

**BAJAJ HOLDINGS & INVESTMENT LIMITED****GUIDELINES ON CORPORATE GOVERNANCE**

<b>Prepared by</b>	<b>Secretarial Team</b>
<b>Reviewed and Approved by</b>	<b>Board of Directors on 15 March 2023</b>

## **BACKGROUND**

The Corporate Governance Policy ('Policy') provides the framework under which the Board of Directors operate. It includes Company's corporate structure, culture, policies and the manner in which it deals with various stakeholders.

The Policy has been aligned with the Companies Act, 2013 ('Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and the provisions of Corporate Governance guidelines as stipulated by the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by RBI vide its Circular No. DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 as amended.

## **POLICY**

### **A. BOARD OF DIRECTORS**

The Board is responsible to act in the best interests of the Company and its shareholders. In discharging their duties, the Directors shall comply with the Code of Conduct as adopted by the Board.

The Board of Directors shall have an optimum combination of executive and non-executive directors with at least one independent woman director and not less than fifty per cent. of the board of directors shall comprise of non-executive directors.

Provided that where the regular non-executive chairperson is a promoter of the Company or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of independent directors.

### **B. BOARD MEETINGS**

Meetings of the Board of Directors shall be held at least four times a year, with a maximum time gap of not more than one hundred and twenty days between any two consecutive meetings. The minimum information to be statutorily made available to the Board, pursuant to the applicable guidelines, Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") shall be furnished to the Directors.

### **C. COMMITTEES OF THE BOARD**

The committees constituted by the Board are as follows:

#### **1. Audit Committee**

The Audit Committee shall consist of not less than two-third members as Independent directors with Chairman also being an independent director. The Committee shall meet at least four times

a year, with a maximum time gap of not more than one hundred and twenty days between any two meetings. The quorum for the 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 governed by the provisions of the Act, SEBI Listing Regulations, RBI guidelines and terms of reference of the Committee.

## **2. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee shall consist of at least three non-executive directors with not less than two-third being independent directors including the Chairperson. The Committee shall meet at least once in a year. The quorum for a 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 Committee shall be governed by the provisions of the Act, SEBI Listing Regulations, RBI guidelines and terms of reference of the Committee.

## **3. Stakeholders Relationship Committee**

The Company shall constitute a Stakeholders Relationship Committee to look into various aspects of interest of shareholders, debenture holders and other security holders. The Committee shall consist of not less than three directors, with at least one Independent director and Chairman being a Non-executive director. The Committee shall meet at least once in a year. The Committee shall be governed by the provisions of the Act, SEBI Listing Regulations and terms of reference of the Committee.

## **4. Risk Management Committee**

The Committee shall have a minimum of three members with majority of them being members of the board of directors, including at least one independent director. The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee. The Committee shall meet at least twice a year and not more than one hundred and eighty days shall elapse between any two consecutive meetings. The quorum for a meeting of the committee 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 Committee shall be governed by the provisions of the Act, SEBI Listing Regulations, RBI guidelines and terms of reference of the Committee.

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

The Committee shall have three or more Directors, out of which at least one director shall be an independent director. The Committee shall formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company.

## **6. IT Strategy Committee**

The Company shall constitute an IT Strategy Committee, as required under the Master Direction - Information Technology Framework for the NBFC Sector. The chairperson of the Committee

shall be an independent director and the Committee shall meet at an appropriate frequency but not more than six months should elapse between two meetings.

#### **7. Asset Liability Management Committee (ALCO)**

The Committee shall consist of the Company's top management and shall be responsible for ensuring adherence to the risk tolerance/ limits set by the Board as well as implementing the liquidity risk management strategy of the Company. The Managing Director shall head the Committee.

In addition, the Board may constitute such other Committee in line with the best practices and requirement, from time to time.

#### **D. VIGIL MECHANISM**

The Company shall formulate a vigil mechanism / whistle blower policy to enable directors and employees to report genuine concerns about unethical behaviour actual or suspected fraud or violation of Company's Code of Conduct. The vigil mechanism / whistle blower policy shall provide a mechanism for an individual to report violations without fear of victimisation. The policy shall be hosted on the website of the Company.

#### **E. FIT & PROPER CRITERIA**

The Company shall have in place a Board approved policy for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis. The Company must obtain a declaration and undertaking from the directors giving additional information on the directors and a Deed of Covenant signed by the directors, in the format prescribed. The Company shall furnish to RBI, a quarterly statement on change of directors, and a certificate that fit and proper criteria in selection of the directors has been followed. The statement must reach the Regional Office of the Department of Supervision of the Bank where the company is registered, within 15 days of the close of the respective quarter. The statement submitted by applicable NBFC for the quarter ending March 31, shall be certified by the auditors.

#### **F. DISCLOSURE AND TRANSPARENCY**

The Company shall put up to the Board of Directors or its Committee, at regular intervals, as may be prescribed by the Board in this regard, the following:

- i. the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC;
- ii. 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.

The Company shall also disclose the following in their Annual Financial Statements:

- i. registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators;
- ii. ratings assigned by credit rating agencies and migration of ratings during the year;
- iii. Penalties, if any, levied by any regulator;
- iv. information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries and
- v. Asset-Liability maturity, extent of financing of parent company products, credit impaired loans and movement of credit impaired loans, details of all off-balance sheet exposures, structured products issued by the Company as also securitization/ assignment transactions and other disclosures, as may be prescribed by Reserve Bank of India from time to time.

#### **G. ROTATION OF PARTNERS OF THE STATUTORY AUDITORS AUDIT FIRM**

The Company shall rotate the partner/s of the Chartered Accountant firm conducting the audit, every three years so that same partner does not conduct audit of the company continuously 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. These terms shall be incorporated appropriately in the letter of appointment of the firm of auditors.

These provisions shall be read with the 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs)' dated 27 April 2021, issued by Reserve Bank of India and as amended from time to time.

#### **H. CEO/CFO CERTIFICATION**

The Managing Director & CEO and the CFO shall, as per the provisions of the Act and applicable regulations of SEBI Listing Regulations, make the necessary certifications regarding the Financial Statements, internal controls, etc. to the Board. The Company shall abide by the RBI's directions on Internal Guidelines on Corporate Governance, Listing Regulations, and provisions of the Act pertaining to Corporate Governance.

The policy shall be subject to review by the Board from time to time.

**Place: Pune**

**Date: 15 March 2023**

  
**Chairman**