

CORPORATE GOVERNANCE GUIDELINES OF FINOVA CAPITAL PRIVATE LIMITED

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, 7th Floor, Unique Aspire, Plot No. 13-14 Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021

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CORPORATE GOVERNANCE

Corporate Governance is a concept and administrative framework to introduce basic directions and viewpoints for managing a business unit with best interest. It shows and determines a new and creative vision of business, where a set of core values, better managerial control, compassing human rights, making better coordination between business and society may be possible. Corporate Governance is integral to the existence of the company. Good corporate governance systems attract investment from global investors, which subsequently leads to greater efficiencies in the financial sector. The need for good Corporate Governance has intensified due to growing competition and complex business environment.

INTRODUCTION

Our Company ***“Finova Capital Private Limited”*** is a Non-Banking Financial Company - Systemically Important- Non Deposit taking Company (NBFC-ND-SI) registered with Reserve Bank of India (RBI) having its Debentures listed on WDM segment of BSE Limited. The Company recognizes that the enhancement of corporate governance is one of the most important aspects in terms of achieving the Company’s goal of enhancing corporate value by deepening societal trust. The Company’s philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and meeting its obligations to stakeholders. The philosophy has strong emphasis on transparency, accountability and integrity.

This corporate governance code has been formed in pursuance to the requirement under **Master Circular – “Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015”** dated July 01, 2015 (Master Circular- DNBR (PD) CC.No.053/03.10.119/2015-16) and Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 (Master Direction DNBR. PD. 008/03.10.119/2016-17) issued by RBI and will help the Company in attaining its objectives/goals, since it encompasses every sphere of operations, management, action plans, internal controls, performance measurement and regulatory disclosure.

CORPORATE GOVERNANCE STRUCTURE

Board Composition

The size and composition of the Board of the company shall be in consonance with the requirements of:

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- The Companies Act, 2013 read with the rules made thereunder (“the Act”),
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”),
- Regulations/Guidelines issued by RBI
- Articles of Association of the company

and such other laws/ regulations in force for the time being, to the extent applicable to the Company and as amended from time to time with an optimum combination of Executive, Non-Executive and Independent Directors, as may be required.

❖ **Board Meetings & Quorum**

- The Board shall meet atleast four times in a calendar year with the maximum time gap of 120 days between the two consecutive board meetings. All the Board meetings shall be further conducted in a manner as per the provisions of Section 173 of the Companies Act, 2013 read with the rules made thereunder and Secretarial Standards 1 on Board meetings issued by the Institute of Company Secretaries of India (ICSI).
- The quorum of the meetings shall be in consonance with the requirements of:
 - ✓ The Companies Act, 2013 read with the rules made thereunder (“the Act”),
 - ✓ Secretarial Standards 1 on Board meetings issued by the ICSI and
 - ✓ Articles of Association of the company
- The director(s) may also attend the meeting virtually, through Video conferencing and any other audio-visual means, in case the physical participation is not possible due to any reason, and the company shall make arrangements to enable Directors’ participation virtually in accordance with the provisions of the Act read with the rules made thereunder and Secretarial Standards 1 on Board meetings issued by the ICSI.
- The participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum under this sub-section

❖ **Roles & Responsibilities of Board**

Corporate governance refers to how a board directs and manages the corporation, taking into account the impact of decisions on employees, customers, suppliers, communities and shareholders. The Board shall exercise its duties with care, skill and diligence, and exercises independent judgment and shall set strategic goals and seeks accountability for their fulfillment. Further the Board shall direct and exercise appropriate control to ensure that the

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Company is managed in a manner that fulfills stakeholders' aspirations and societal expectations.

The fundamental duty of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stakeholders. While discharging such obligations, the Directors may rely on the honesty and integrity of the Company's officers, employees, independent auditors and other advisors. Further, the Board members shall have free access to the Company's books/records.

Some of the responsibilities of the board are listed below:

- ✓ The board of directors shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.
- ✓ Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- ✓ Monitoring the effectiveness of the entity's governance practices and making changes as needed.
- ✓ Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the entity and its shareholders.
- ✓ Ensuring the integrity of the entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- ✓ Monitoring and reviewing board of director's evaluation framework.
- ✓ The board of directors shall provide strategic guidance to the entity, ensure effective monitoring of the management and shall be accountable to the entity and the shareholders
- ✓ The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.

