

VARTHANA FINANCE PRIVATE LIMITED
INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

The Board of Directors at its meeting held on 8th May, 2018 adopted the Corporate Governance Guidelines as required under the Non-banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015.

The Board of Directors (“**the Board**”) 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 the Company shall have an optimum combination of Executive and Non-Executive directors in compliance with the Companies Act, 2013 and other regulatory guidelines, if any.

The Board functions as a full Board and also through various Committees constituted to oversee specific areas. The Committees have oversight of operational issues assigned to them by the Board. Accordingly, the core Committees constituted by the Board in this connection are as follows:

- I. **Audit Committee:** The Audit Committee has been constituted under provisions of Section 177 of the Companies Act 2013 and in terms of relevant RBI guidelines and such other applicable regulations in this regard and would have duties, obligations and powers as may be prescribed as per the provisions of Act and the relevant regulations and as may be prescribed by the Board from time to time. The Committees terms of reference includes review of auditor's independence and performance and effectiveness of audit processes, evaluation of internal financial controls and risk management systems including performance of Internal Auditor and such other matters.
- II. **Nomination & Remuneration Committee (NRC):** The NRC has been constituted in compliance with the provisions of Section 178 of the Companies Act and other regulatory guidelines issued in this regard from time to time and would have duties, powers and obligations as per the provisions of the Act and the relevant regulations and directions from the Board. The terms of reference for the Committee includes ensuring fir & proper status for the existing and proposed directors, assess independence of the independent directors, recommend to the Board policy on remuneration for directors, Key Management Personnel and senior management, review overall HR policy, strategy and practices and related matters.
- III. **Risk Management Committee:** The Risk Management Committee has been constituted in accordance with the RBI guidelines in this regard. The Committee is responsible for identifying, controlling and mitigating various risk including credit risk, liquidity risk, operational risks, compliance risk, market risk and such other functions as may be assigned to it by the Board of the Company. Further, the Risk Management Committee shall ensure that progressive risk management system and risk management policy and strategy followed by the Company are put in place.
- IV. **Asset Liability Management Committee:** The Company has in place the Asset-Liability Management Committee (“ALCO”) constituted in accordance with the RBI guidelines. The ALCO's primary goal is to evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure. The Company has a Board approved Asset Liability Management Policy in place and required disclosures to the effect are made from time to time
- V. **Other Committees:** In addition to the aforesaid Committees, the Company has also constituted the following Committees:
 - a) IT Strategy Committee
 - b) Corporate Social Responsibility Committee
 - c) Credit Committee

Varthana Finance Private Limited
(Formerly known as Thirumeni Finance Private Limited)

Registered Office: Varasiddhi, 3rd Floor, 5 BC-110 Service Road, 3rd Block, HRBR Layout, Bangalore 560043

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- d) Borrowing Committee
- e) Customer Grievance & Redressal Committee

All the above committee of the Board have such meeting frequencies, quorum, number of members, etc. as detailed in the "Terms of Reference" approved by the Board of Director of the Company from time to time.

Disclosure, Transparency & Rotation of partners of the Statutory Auditors:

The Company has as a system for disclosure to the Board at regular intervals on the following:

- a) the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
- b) 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.;
- c) make the necessary disclosures in the Annual Report as required under the aforesaid Directions; and
- d) rotation of the partner/s of the firm of statutory auditors 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.

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