

**XANDER FINANCE PRIVATE LIMITED (XFPL)  
INTERNAL GUIDELINES ON CORPORATE GOVERNANCE**

**Date of review: Reviewed and approved in the Board Meeting held on March 31, 2023**

**PHILOSOPHY, PURPOSE AND SCOPE:**

Xander Finance Private Limited ('XFPL' or 'Company') is registered with the Reserve Bank of India ('RBI') as a Systemically Important Non-Deposit Accepting Non-Banking Financial Company (NBFC-ND-SI). The Company provides end to end credit solutions including advisory services, deal structuring, financing, and workouts to investors, developers, asset owners, private equity owners and large corporations across a range of industries.

In order to adopt best governance practices and greater transparency for the functioning of the Company and in compliance with the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 issued by the Reserve Bank of India ('RBI') dated April 10, 2015 and Scale Based Regulation (SBR)-A Revised Regulatory Framework for NBFCs dated October 22, 2021, the Company has framed these Internal Guidelines on Corporate Governance.

**BOARD OF DIRECTORS:**

The Company's Board has a primary role of trusteeship to protect and enhance shareholders' value through supervision and strategic inputs. The Board along with its Committees provides supervision and exercises appropriate controls and in addition to basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

The Board shall have a suitable combination of Directors. All the Directors shall meet the 'fit and proper' criteria as prescribed by the Reserve Bank of India from time to time.

At present the Board comprises 3 (Three) Non-Executive Directors and 1 (One) Executive Director. The Directors bring to the Board a wide range of experience and skills, which includes banking, global finance, technical skills, accounting and economics. None of the Directors of the Company are related to each other.

None of the Directors on the Board are liable to retire by rotation.

A Director shall not hold the office of director including any alternate directorship position in more than 20 (twenty) Companies including 10 (ten) public companies. For reckoning the limit of public

companies in which a person can be appointed as director, directorship in private companies that are either holding or subsidiary company of a public company shall be included. For reckoning the limit of directorships of 20 (twenty) companies, the directorship in a dormant company shall not be included. The Directors shall submit disclosures as required under the provisions of applicable laws and the codes and policies adopted by the Company.

### **MEETINGS OF THE BOARD:**

Atleast 4 meetings of the Board shall be held in every calendar year and atleast 1 (one) meeting will be held every calendar quarter, with a maximum time gap of 120 (one hundred and twenty) days between two Board meetings. The minimum information to be statutorily made available to the Board shall be furnished to the Directors before the meeting.

The decisions of the Board shall be taken by simple majority of the Directors and each Director shall exercise one vote.

### **AGENDA FOR THE MEETING:**

The agenda for the Board Meeting and Board Committee meetings shall be sent to the Board members not less than seven days before the meeting or at a shorter notice with the consent of the Board of Directors. Each Board member shall be free to suggest the inclusion of items on the agenda. With the permission of the Chair, each Board member shall also be free to raise, at any Board Meeting, matters that are not on the agenda and any other matter can be placed for discussion. All information relevant to the agenda to be discussed at an upcoming Board Meeting shall be distributed in writing or electronically to all members as far as possible to facilitate informed decisions at the Meeting. However, with reference to any sensitive matter on the agenda, relevant information can be made available only at the time of the Board Meeting.

### **REVIEW OF REMUNERATION PAYABLE TO THE BOARD MEMEBRS:**

The remuneration payable to the Director(s) shall be determined by the Nomination and Remuneration Committee and shall be recommended to the Board for its consideration and approval. The remuneration payable shall be in accordance with the Board approved Remuneration Policy and applicable laws.

Presently, the Executive Director of the Company is paid remuneration, in compliance with the applicable laws in this regard. Sitting fees may be remitted to the Directors as may be approved by the Nomination and remuneration committee and Board of Directors from time to time. However, the sitting fees should not exceed the limits as prescribed under the provisions of the Companies Act, 2013.

### **COMMITTEES:**

In order to focus on the critical functions of the Company, the Board may constitute such Committees as and when required to ensure smooth functioning of the Company. The Company currently has in place following Committees:

- (i) Audit Committee
- (ii) Credit Committee
- (iii) Asset-Liability Management Committee
- (iv) Nomination and Remuneration Committee,
- (v) Corporate Social Responsibility Committee,
- (vi) Risk Management Committee,
- (vii) Vigilance & Ethics Committee, and
- (viii) Internal Complaints Committee
- (ix) IT Strategy Committee

The above-mentioned Committees have been constituted in accordance with the provisions of the Companies Act, 2013, guidelines / directions issued by the Reserve Bank of India as applicable to the Company as a Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Company and other applicable laws and regulations for internal requirements / operational convenience. The composition, terms of reference and functioning of the Committee(s) shall be decided by the Board of Directors in accordance with the provisions of the applicable laws.

