

## **POLICY GUIDELINES ON CORPORATE GOVERNANCE**

### **A. PREAMBLE**

Authum Investment & Infrastructure Limited (“Authum” or the “Company”), Middle Layer Non-Banking Finance Company (NBFC -ML) is registered with the Reserve Bank of India (RBI).

It is the Company’s endeavor to excel through better Corporate Governance and fair and transparent practices. Corporate Governance means the system of rules, practices and processes by which a company is administered and controlled. It involves balancing the interests of the various stakeholders of the company including shareholders, employees, customers and the community within which it operates. For an effective system of corporate governance, there must be transparency between the shareholders, stakeholders, and management of the organization. Therefore, for an effective corporate governance framework, there must be a seamless transition between the above.

The policy is made in accordance with the guidelines issued by the Reserve Bank of India (RBI) vide its Master Circular no. RBI/2015-16/12 DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 1, 2015 (“RBI circular”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”).

The policy will be in force till it is revised by the Board or till any amendments in the guidelines make review necessary.

### **B. GOVERNANCE STRUCTURE**

#### **a. Board of Directors –**

Corporate Governance is primarily the responsibility of the Board as a group. The Board performs its duties with the support of managerial staff. Further, the Company believes that an active, well-informed and Independent Board is necessary to ensure the highest standards of Corporate Governance. The Board shall oversee the performance of the company and should ensure shareholders’ protection and maximization of their long-term values. Additionally, the Board along with its constituted Committees shall provide direction and guidance to the senior management; and shall further supervise and review the performance of the Company.

Further, the Board will have a vital role to play in the matters relating to Policy Formulation, implementation and strategic issues which are crucial for the long-term development of the organization.

There should be an active participation of Independent Directors in the Company.

**Composition of the Board:**

The Company's Board shall have an optimum combination of Executive, Non-Executive and Independent Directors in line with the requirements of the provisions of the Companies Act, 2013, SEBI LODR, RBI Regulations, other applicable acts if any and the Articles of Association of the Company.

**Code of Conduct:**

The Company has framed a Code of Conduct / Business Ethics for its Non-Executive Directors and employees. All Non-Executive Directors on the Board of the Company and employees shall ensure compliance with the same.

**Board Meetings, Size and Quorum:**

The Board Meetings of the Company shall be held as per the requirements prescribed under the Companies Act, 2013, Regulation 17 of the SEBI LODR and as decided by the Board of Directors. The Board's strength shall be minimum 6 (six) and maximum number of directors shall be as per the limit specified in the Companies Act 2013, SEBI Listing Regulations and the Article of Association of the Company. The Board of Directors shall meet at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings. The quorum for the meeting shall be one-third of its total strength or three directors, whichever is higher, including at least one independent director.

**Information to be placed before Board and Committees:**

All the matters which are of strategic importance, statutorily mandatory and of material significance shall be placed before the Board. To enable the Board members to undertake their responsibilities effectively and take informed decisions; detailed agenda papers, with explanations on each item, shall be sent to each Director well in advance of the Board and its Committee meetings. All the items on the agenda shall be discussed in detail, during the Board and its Committee meetings. Each Board member is free to suggest inclusion of items in the agenda and raise any matters that are not on the agenda of the Board Meeting with the permission of the Chair. If the subject matter of agenda is sensitive, relevant information can be made available only at the time of the Board Meeting. The Board members shall have complete access to any information, within the Company and to any employee of the Company.

**Minutes:**

The minutes of all meetings of the Board shall be circulated to all the Board members and shall be noted in the consequent Board Meeting.

**b. Committees of the Board –**

The Board functions as a full Board and also through various Committees constituted to oversee specific areas. The Committees have constituted to ensure the smooth functioning of the operational issues assigned to them by the Board.

Accordingly, the Board shall have the following sub-committees:

- Audit Committee
- Risk Management Committee
- Nomination and Remuneration Committee
- Stakeholder Relationship Committee
- Corporate Social Responsibility Committee
- Asset-Liability Management Committee
- IT Strategy & Steering Committee, and
- Any other such committees as may be required from regulatory or operational perspective

**1. Audit Committee:**

The Company has an Audit Committee constituted under the provisions of Section 177 of the Companies Act'2013, Regulation 18 of SEBI LODR and as per the extant RBI guidelines in this regard. The Committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings. Further the quorum for meeting shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors

The Committee shall be vested with the powers and functions conferred upon it in compliance with the applicable statutory guidelines and regulations, duties, obligations and powers as maybe prescribed and approved by the Board from time to time.

Some of the terms of reference shall include – appointment of internal / statutory auditors, review of the audit reports, review and recommend financial statements and cash flow statements, approval of related party transactions etc.

**2. Risk Management Committee:**

The Company has in place a Risk Management Committee constituted in accordance with Regulation 21 of SEBI LODR and the RBI guidelines. The Committee shall have minimum of three members with majority of them members of the Board including at least one Independent Director. The Committee shall meet at least twice a year and not more than one hundred and eighty days shall elapse between two meetings and the quorum for meetings shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the Board of Directors in attendance.

