independence of professional judgement and compliant to regulatory guidelines. However, the Board need not do any micromanagement. Both Board & Management to create a climate of mutual trust, foster culture of open dissent and mutual support & coordination and maintain necessary checks & balances for furtherance of the Company, Good corporate governance should be part of the Company's plan for resilience and long-term success

**25.Amendment of the Policy:**

The Board may review this policy based on the experience and emerging needs of the Company and in the case of further regulatory instructions in future.

Mr. Anil Jadhav

Sd/-

(Chairman & Managing Director)