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- ✓ The board of directors shall exercise objective independent judgment on corporate affairs.

❖ **Board Independence and Independent Director**

The company shall also have an Independent Director on its Board in consonance with the requirements of the applicable acts, rules, regulations and Articles of Association of the company to bring objectivity and independence of view to the Board's discussions and to help provide the Board with effective leadership in relation to the Company's strategy, performance, and risk management as well as ensuring high standards of financial probity and corporate governance.

The Board shall review annually the relationship that each director has with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Following such annual review, only those directors who the Board affirmatively determines have no material relationship with the Company shall be considered Independent Directors.

The Independent Director shall be responsible to perform all the duties and shall be abide by the code/guidelines provided in Schedule IV of the Companies Act, 2013 read with the applicable rules made thereunder (as amended from time to time).

❖ **Board Committees**

The Board of the company in order to achieve and focus on the desired results has to concentrate more on selective areas with selected team members. Hence, the board shall delegate some of its powers/responsibilities to other selective board or other members by constituting some specific committee(s) to deal with some particular matters/issues for good corporate governance.

The committees shall be set up in accordance with the Companies Act, 2013 read with the rules made thereunder, Listing Regulations and applicable directions issued by RBI to the extent applicable to the Company and as amended from time to time. The committee(s) shall act as per the terms of reference specified in writing by the Board of directors. The minutes of the meetings of all Committees of the Board shall be placed before the Board for noting in subsequent meeting.

Details of the various Statutory Committees are as under:

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- **Audit Committee**

The Company shall have an Audit Committee of the Board in accordance with the requirements of Master Circular- DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015 and Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended from time to time) issued by RBI to be read with Section 177 of the Act and the rules made thereunder and Secretarial Standards 1 issued by the ICSI to the extent applicable to the Company and as amended from time to time.

<p>Composition</p>	<p>The composition of the Audit committee shall be in consonance with the Master Circular- DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015 and Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended from time to time) issued by RBI to be read with the Act (to the extent applicable) and the rules made thereunder with an Independent Director as its chairperson.</p> <p>Further, the Company Secretary of the company shall act as secretary to the Committee.</p> <p>Furthermore, the chairman of the Audit Committee shall be present at Annual general meeting to answer shareholder queries.</p> <p>The composition of the Audit Committee can be altered by the Board of directors, as and when needed.</p>
<p>Meetings & Quorum</p>	<ul style="list-style-type: none"> ▪ The Audit Committee shall meet as often as it may deem necessary by the chairman but at least twice in a year. ▪ The aforesaid meeting(s) shall be attended by: <ul style="list-style-type: none"> ✓ the Committee members; ✓ Statutory Auditors, Secretarial Auditors and Internal Auditors on invitation by the chairman, if required; and ✓ Such other invitees at the discretion of the Chairman of the Committee.

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	<ul style="list-style-type: none"> ▪ The quorum for Meetings of the Audit Committee shall be either two Members or one-third of the Members of the Audit Committee, whichever is higher, including one Independent Director.
<p>Roles and Responsibilities of committee</p>	<p>The role of the Audit Committee, inter-alia, shall include the following:</p> <ul style="list-style-type: none"> ▪ recommendation for appointment, remuneration and terms of appointment of auditors of the Company; ▪ review and monitor the auditor’s independence and performance, and effectiveness of audit process; ▪ examination of the financial statement and the auditors’ report thereon; ▪ approval or any subsequent modification of transactions of the Company, if any, with related parties; ▪ evaluation of internal financial controls and risk management systems; ▪ scrutiny of inter-corporate loans and investments, if any; ▪ valuation of undertakings or assets of the company, wherever it is necessary; ▪ monitoring the end use of funds raised ▪ to ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks, if any, faced by the Company; ▪ to ensure compliance with regulatory guidelines, accounting policies, etc. <p>In addition to aforesaid role, the Audit committee shall further be vested with the powers and responsibilities set out in its Charter approved by the Board of the company to achieve its objectives.</p>

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- **Nomination & Remuneration Committee (“NR Committee”)**

The Company shall have a Nomination & Remuneration Committee to ensure 'fit and proper' status of proposed/ existing directors of the Board in accordance with the requirements of Master Circular- DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015 and Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended from time to time) issued by RBI. Further, the NR Committee constituted as per the said circular shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013 read with the rules made thereunder and Secretarial Standards 1 issued by the ICSI to the extent applicable to the Company and as amended from time to time.

