



VARTHANA FINANCE PRIVATE LIMITED

Internal Guidelines on Corporate Governance

**Varthana Finance Private Limited
BR25**

Registered Office:

Varasiddhi, 3rd Floor, 5 BC-110 Service Road, 3rd Block, HRBR Layout, Bangalore - 560 043

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CIN: U65923KA1984PTC096528





VARTHANA FINANCE PRIVATE LIMITED

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 policy has been updated based on Chapter XI for constitution of Committees & Annex VII (*Disclosures in Financial Statements – Notes to Accounts of NBFCs*) for non-listed NBFCs as per of Master Direction, RBI (Non-Banking Financial Company - Scale Based Regulations) 2023 dated 19.10.2023

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:

- 1. 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 Committee shall have a minimum of three Board members and the terms of reference include 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. The Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company. The Audit Committee provides oversight to the Customer Grievance & Redressal Committee, POSH Committee and Staff Accountability Committee,
- 2. 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 fit & proper status for the existing and proposed directors, assessing 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.

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- 3. 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 risks 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. The Risk Management Committee provides oversight to various risk related management level committees including ALCO and Credit Committee.
- 4. Asset Liability Management Committee:** The Company has in place a management level 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.
- 5. 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 (Management Committee)
 - d) Borrowing Committee
 - e) Customer Grievance & Redressal Committee (Management Committee)
 - f) Staff Accountability Committee (Management Committee)
 - g) POSH Committee (Management Committee + 1 independent subject matter expert)
 - h) IT Steering Committee (Management Committee)
 - i) Review Committee for Wilful Default Examination
 - j) Special Committee of the Board for Monitoring and Follow-up of cases of Frauds

All the above committees of the Board have such meeting frequencies, quorum, number of members, etc. as detailed in the “Terms of Reference” approved by the Board of Directors 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;

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- 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 policy on Appointment of Statutory Auditors for appointment and rotation of the partner/s etc., is available on website.

Internal Guidelines on Corporate Governance Version Control:

Version	Particulars of Creation / Revisions	Audit Committee Approval Date	Board Adoption date
Version 1.0	Internal Guidelines on Corporate Governance – Original	May 07, 2018	May 08, 2018
Version 1.0	Annual Review- No changes	May 17, 2022	May 18, 2022
Version BR23	Annual Review - Editorial changes except addition in number of other committees	May 16, 2023	May 17, 2023
Version BR24	Annual Review – Rotation and appointment of statutory auditors now to be referred to the respective policy.	May 14, 2024	May 15, 2024
Version BR25	Review Committee for wilful default and Special Committee of the Board for monitoring and follow-of Fraud cases included	May 13, 2025	May, 14 2025

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