Minutes of meetings of Board Committees and other Committee(s) as specified by the Board shall be placed before the Board for its perusal, discussion and noting. The decisions of the Committees shall be taken by simple majority of the members of the respective Committees and each member shall exercise one vote.

Details of various Committee(s) are as under:

**1. Credit Committee:**

The Credit Committee is responsible for approval of credit proposals of the Company. It approves credit proposals in accordance with Risk Framework and Credit Policy approved by the Board of Directors of the Company.

**2. Audit Committee:**

The Audit Committee shall be responsible to deal with all material aspects concerning the auditing and accounting policies of the Company and its financial controls and systems or any other function as may be determined by the Board.

At least one meeting of the Committee shall be held every quarter.

**3. Asset Liability Management Committee (ALCO):**

The ALCO shall monitor the asset liability composition of the Company's business and determine actions to mitigate risks associated with the asset liability mismatches.

At least one meeting of the Committee shall be held in every quarter.

**4. Nomination & Remuneration Committee:**

The Nomination and Remuneration Committee shall be responsible to (i) deal with nomination, appointment and remuneration of Directors on the Board; (ii) decide on remuneration and compensation (including pension rights, employee's stock options and compensation payments, etc. as applicable) of the Executive Directors, Non-Executive Directors and Senior-level employees; (iii) implement and monitor employee stock options scheme(s), if any and related matters; (iv) decide on appraisal, performance bonus and variable pay of all employees in compliance with applicable laws and (v) related matters in accordance with the applicable laws.

At least one meeting of the Committee shall be held every year.

**5. Corporate Social Responsibility (CSR) Committee:**

The CSR Committee shall decide upon the corporate social responsibility activities of the Company and the CSR expenditure to be incurred by the Company and recommend the same to the Board for its consideration and approval. The Committee shall be responsible for monitoring the CSR Policy of the Company.

Atleast one meeting of the Committee shall be held every year.

**6. Risk Management Committee:**

Risk Management Committee shall be responsible for managing risk. The functions of RMC should essentially be to identify, monitor and measure the risk profile of XFPL arising from its business activities. Risk Management Committee shall be responsible for developing policies and procedures, approve the structure of the models that are used for providing credit, reviewing the risk mitigation mechanisms as development takes place in the markets and identify new risks.

Atleast one meeting of the Committee shall be held every half year.

**7. Vigilance & Ethics Committee:**

Vigilance and ethics Committee shall be responsible for receiving protected disclosures from whistle-blowers and shall carry out an initial investigation into the matters for which the disclosure is received. The Committee will aid in monitoring the corporate governance of the Company.

**8. Internal Complaints Committee:**

Internal Complaints Committee shall be responsible for preventing and prohibiting sexual harassment at workplace. The Committee shall be responsible for investigation of sexual harassment complaints received from the employees. The Committee shall be responsible for providing a grievance redressal mechanism to the aggrieved employees and monitor the implementation of the sexual harassment policy at workplace.

## **9. IT Strategy Committee**

IT Strategy committee shall be responsible for implementation and monitoring of information security controls, cyber security arrangements, business continuity planning. The Committee shall also be responsible for reviewing and amending information technology strategies for aligning it with the business requirements of the Company and other matters related to IT governance.

Atleast one meeting of the Committee shall be held every half year.

### **PERFORMANCE EVALUATION:**

The Nomination and Remuneration Committee of the Company shall evaluate the performance of the individual Directors, the Board, as a whole and its Committees. The Nomination Committee shall provide an overview report of the evaluation conducted by it, to the Board for their discussion and analysis.

### **CONFLICT OF INTEREST:**

The Company expects its Directors, officers and other employees to act ethically at all times and to acknowledge their adherence to the policy (ies) and code(s) adopted by the Company.

The Directors, senior management and other employees of the Company shall endeavor to avoid any conflict of interest with respect to their dealings with the Company. A conflict of interest exists when benefits or interests of one person or entity conflict with the interests or benefit of the Company. If a Director has a potential conflict of interest in a matter under consideration by the Board or a Committee, such Director shall disclose his interest in accordance with the provisions of applicable laws and abstain from deliberations and voting on such matter. A Director who is interested in any proposed transaction shall not exercise any influence over other Board/Committee Members in any manner whatsoever. Officers and other employees must disclose the circumstances of any possible conflict of interest to his / her supervisor and CEO, for a determination about whether a potential or actual conflict exists. If an actual or potential conflict is determined, the Company may take corrective as appropriate action appears appropriate according to the circumstances. Failure to disclose facts shall constitute grounds for disciplinary action.