<p>Composition</p>	<p>The composition of the Nomination & Remuneration committee shall be in consonance with the Master Circular- DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015 and Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended from time to time) issued by RBI to be read with the Act (to the extent applicable) and the rules made thereunder with an Independent Director as its chairperson.</p> <p>Further, the Company Secretary of the company shall act as secretary to the Committee.</p> <p>Furthermore, the chairman of the Nomination & Remuneration Committee shall be present at Annual general meeting to answer shareholder queries.</p> <p>The composition of the NR Committee can be altered by the Board of directors, as and when needed.</p>
<p>Meetings & Quorum</p>	<ul style="list-style-type: none"> ▪ The Committee shall meet as often as it may deem necessary by the chairman but at least once in a year. ▪ The aforesaid meeting(s) shall be attended by: <ul style="list-style-type: none"> ✓ the Committee members; and ✓ Such other invitees at the discretion of the Chairman of the Committee.

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	<ul style="list-style-type: none"> ▪ The quorum for Meetings of the Nomination & Remuneration Committee shall be either two Members or one-third of the total no. Committee Members, whichever is higher.
<p>Roles and Responsibilities of committee</p>	<p>The role of the Nomination & Remuneration Committee, inter-alia, shall include the following:</p> <ul style="list-style-type: none"> ▪ Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance; ▪ Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. ▪ Formulate and ensure 'fit and proper' status of proposed/ existing directors. <p>In addition to aforesaid role, the Nomination & Remuneration committee shall further be vested with the powers and responsibilities set out in its Charter approved by the Board of the company to achieve its objectives.</p>

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- **Asset Liability Management Committee (“ALM Committee”)**

The Company shall have ALM Committee to monitor the asset liability gap and strategize action to mitigate the risk associated in accordance with the guidelines and directions issued by RBI in respect of Asset Liability Management (ALM) System. The constitution and functioning of the ALM Committee shall be in line with the requirements of the RBI guidelines.

<p>Composition</p>	<p>The composition of the ALM Committee shall have members as approved by the Board in accordance with the guidelines and directions issued by RBI in respect of Asset Liability Management (ALM) System with CEO/MD or Executive Director (ED) heading the Committee.</p> <p>Further, the Company Secretary of the company shall act as secretary to the Committee.</p> <p>The composition of the ALM Committee can be altered by the Board of directors, as and when needed.</p>
<p>Meetings & Quorum</p>	<ul style="list-style-type: none"> ▪ The Committee shall meet as often as it may deem necessary by the chairman and the aforesaid meeting(s) shall be attended by: <ul style="list-style-type: none"> ✓ the Committee members; and ✓ Such other invitees at the discretion of the Chairman of the Committee. ▪ The presence of majority of committee members shall form valid quorum for Meetings of the ALM Committee.
<p>Roles and Responsibilities of committee</p>	<p>The ALM Committee shall,—</p> <ul style="list-style-type: none"> ▪ Provide comprehensive and dynamic framework for measuring, monitoring and managing liquidity and interest rate; ▪ Review of risk monitoring system, ensure payment of liability on its due dates, liquidity risk management, funding and capital planning, profit planning and growth projections, forecasting and

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	<p>analyzing different scenarios and preparation of contingency plans;</p> <ul style="list-style-type: none"> ▪ Review of the asset-liability profile of the Company with a view to manage the market exposure assumed by the Company; ▪ Ensure compliance with ALM Guidelines issued by RBI from time to time and take such other actions and have such other duties as may be required by law, or delegated from time to time by the Board of Directors.
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• **Risk Management Committee (“RMC”)**

The Company shall have Risk Management Committee to evaluate and manage the integrated risks including liquidity risk, besides the Asset Liability Management Committee in accordance with the guidelines under Master Circular- DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015 and Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended from time to time) and other applicable guidelines/directions issued by RBI. The constitution and functioning of the RMC shall be in line with the requirements of the RBI guidelines.