The Risk Management Committee is responsible for managing, inter alia the integrated risk which includes credit risk, market risk, operational risk, regulatory risk, and such other functions as may be assigned to it by the Board of the Company from time to time.

### **3. Nomination and Remuneration Committee:**

The Company has constituted a 'Nomination and Remuneration Committee' in compliance with the provisions of Section 178 of the Companies Act, 2013, Regulation 19 of SEBI LODR and RBI Directions and other applicable acts, issued in this regard from time to time. The Committee shall comprise of at least three Directors, all of them being Non-executive Director of which at least one-third shall be Independent Director. The Committee shall meet at least once a year and the quorum for the meeting shall be either two members or one-third of the members of the Committee, whichever is greater, including at least one Independent Director in attendance.

The Nomination and Remuneration Committee shall have the powers and duties conferred upon it as per the provisions of Companies Act, 2013 and SEBI LODR. Some of the functions may include – reviewing appointments/ removals of directors and senior management, compensation related matters of the directors and senior management, strategic matters of human resources at the organizational level, etc.

### **4. Stakeholder Relationship Committee:**

The Company has constituted a 'Stakeholder Relationship Committee' in compliance with Regulation 20 of SEBI LODR. The Committee shall constitute of at least three Directors with at least one being an independent director, shall be members of the Committee. The Committee shall meet at least once a year.

The role of the Stakeholder Relationship Committee is to specifically look into various aspects of interest of shareholders, debenture holders and other security holders. The Committee shall be responsible for resolving the grievances of the security holders and review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

### **5. Corporate Social Responsibility Committee:**

The Company has constituted a 'Corporate Social Responsibility Committee' in accordance with section 135 of the Companies Act, 2013. The Committee shall constitute of three or more Directors, out of which at least one director shall be an independent director.

The Committee shall be responsible for formulating and recommending to the Board, a Corporate Social Responsibility ('CSR') Policy which shall indicate the activities to be undertaken by the company and ensure its Compliance. Further the Committee shall report to the Board the details of the CSR activities undertaken during the year and same shall form a part of the Annual report of the Company.

### **6. Asset-Liability Management Committee:**

The Board shall also constitute an Asset Liability Management Committee (ALCO) as required by the guidelines issued by the Reserve Bank of India (RBI). The

constitution and functioning of the ALCO shall be in line with the requirements of the RBI guidelines.

The primary goal of the ALCO is to evaluate, monitor the asset liability gap and approve the strategize action to mitigate the risk associated with the imbalances in the capital structure. The Committee should have a Board approved Asset Liability Management Policy in place and required disclosures pertaining to it shall be made from time to time.

**7. IT Strategy & Steering Committee:**

The Company has constituted a 'IT Strategy Committee' in accordance with the RBI Directions and other applicable acts, if any. The Committee shall be vested with necessary powers and function as prescribed and approved by the Board and any such duties as may be delegated to it from time to time. Some of the functions shall include Information Technology related matters, IT Security, IT Services Outsourcing, IT Governance, etc.

**c. Code of Conduct –**

The Company shall adopt Code of Conduct, which shall be approved by the Board of Directors and shall be complied with and binding on employees and Directors of the Company.

**d. Fit and Proper Criteria for Directors -**

In accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, the Company shall have a Board approved policy on 'Fit and Proper Criteria for Directors'. This policy shall be in place for ascertaining the fit and proper criteria at the time of appointment of Directors and on a continuing basis.

The Company shall obtain a declaration and undertaking from the Directors including any necessary disclosures as maybe required from the Directors from time to time. A statement for change of directors and a certificate confirming that they are fit and proper as per the criterion shall be submitted to the Regional Office of RBI within 15 days of close of the respective quarter and such statement shall be certified by auditors, quarter ending March 31.

The Nomination and Remuneration Committee shall review the appointment/re-appointment of Directors considering their qualifications, expertise, track record, integrity and other 'fit and proper' criteria.

**e. Vigil Mechanism –**

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(9) of the Act, the Company has established and adopted "Vigil Mechanism" to enable directors and employees to report genuine concerns about

unethical behaviour, actual or suspected fraud, which is against the interest of the Company, or violation of Code of Conduct.

The objective of this mechanism is to maintain a redressal system and provide adequate safeguards against victimization of persons who may use the mechanism to raise complaints concerning questionable accounting practices, internal controls, or fraudulent reporting of financial information.

**f. Disclosure to the Board –**

The Company shall update the Board of Directors through the Risk Management Committee, on annual basis or such other frequency as decided by the Board, the following:

- The progress made in putting in place a progressive risk management system and risk management policy and strategy followed;
- 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.

**g. Statutory Auditors –**

The appointment of Statutory auditors and the partner/s of the Chartered Accountant Firm conducting the Statutory Audit of the Company, shall be in terms of the provisions of Section 139 and 141 of the Companies Act, 2013 and in accordance with the applicable RBI guidelines as amended from time to time.

The Company shall rotate the Statutory Auditors and Audit Partner(s) as per the provisions of the RBI guidelines and Companies Act'2013.

**h. Review of Framework**

The Board or any of its Committee may review the Framework periodically. Changes, if any, shall be effective only upon approval by the Board.

Any subsequent amendment / modification in the applicable laws shall automatically apply to this Policy.

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