



Veritas Finance Private
Limited – Corporate
Governance Policy

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VERITAS FINANCE PRIVATE LIMITED

CORPORATE GOVERNANCE POLICY

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VERITAS FINANCE PRIVATE 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. The Company is committed to good Corporate Governance in all its activities and investment advisory processes.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Veritas Finance Private 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) 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 Notification No. DNBR 019/CGM (CDS)-2015 dated April 10, 2015 and vide Master Circular No. DNBR (PD) CC.No.053/03.10.119/2015-16 dated June 3, 2015 issued directions on Corporate Governance known as Non-Banking Financial Companies Corporate Governance (Reserve Bank) Directions, 2015 and 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.

As per Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, 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 - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 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 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 effective from 2018-19. 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 - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Nomination and Remuneration Committee shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013.

3. Risk Management Committee

To manage the integrated risk, the Company shall form a Risk Management Committee, besides the Asset Liability Management Committee.

Fit and Proper Criteria for Directors

The Company shall ensure to:

- ii. 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 - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- iii. Obtain a Deed of Covenant signed by the directors, which shall be in the format as given in Annexure XI to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- iv. 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

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.

As per the Company's Articles of Association, the Board's strength is required to be a minimum of three to a maximum of eight directors. 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.

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. None of the Directors on the Company's Board shall be a Member of more than 10 Board Committees and Chairman of more than 5 Board Committees (Committees being Audit Committee and Stakeholders Relationship Committee) across all companies in which they are Directors. 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.

DETAILS OF THE COMMITTEES

The Board has constituted various committees to support the Board in discharging its responsibilities. The Company has Nine Committees of the Board, constituted in accordance with the provisions of the Act viz.

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. IT Strategy Committee
5. Stakeholders Relationship Committee
6. Risk Management Committee
7. Assets and Liabilities Committee (ALCO)
8. Resources & Business Committee
9. Business Impact Committee

The Board at the time of constitution of each committee fixes the terms of reference and also delegates powers from time to time. Various recommendations of the committees are submitted to the Board for approval.

Any change in the terms of reference should be recommended by the respective Committee and should be placed before the Board for final approval.

The Composition of Committees as given below:

S.No	Name of the Committee	Date of Constitution	Date of reconstitution	Composition
1.	Audit Committee	March 28, 2016	June 15, 2020	Mr. M. Sivaraman (Chairman) Mr. Abhijit Sen Mr. N. Mohanraj Mr. Nishant Sharma Mr. Gaurav Malhotra
2.	Nomination and Remuneration Committee	March 28, 2016	June 15, 2020	Mr. Abhijit Sen (Chairman) Mr. N. Mohanraj Ms. Priyamvada Ramkumar Mr. Gaurav Malhotra Mr. Nishant Sharma
3.	Corporate Social Responsibility Committee	June 20,2018	November 9, 2018	Mr. N. Mohanraj (Chairman) Mr. D. Arulmany Mr. M. Sivaraman
4.	Business Impact Committee	January 29, 2018	November 9, 2018	Mr. Gaurav Malhotra (Chairman) Mr. D. Arulmany E&S Managers: Mr. Kumareshan Sivam Ms. N.A. Madhavi
5.	IT Strategy Committee	July 18,2018	September 13, 2021	Mr. Abhijit Sen (Chairman) Mr. Nishant Sharma Mr. D. Arulmany Mr. J. Prakash Rayen Mr. S. Parthiban
6.	Resources & Business Committee	November 9, 2018	June 15, 2020	Mr. N. Mohanraj (Chairman)

S.No	Name of the Committee	Date of Constitution	Date of reconstitution	Composition
				Mr. D. Arulmany Ms. Priyamvada Ramkumar Mr. Gaurav Malhotra
7.	Risk Management Committee	November 9, 2018	June 15, 2020	Mr. Abhijit Sen (Chairman) Mr. D. Arulmany Mr. Gaurav Malhotra Mr. Nishant Sharma Ms. Priyamvada Ramkumar
8.	Stakeholders Relationship Committee	July 18,2018	November 9, 2018	Mr. M. Sivaraman (Chairman) Mr. D. Arulmany Mr. N. Mohanraj
9.	Assets and Liabilities Committee (ALCO)	March 28, 2016	August 05, 2021	Mr. D. Arulmany (Chairman) Mr. K.P. Venkatesh Mr. J. Prakash Rayen Mr. V. G. Suchindran Mr. R. Vijay Mr. M. Mahesh Ms. S. V. Laxmi

The guidelines for minimum number of members for the Committee are as below:

S. No	Name of the Committees	Minimum number of members for the Committee
1.	Audit Committee	Minimum of three directors with independent directors forming a majority.
2.	Nomination and Remuneration Committee	Three or more non-executive directors out of which not less than one-half shall be independent directors.
3.	Corporate Social Responsibility Committee	Three or more directors, out of which at least one director shall be an independent director.
4.	IT Strategy Committee	Members as may be decided by the Board.
5.	Stakeholders Relationship Committee	Members as may be decided by the Board.
6.	Risk Management Committee	The majority of the Risk Management Committee shall consist of members of the Board of Directors.
7.	Assets and Liabilities Committee (ALCO)	Members as may be decided by the Committee.
8.	Resources & Business Committee	Members as may be decided by the Board.
9.	Business Impact Committee	Members as may be decided by the Board.

The guidelines for Chairperson of the committee are as below:

S. No	Name of the Committees	Chairperson of the Committee
1.	Audit Committee	Chairperson of the Committee will be Independent Director
2.	Nomination and Remuneration Committee	Chairperson of the Committee will be Independent Director
3.	Corporate Social Responsibility Committee	Any member of the Committee can become the chairman of the CSR Committee
4.	IT Strategy Committee	Chairperson of the Committee shall be an independent director and CIO & COO should be a part of the committee
5.	Stakeholders Relationship Committee	Chairperson of the Committee shall be a non-executive director
6.	Risk Management Committee	Chairperson of the Committee shall be a member of the Board
7.	Assets and Liabilities Committee (ALCO)	Chairperson of the Committee shall be the CEO/MD
8.	Resources & Business Committee	Any member of the committee can become the Chairperson of the CSR Committee
9.	Business Impact Committee	Chairperson shall be a member of the Board

FREQUENCY OF MEETINGS

Board Meeting: Quarterly and then as and when required

1. Audit Committee: Quarterly and then as and when required
2. Nomination and Remuneration Committee: As and when required
3. Stakeholders Relationship Committee: Quarterly
4. Corporate Social Responsibility Committee: Annually and then as and when required
5. Business Impact Committee: Half yearly
6. IT Strategy Committee: Half yearly
7. Assets and Liabilities Committee (ALCO): Monthly
8. Risk Management Committee: Quarterly
9. Resources & Business Committee: Annually and then as and when required

The minutes of the meetings of the Board and the Committees shall be duly recorded and maintained properly. The Board and the Committees may invite non-members and such other persons as it may deem appropriate to be present at its meetings.

SHAREHOLDERS

Shareholders shall be informed of details regarding the appointment or re-appointment of a Director.

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 and such other laws and regulations as may be applicable to the Company.

The Company shall disclose the following in their Annual Financial Statements:

- 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. Information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries.
- v. 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.

MD/CFO CERTIFICATION

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

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 RBI Guidelines applicable to the company, and such other laws and regulations as may be applicable.

The following policies are prevailing as on date:

1. KYC Policy
2. Fair Practices Code
3. Interest Rate Policy
4. Asset Liability Management (ALM) Policy
5. Prevention of Sexual Harassment Policy
6. Loan & Exposure Policy

7. Customer Grievance Redressal Policy
8. Investment Policy
9. Loan Provisioning Policy
10. Related Party Transaction policy
11. Write off Policy
12. Whistle Blower Policy
13. Anti-corruption and Anti-Bribery Policy
14. Policy for Succession Planning of Senior Management
15. Separation Policy
16. Directors Nomination, Appointment, Remuneration, and evaluation Policy
17. Outsourcing Policy
18. Risk Management Policy
19. Corporate Social Responsibility (CSR) Policy
20. Privacy Policy
21. Information Technology (IT) Policy
22. Dividend Distribution Policy
23. Information Security Management System Policy
24. Restructuring Policy
25. Leave Policy
26. Policy on Moratorium
27. Policy on Moratorium-Part II
28. Equal Opportunity Policy
29. Cash Policy
30. Corporate Governance Policy
31. Fit and Proper Policy
32. Business Continuity Management Policy
33. Cyber Crisis Management Plan
34. Cyber Security Policy
35. Environmental, Social and Governance Policy
36. Code of Conduct
37. 'Interest On Interest' Policy
38. Policy on Empanelment of Valuers
39. Statutory Audit Policy

The policies adopted may be reviewed by the Board from time to time.

POLICY CHANGES AND EXCEPTIONS

The policy requirements may be modified at the discretion of the Management.

Exceptions to provisions not requiring Board approval in this policy will require approval from Managing Director.