Composition	<p>The composition of the Risk Management Committee shall have such members as approved by the Board in accordance with the guidelines and directions issued by RBI.</p> <p>Further, the Company Secretary of the company shall act as secretary to the Committee.</p> <p>The composition of the Risk Management Committee can be altered by the Board of directors, as and when needed.</p>
Meetings & Quorum	<ul style="list-style-type: none"> ▪ The Committee shall meet as often as it may deem necessary by the chairman in order to perform its responsibilities and the aforesaid meeting(s) shall be attended by: <ul style="list-style-type: none"> ✓ the Committee members; and ✓ Such other invitees at the discretion of the

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	<p>Chairman of the Committee.</p> <ul style="list-style-type: none"> ▪ The quorum for Meetings of the Risk Management Committee shall be 2 committee members personally present at the meeting.
<p>Roles and Responsibilities of committee</p>	<p>The Risk Management Committee shall,—</p> <ul style="list-style-type: none"> ▪ Review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company annually. ▪ Ensure appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities. ▪ Evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner. ▪ Take such other actions and have such other duties as may be required by law, or delegated from time to time by the Board of Directors. <p>In addition to aforesaid role, the RMC shall further be vested with the powers and responsibilities set out in its Charter approved by the Board of the company to achieve its objectives.</p>

• **IT Strategy Committee (“IT Committee”)**

The Company shall have IT Strategy Committee to assist the Board in fulfilling its oversight responsibilities relating to the Company’s information systems and technology performance in accordance with the guidelines under Master Direction - Information Technology Framework for the NBFC Sector dated June 08, 2017 (Master Direction DNBS.PPD.No.04/66.15.001/2016-17) and other applicable guidelines/directions issued by RBI. The constitution and functioning of the IT Committee shall be in line with the requirements of the RBI guidelines.

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<p>Composition</p>	<p>The composition of the IT Committee shall have such members as approved by the Board in accordance with the guidelines issued by RBI vide Master Direction DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 with an Independent director as its Chairperson.</p> <p>Further, the Company Secretary of the company shall act as secretary to the Committee.</p> <p>The composition of the IT Committee can be altered by the Board of directors, as and when needed.</p>
<p>Meetings & Quorum</p>	<ul style="list-style-type: none"> ▪ The IT Strategy Committee shall meet at an appropriate frequency as the circumstances may require but not more than six months should elapse between two meetings. ▪ The aforesaid meeting(s) shall be attended by: <ul style="list-style-type: none"> ✓ the Committee members; and ✓ Such other invitees at the discretion of the Chairman of the Committee. ▪ The quorum for Meetings of the IT Committee shall be either two Members or one-third of the total no. of Members of the Committee, whichever is higher.
<p>Roles and Responsibilities of committee</p>	<p>Some of the roles and responsibilities of IT Committee include:</p> <ul style="list-style-type: none"> ▪ Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place; ▪ Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business; ▪ Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

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	<ul style="list-style-type: none"> ▪ Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources; ▪ Ensuring proper balance of IT investments for sustaining NBFC’s growth and becoming aware about exposure towards IT risks and controls. <p>In addition to aforesaid role, the IT Committee shall further be vested with the powers and responsibilities set out in its Charter approved by the Board of the company to achieve its objectives.</p>
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In addition to the aforesaid statutory committees, the Board of the company has voluntarily formed Board delegated Committee as detailed below:

- **Corporate Social Responsibility Committee**

The Corporate Social Responsibility (‘CSR’) Committee is constituted in compliance with the provisions of Section 135 of the Companies Act, 2013. The Company has a Board approved CSR Policy in place and required disclosures to the effect are made from time to time. The details of its terms of reference as approved by the Board of Directors of the Company are given below:

Composition	<p>The composition of the CSR Committee shall have such members as approved by the Board in accordance with the provisions of Section 135 of the Companies Act, 2013 consisting of three or more Directors out of which at least one Director shall be an Independent Director.</p> <p>Further, the Company Secretary of the company shall act as secretary to the Committee.</p> <p>The composition of the CSR Committee can be altered by the Board of directors, as and when needed.</p>
Meetings and Quorum	<ul style="list-style-type: none"> ▪ The CSR Committee shall meet at an appropriate frequency as the circumstances may require. ▪ The aforesaid meeting(s) shall be attended by:

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	<ul style="list-style-type: none"> ✓ the Committee members; and ✓ Such other invitees at the discretion of the Chairperson of the Committee. <ul style="list-style-type: none"> ▪ The quorum for Meetings of the CSR Committee shall be either two Members or one-third of the total no. of Members of the Committee, whichever is higher.
<p>Roles and Responsibilities of Committee</p>	<p>Some of the roles and responsibilities of IT Committee include:</p> <p>To formulate the Company’s CSR strategy, policy and goals and to review and update them from time to time as the Company’s activities evolve further.</p> <p>To monitor the Company’s CSR policy and performance.</p> <p>Recommend the amount of expenditure to be incurred on the CSR activities.</p> <p>To review the CSR project/ initiatives from time to time.</p> <p>To ensure legal and regulatory compliance from a CSR view point.</p> <p>To ensure reporting and communication to Stakeholders on the Company’s CSR projects/ initiatives.</p> <p>To formulate and recommend to the Board, an annual action plan</p> <p>In addition to aforesaid role, the CSR Committee shall further be vested with the powers and responsibilities set out in its Charter approved by the Board of the Company to achieve its objectives.</p>

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- **IT Steering Committee**

The IT Steering Committee is constituted in compliance with the requirement of Master Direction - Information Technology Framework for the NBFC Sector dated June 08, 2017 (“Master Direction DNBS.PPD.No.04/66.15.001/2016-17”) issued by RBI. The IT Strategy Committee of the Company constituted an execution level Committee i.e. IT Steering Committee.

The details of its terms of reference as approved by the Members of IT Strategy Committee are given below:

<p>Composition</p>	<p>The composition of the IT Steering Committee will be in accordance with the Master Direction issued by the RBI on IT Framework for Non-Banking Financial Companies.</p> <p>The Committee shall be composed of not less than 3 (three) members consisting of business owners, the development team and other Stakeholders. The IT Strategy Committee shall determine from time to time the members of the IT Steering committee.</p> <p>The addition of new member or removal of an existing member of the committee shall be at the discretion of the IT Strategy Committee of the company.</p> <p>The chairperson of the committee appointed by IT Strategy Committee shall act as chairperson and shall preside at each meeting of the committee.</p> <p>In case of absence of Chairperson of the committee in any meeting, the committee members present may elect anyone amongst them to be the Chairperson for that meeting.</p>
<p>Meetings and Quorum</p>	<ul style="list-style-type: none"> ▪ The IT Steering Committee shall meet at an appropriate frequency as the circumstances may require. ▪ The aforesaid meeting(s) shall be attended by: <ul style="list-style-type: none"> ✓ the Committee members; and

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	<ul style="list-style-type: none"> ✓ Such other invitees at the discretion of the Chairperson of the Committee. ▪ The quorum for Meetings of the IT Steering Committee shall be either two Members or one-third of the total no. of Members of the Committee, whichever is higher.
<p>Roles and Responsibilities of Committee</p>	<p>Some of the roles and responsibilities of IT Steering Committee include:</p> <ul style="list-style-type: none"> ✓ Assist the executive management to implement IT strategy that has been approved by the Board; ✓ Defining project priorities and assessing strategic fit for IT proposals; ✓ Defining project success measures and following up progress on IT projects; ✓ Consult and Advice on the selection of technology within standards; ✓ Advice on IT Infrastructure products; ✓ Provide direction relating to technology standards and infrastructure projects; ✓ Ensure that vulnerability assessments of new technology are performed; ✓ Verify compliance with technology standards and guidance; ✓ Evaluate the IT Strategies and financial, tactical and strategic benefits of proposed major IT related projects and technology alternatives; ✓ Discuss IT costs and internal process for approval of Major IT related capital expenditure; ✓ Receive, review, prioritize and make decisions about proposed IT initiatives; ✓ Monitoring adherence to service levels and reviewing proposals for improvements, if any; ✓ Adopt and disseminate standard processes for developing, submitting, reviewing, prioritizing and acting on proposed IT initiatives; ✓ Allocate resources or make recommendations about resources required to implement proposed IT initiatives; ✓ Resolve issues or conflicts that, if unresolved, would jeopardize the successful completion of approved IT initiatives;