## **AUDITORS:**

### **Statutory Auditors:**

The Board and the Audit Committee of the Company shall be responsible to appoint Statutory Auditors who demonstrate professional ability and independence. The Company shall review the independence and performance of the Statutory Auditors and the effectiveness of the audit process periodically. Declaration shall be obtained from the Auditors affirming their eligibility for being appointed as the Statutory Auditors of the Company.

Further, the Company shall rotate the partner/s of the Chartered Accountant firm(s) conducting the statutory audit of the Company every three years or such other earlier period as may be decided by the Board or as per regulations stipulated by Reserve Bank of India, so that same partner does not conduct audit of the company continuously for more than a period of three years. However, the partner so rotated shall be eligible for conducting the audit of the Company after an interval of three years post last year of previous audit.

Further, the firm mandated to undertake the statutory audit shall be rotated as per rules & regulations prescribed under the RBI guidelines on appointment of statutory auditors and companies Act, 2013.

### **Internal Auditors:**

The Board and the Audit Committee of the Company shall appoint Internal Auditors in accordance with the provisions of applicable laws and regulations; who shall perform independent and objective assessment of the internal controls, processes and procedures instituted by them and accordingly monitor its adequacy and effectiveness.

## **CODE(S) AND POLICY (IES) OF THE COMPANY**

In accordance with the applicable provisions of the Companies Act, 2013, the directions / guidelines issued by the Reserve Bank of India and applicable to the Company as a Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Company, for internal requirements and operational convenience, the Company has framed and adopted the following policy(ies) and code(s) which shall be updated / revised as and when required under the applicable

laws or due to change in the functioning or the structure of the Company. The codes and policies approved by the Company inter-alia include the following:

- 1) Asset / Liability Management Policy
- 2) Provisioning and write-off Policy
- 3) Fair Practice Code
- 4) Know Your Customer ('KYC') and Anti-Money Laundering Measures
- 5) Policy of Fraud Detection and Reporting
- 6) Interest Rate Policy
- 7) Credit Policy
- 8) Risk Management Framework
- 9) Fit and Proper Criteria/ Framework for Directors
- 10) Investment and Treasury Policy
- 11) Whistle Blower Policy / Vigil Mechanism
- 12) Corporate Social Responsibility (CSR) Policy
- 13) Internal Guidelines on Corporate Governance
- 14) Nomination and Remuneration Policy
- 15) Prevention of Sexual Harassment Policy at workplace
- 16) Policy on Preservation of documents
- 17) Resource Planning Policy
- 18) Expense Reimbursement Policy
- 19) Outsourcing Policy
- 20) Information Technology Policy
- 21) Cyber Security Policy
- 22) Business Continuity Policy
- 23) Ombudsman scheme for NBFCs
- 24) Policy on resolution of stressed assets
- 25) Expected credit Loss Policy
- 26) Policy on related party transactions
- 27) Policy on COVID-19-Regulatory Package to Borrowers
- 28) Resolution framework for loans and advances impacted due to COVID-19 related stress
- 29) Policy for dealing with conflict of interest / trading in securities by employees
- 30) Employee handbook - Human Resource Policy
- 31) Leave Policy
- 32) Policy on anti-bribery and anti-corruption
- 33) Policy on appointment of statutory auditors



**DISCLOSURES:**

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 Board of Directors of the Company or such other person authorized by the Board or any law / regulation, shall ensure that all the disclosures statutorily required to made on behalf of the Company are duly made to the Regulatory / Statutory authorities or such other persons as may be required under applicable laws / regulations.

**COMPLIANCE OFFICER:**

The Company Secretary shall be the Compliance Officer of the Company.

<b>Particulars</b>	<b>Date of adoption/ review/ revision</b>
Adoption	22 <sup>nd</sup> April 2015
Review	18 <sup>th</sup> March 2016
Review	28 <sup>th</sup> March 2017
Review	23 <sup>rd</sup> March, 2018
Review	18 <sup>th</sup> March, 2019
Review	11 <sup>th</sup> March, 2020
Revision	23 <sup>rd</sup> March, 2021
Review	10 <sup>th</sup> February, 2022
Review	31 <sup>st</sup> March, 2023