



**VERITAS**  
FINANCE

Veritas Finance Limited –  
Corporate Governance Policy

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**VERITAS FINANCE LIMITED**  
**(FORMERLY KNOWN AS VERITAS FINANCE PRIVATE LIMITED)**  
**CORPORATE GOVERNANCE POLICY**

### CORPORATE GOVERNANCE POLICY

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#### Revision History:

S. No.	Revision History	Date
1.	Policy has been issued with the approval of the Board of Directors.	20.12.2019
2.	Policy has been amended to include reconstitution of committees and updation of Board-approved policies. Reference to Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 has been replaced with Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 throughout.	25.04.2024
3.	Policy has been amended to include the provisions of SEBI Listing Regulations and to remove redundant provisions.	29.10.2024

**VERITAS FINANCE LIMITED – CORPORATE GOVERNANCE POLICY****INTRODUCTION**

Corporate Governance is the commitment of an organization to follow ethics, fair practices and transparency in all its dealings with its various stakeholders such as Customers, Employees, Lenders, Investors, Government and the Community at large. Sound corporate governance is the result of external market place commitment and legislation plus a healthy Board culture which directs the policies and philosophy of the organization. Veritas Finance Limited (“The Company”) is committed to good Corporate Governance in all its activities and investment advisory processes.

**COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE**

Veritas Finance Limited’s philosophy on corporate governance envisages adherence to the highest levels of accountability, transparency and fairness, in all areas of its operations and in all interactions with its stakeholders. The Board shall work to ensure the success and continuity of the Company’s business through the appointment of qualified management and through on-going monitoring to assure the Company’s activities are conducted in a responsible, ethical and transparent manner.

**RBI GUIDELINES ON CORPORATE GOVERNANCE**

The Company is a Non-Banking Financial Company - Non Deposit accepting - Systemically Important (NBFC-ND-SI), falling under the ‘Middle Layer’ category, registered with Reserve Bank of India (RBI). In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, vide its Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, dated October 19, 2023 (“RBI’s Master Direction 2023”), and such other guidelines issued from time to time, has required all NBFC-ND-SI to frame internal guidelines on Corporate Governance. In pursuance of the aforesaid directions issued by the RBI, the internal Guidelines on Corporate Governance have been formed for consideration by the Board of Directors.

**THE BOARD OF DIRECTORS**

The Board of Directors along with its Committees shall provide leadership and guidance to the Company’s Management and direct, supervise and control the performance of the Company. The Board of Directors of the Company shall have an optimum combination of Executive, Non-Executive, Independent and Woman Directors, as per the Guidelines / Regulations applicable to the Company. The Directors shall abide by the duties prescribed under Section 166 of the Companies Act, 2013.

A Director shall not hold the office of Director in more than 20 companies and the maximum number of directorships in public companies shall not be more than 10. As per RBI's Master Direction 2023, 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. The Board of the NBFC shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time.

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 shall periodically review Compliance Reports of all laws applicable to the Company prepared by the Company as well as steps taken by the Company to rectify instances of non-compliance.

#### **BOARD MEETINGS**

Meetings of the Board of Directors shall be held at least four times a year, such that not more than one hundred and twenty days shall intervene between two consecutive meetings. The meetings of the Board of Directors shall be held as per the requirements prescribed under the Secretarial Standards - 1 (SS-1) issued by the Institute of Company Secretaries of India and those prescribed under the Companies Act, 2013.

#### **COMMITTEES OF THE BOARD:**

For ease of operation and to focus effectively on the issues and resolution of diverse matters, the Board has constituted various Committees with specified terms of reference. The minutes of the meetings of all Committees of the Board shall be placed before the Board for noting. 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 taken by the Board of Directors. The Committees shall periodically report to the Board on various matters that have been referred by the Board to the respective Committees.

As per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“RBI’s Master Direction 2023”), dated October 19, 2023, the Companies Act, 2013, (“the Act”) and the Securities and Exchange Board of India (Listing Obligations and

Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”), the Board shall constitute the following Committees:

### **1. Audit Committee**

The Audit Committee constituted by the Company as required under Section 177 of the Companies Act, 2013 shall be the Audit Committee for the purposes of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, dated October 19, 2023, and the Audit Committee thus constituted shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013. The composition of the Audit Committee shall be as prescribed under the Companies Act, 2013 and the Listing Regulations (to the extent applicable) and the Committee shall function as per the terms of reference laid down by the Board of Directors.

The Audit Committee must ensure that an Information System (IS) Audit of the internal systems and processes is conducted at least once in a year to assess operational risks faced by the Company. IS Audit should be undertaken preferably prior to the Statutory Audit so that IS Audit reports are available to the Statutory Auditors well in time for examination and incorporating comments, if any, in the Audit Report.

### **2. Nomination and Remuneration Committee**

The Company shall form a Nomination Committee to ensure 'fit and proper' status of proposed/ existing directors as contained in Annexure IX to the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, dated October 19, 2023. The Nomination and Remuneration Committee shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013. The composition of the Nomination & Remuneration Committee shall be as prescribed under the Companies Act, 2013 and the Listing Regulations (to the extent applicable) and the Committee shall function as per the terms of reference laid down by the Board of Directors.

### **3. Risk Management Committee**

The Risk Management Committee shall be as prescribed under RBI’s Master Direction 2023, and the Listing Regulations, (to the extent applicable) to manage the integrated risk and function as per the terms of reference laid down by the Board of Directors, besides the Asset Liability Management Committee.

**4. Stakeholders Relationship Committee**

The Stakeholders Relationship Committee shall be as prescribed under the Companies Act, 2013 and the Listing Regulations (to the extent applicable) and function as per the terms of reference laid down by the Board of Directors. This Committee shall act as the Customer Service Committee as prescribed under Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023, and function as per the terms of reference laid down by the Board of Directors.