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	<ul style="list-style-type: none"> ✓ Undertake any other responsibility as laid down by RBI, IT Strategy Committee and Board of Directors from time to time; and ✓ To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;
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• **Executive Committee**

The Company shall have an Executive Committee to discharge the responsibilities of the Board of directors of the Company relating to routine, administrative, finance, borrowings, banking and other related matters that occur between regularly scheduled meetings of the Board in accordance with the Section 179(3) and other applicable provisions of the Companies Act, 2013 read with the rules made thereunder.

Composition	The composition of the Executive Committee shall have such members as approved by the Board with at least 3 members and the Company Secretary of the company shall act as secretary to the Committee.
Meetings & Quorum	<ul style="list-style-type: none"> ▪ The Executive Committee shall meet as often as it deemed necessary or appropriate in order to perform its responsibilities. ▪ The aforesaid meeting(s) shall be attended by: <ul style="list-style-type: none"> ✓ the Committee members; and ✓ Such other invitees at the discretion of the Chairman of the Committee. ▪ The quorum for Meetings of the Executive Committee shall be 2 committee members personally present at the meeting.
Roles and Responsibilities of committee	<p>Some of the roles and responsibilities of Executive Committee include:</p> <ul style="list-style-type: none"> ▪ Managing the day to day business and affairs of the Company; ▪ Borrow money and exercise all powers to borrow

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	<p>moneys and take all necessary actions connected therewith within the limit prescribed under the law and delegated by the Board;</p> <ul style="list-style-type: none"> ▪ Review of banking arrangements and taking all necessary actions connected therewith; ▪ Investment of the funds of the Company (subject to compliance of all applicable provisions of Companies Act, 2013); ▪ Review of the Company’s financial policies, strategies and capital structure; ▪ Issuance of Letter of authorizations, Power of attorney for relevant business matters; ▪ Approval for opening, modification/deletion to authorization for operations of Bank accounts of the bank; <p>In addition to aforesaid role, the Executive Committee shall further be vested with the powers and responsibilities set out in its Charter approved by the Board of the company to achieve its objectives.</p>
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POLICIES FORMING PART OF CORPORATE GOVERNANCE

Various policies have been formulated and adopted by the Company as a part of good corporate governance. Some of the major policies are listed below:

- Policy on Related Party Transactions -
- Policy on prevention and redressal of sexual harassment of women at workplace
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- Code of Conduct to Regulate, Monitor and Report Trading in Securities of the Company
- Whistle blower Policy / Vigil Mechanism
- Corporate Social Responsibility Policy
- Fair Practices Code
- Know Your Customer (KYC) & Anti Money Laundering (AML) Policy
- Interest Rate Policy
- Risk Management Policy
- Policy on Appointment and fit & proper criteria for directors
- Policy on Information Technology & Governance

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- Policy on Information & Cyber security
- Policy on Information System Audit
- Policy on IT Outsourcing
- Disaster Recovery & Business Continuity Planning policy
- Loan / Credit Policy
- Policy for resource planning
- Investment Policy
- Policy on preservation of documents
- Re-structuring Policy
- Anti-Bribery & Anti-Corruption policy
- Environmental, Social and Governance Policy (“ESG Policy”)
- Privacy Policy
- ICAAP Policy
- Securitization Policy
- Archival Policy

FIT & PROPER CRITERIA

The company shall-

- Formulate and adopt a policy with the approval of the Board of Directors for ascertaining the “fit and proper” criteria of the directors at the time of appointment, and on a continuing basis;
- Undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other ‘fit and proper’ criteria at the time of appointment / renewal of appointment;
- Obtain a declaration and undertaking from all the directors (proposed as well as existing) on an annual basis giving additional information about them in the format prescribed by the RBI in this regard;
- Obtain a Deed of Covenant signed by the directors in the format prescribed by the RBI in this regard;
- Constitute Nomination Committee / Nomination & Remuneration Committee which shall be responsible for the scrutiny of aforesaid declarations and to look after the complete due diligence. Further, based on the information provided in the signed declaration, Nomination Committees shall decide on the acceptance or non-acceptance of the directors;

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- Obtain annually as on 31st March a simple declaration from the directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.
- Furnish to the RBI a quarterly statement on change of directors, and a certificate from the Managing Director of the NBFC that fit and proper criteria in selection of the directors has been followed within 15 days of the close of the respective quarter. The statement for the quarter ending March 31, shall be certified by the auditors.

PERFORMANCE EVALUATION

- Performance evaluation is becoming increasingly important for Board and Directors, and has benefits for individual Directors, Board and the Companies for which they work to continuously assess how effectively they are performing their roles against the objectives and the goals they have set for themselves.
- Pursuant to the provisions of the Companies Act, 2013 read with the rules made thereunder, the Nomination & Remuneration Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board or by the NRC and review its implementation and compliance.
- The performance evaluation of the Board as a whole, individual director and its Committees shall be conducted after seeking inputs from all the Directors on the basis of various criteria such as structure, composition and diversity of the Board and committees, effectiveness of board processes, competency of Directors, experience, qualification and knowledge of Director, independence of the management from the Board etc.
- The performance of the Committees shall be evaluated on the basis of criteria such as mandate and composition, effectiveness of the committee, structure of the committee and meetings, independence of the committee from the Board and contribution to decisions of the Board.
- The Independent Director shall be additionally evaluated on the basis of independence, independent views and judgment etc.

DISCLOSURES & TRANSPARENCY

- 1) The company shall put up to the Board of Directors or committees, as the case may be, at regular intervals, as may be prescribed by the Board, the following details:

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- ✓ the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the company;
 - ✓ 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.
- 2) The company shall also disclose the following information (wherever applicable) in its Annual Financial Statements:
- ✓ registration/ license/ authorization obtained from other financial sector regulators, if any;
 - ✓ ratings assigned by credit rating agencies and migration of ratings during the year;
 - ✓ penalties, if any, levied by any regulator;
 - ✓ information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries, if any and
 - ✓ 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, as prescribed by RBI in Annexure 4 forming part of Master Circular - DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015.

ROTATION OF STATUTORY AUDITORS

The partner/s of the Chartered Accountant firm being the Statutory Auditors conducting the audit of the company shall rotate every three years 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 will be eligible for conducting the audit of the company after an interval of three years, if the company, so decides.

DISCLOSURE

The Company shall place these guidelines on corporate governance on its website and provide the web link in the Annual Report.

SCOPE LIMITATION

In the event of any conflict between these guidelines and the provisions of the Companies Act, 2013, directions/guidelines of RBI or any other statutory enactments or rules, then the provisions of the Companies Act, 2013, directions/guidelines of RBI or statutory enactments, rules shall prevail over this Policy.

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REVIEW AND AMENDMENTS

The Board of directors in its meeting will oversee the implementation of these guidelines and review its functioning at the intervals as it may deem necessary.

Further, these guidelines may be amended subject to the approval of Board of directors, from time to time in line with the business requirement of the Company or any statutory enactment or amendment thereto.

Version No.	Version Date	Types of changes	Prepared & Verified By	Date of Approval
V.1	May 24, 2021	Original document	Prepared by CS Namrata Sajnani and verified by Ravi Sharma and Vipul Tambi	June 01, 2021
V.2	October 22, 2022	Original Document	Prepared by CS Jaikishan Premani and verified by Mr. Ravi Sharma and Mr. Vipul Tambi	October 31, 2022

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