**5. Corporate Social Responsibility Committee**

The composition of the Corporate Social Responsibility Committee shall be as prescribed under the Companies Act, 2013 and the Committee shall function as per the terms of reference laid down by the Board of Directors.

**6. Resources & Business Committee**

The Resources & Business Committee shall function as per the terms of reference laid down by the Board of Directors.

**7. Asset Liability Committee**

The Asset Liability Committee shall be as prescribed under RBI's Master Direction 2023, and function as per the terms of reference laid down by the Board of Directors.

**8. IT Strategy Committee**

The IT Strategy Committee shall be as prescribed under RBI's Master Direction 2023, and Master Direction DoS. CO. CSITEG/SEC.7/31.01.015/2023-24 dated November 07, 2023, on Information Technology Governance, Risk, Controls and Assurance Practices, and function as per the terms of reference laid down by the Board of Directors.

The Board may from time to time formulate, terminate, the constitution of committees, modify the terms of reference, as per the requirements of rules, regulations applicable to the Company and in accordance with changes to the internal processes adopted by the Company.

**INDEPENDENT DIRECTORS**

The Company shall appoint Independent Directors as per the provisions of the Companies Act, 2013 and in compliance with the Listing Regulations. Independent Directors shall be required to comply with criteria for independence prescribed under Companies Act 2013 & the Listing Regulations.

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, shall give a declaration that he/she meets the criteria of independence as required under Section 149 of the Companies Act, 2013. All Independent Directors shall abide by the Code prescribed in Schedule IV to the Companies Act, 2013.

The Company shall issue a letter of appointment to all Independent Directors and the independent directors should be well aware of the terms and conditions of their appointment.

A separate meeting of the Independent Directors will be held annually in accordance with Schedule IV of the Companies Act, 2013 to:

- a) review the performance of non-independent directors and the Board as a whole;
- b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**Fit and Proper Criteria for Directors**

The Company shall ensure to:

- i. Obtain a declaration and undertaking from the directors giving additional information on the directors. The declaration and undertaking shall be on the lines of the format given in Annexure X to the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, dated October 19, 2023.
- ii. Obtain a Deed of Covenant signed by the directors, which shall be in the format as given in Annexure XI to the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, dated October 19, 2023.

iii. Furnish to the Reserve Bank a quarterly statement on change of directors, and a certificate from the Managing Director of the Company that fit and proper criteria in selection of the directors has been followed. The statement must reach the Regional Office of the Reserve Bank within 15 days of the close of the respective quarter. The statement submitted by applicable NBFC for the quarter ending March 31, shall be certified by the auditors

### **DISCLOSURES & TRANSPARENCY**

The Company shall make the disclosures required to be made under the Companies Act, 2013 and the Rules framed there under, the RBI Guidelines, the Listing Regulations and such other laws and regulations as may be applicable to the Company. 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.

The Company shall disclose the following in their Annual Financial Statements including but not limited to:

- i. Registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators;
- ii. Ratings assigned by credit rating agencies and migration of ratings during the year;
- iii. Penalties, if any, levied by any regulator;
- iv. Asset-Liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them as also securitization/ assignment transactions and other disclosures.
- v. Details of frauds noticed in the Company

The Company as per the requirement of the Companies Act, 2013, Listing Regulations and the Guidelines issued by the Reserve Bank of India on Corporate Governance of NBFCs places before the Board of Directors, at regular intervals, the following:

1. The progress made in putting in place a progressive risk management system, risk management policy and strategy followed by the Company;
2. 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.

#### **MD/CFO CERTIFICATION**

The Managing Director and the CFO shall make the necessary certifications regarding the Financial Statements, internal controls, etc. to the Board.

#### **ANNUAL REPORT**

The Annual Report of the Company shall contain a separate section on Corporate Governance enumerating the measures/activities undertaken by the Company as a part of its efforts towards good corporate governance.

#### **COMPLIANCE OFFICER**

The Board of Directors shall designate a Compliance Officer to ensure adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and governmental authorities.

#### **POLICIES ADOPTED BY THE COMPANY**

The Company shall adopt such policies, as may be required to adopt under the Companies Act, 2013, the listing regulations, and the RBI Guidelines 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.

#### **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 both in English and Vernacular language is posted on the website of the Company and also a summary of the same is displayed on vernacular language in each branch premises of the Company.

#### **CODE OF CONDUCT**

The Board has laid down Code of Conduct for Board Members and for Senior Management and Employees of the Company (“Codes”). These Codes are hosted on the Company’s website.

The Board has also adopted a Code of Conduct for Independent Directors pursuant to section 149(8) read with Schedule IV of the Act, which is a guide to professional conduct for Independent Directors of the

Company.

#### **POLICY CHANGES AND EXCEPTIONS**

The Board of Directors of the Company, and officials authorized by the Board (for the purpose of aligning these Guidelines with statutory amendments) , as the case may be , are authorized to amend the policy as may be required from time to time.

Any amendment(s) in the statutory/regulatory requirements relating to Corporate Governance/ Compliances, enhancement/ amendment(s) in Role of Board and / or its Committees, composition of the Committees, shall be deemed to be included in this policy and binding on the Company, even if such statutory amendments are not specifically incorporated in this policy.

#### **SCOPE AND LIMITATION:**

In the event of any conflict between the provisions of these Guidelines and RBI Notifications(s)/ RBI Circulars, the Listing Regulations, the Act and rules framed thereunder or any other applicable regulatory/statutory enactments including amendments thereto, RBI Notifications(s)/ RBI Circulars, the Listing Regulations, the Act and rules framed thereunder or any other regulatory/statutory enactments shall prevail over these Guidelines.