

Version:3

Date of approval: December 2, 2019

CORPORATE GOVERNANCE POLICY
OF
MAANAVEEYA DEVELOPMENT & FINANCE
PRIVATE LIMITED

(Approved by the Board of Directors at their meeting held on 2nd December 2019)



COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Maanaveeya Development & Finance Private Limited ('the Company' / Maanaveeya) recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. In pursuing its Mission of "providing a full range of financial services to the economically active poor, to build a better life", Maanaveeya has been balancing its dual objectives of "social" and "financial goals, since its inception. "Responsible financing" "ethical values" and "transparency in all its dealings with its customers, lenders, and employees" have been the cornerstone of its operations. Transparency in the decision making process has been providing comfort to all stakeholders, particularly the lenders and investors.

RBI GUIDELINES ON CORPORATE GOVERNANCE:

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, issued guidelines on Corporate Governance. In pursuance of the NBFC- Corporate Governance (Reserve Bank) Directions 2015 issued vide circular dated June 3, 2015, Maanaveeya has framed the following internal Guidelines on Corporate Governance. The Code has been drafted bearing in mind the size of the Company's operations and the sector in which it operates. The Code also complies with the existing Reserve Bank Governance guidelines for NBFCs (MFI), as last summarized by RBI in its Master Circular dated July 1, 2015. The need for adoption of good corporate governance practices continues to engage the regulator and stakeholder attention. In this connection and in continuation to its earlier circulars, RBI has made further amendments to the corporate governance guidelines by its circular.

Maanaveeya being systemically important non-deposit taking NBFC, is a development financial institution and extends developmental support and bulk loans to established micro-finance institutions (MFIs), NBFCs on-lending to SMEs and agencies engaged in development work. So as per the standard business model, Maanaveeya works with intermediate financial institutions and other development agencies, who are our implementing clients and does not work with individuals directly. Maanaveeya



considers its Borrowers as Implementing partners in the process of development of the poor.

Applicability of the NBFC- Corporate Governance Directions to Maanaveeya:

The NBFC-Corporate Governance Directions issued by the Reserve Bank of India shall apply to Maanaveeya Development & Finance Private Limited being a non-deposit accepting Non-Banking Financial Company with asset size of Rs.500 crore and above (NBFCs-ND-SI), as per its last audited balance sheet.

Corporate Governance Policy of Maanaveeya:

1. Constitution of Committees:

In order to enable the company to adopt best practices and greater transparency in their operations and guide the company in critical matters, the Board will review and constitute / reconstitute the following committees at regular intervals.

- a. Audit Committee (ACM)
- b. Nomination and Remuneration Committee (NRC)
- c. Risk Management Committee (RMC)
- d. Asset Liability Management (ALM) Committee
- e. Credit Committee (CC)

The meetings of the above committees will be conducted based on any specific need normally twice a year (except for Nomination and Remuneration Committee which could be once a year). The minutes of the committee meetings, the observations / recommendations will be put up to the Board for information. While any recommendations of critical importance will be put up to the next Board meeting, minutes of the normal review meetings will be put up to Board once a year.

2. Disclosure and Transparency:

With a view to follow the disclosure and transparency policy, the following information will be put up by the Company to the Board of Directors at regular intervals or as prescribed by the Board:

- a. Progress made in putting in place a progressive risk management system, comprising risk management policy and strategy followed.



b. Conformity with corporate governance standards viz. in composition of various committees, their role and functions, periodicity of meetings and compliance with coverage and review functions.

This information will be presented to the Board of Directors on annual basis or as the need arises.

c. Maanaveeya shall also disclose the information as specified in para 5(2) of CG directions in its Annual Financial Statements.

3. Connected Lending

With a view to follow the best corporate governance practices in this regard, Maanaveeya proposes to adhere to the following guidelines with regard to connected lending / Credit facilities to the Directors. In order to obviate conflict of interest in the lending operations of the NBFC, Company will not grant any loan, advance or non-fund based facility or any other financial accommodation / facility to:

- a) Its directors or their relatives;
- b) To any firm in which any of its Director(s) is/are interested as Partner, Manager, Employee or Guarantor;
- c) Any individual in respect of whom any of its Director(s) is/are a Guarantor;
- d) any company of which, or the subsidiary or the holding company of which, any of the Director(s) of the NBFC is/are a Director, Managing Agent, Manager, Employee or Guarantor or any firm in which he holds substantial interest;
- e) any entity, whether incorporated or not which uses as a part of its name or in connection with its business, the name of the NBFC or any such word as would show its association with the NBFC.

4. Rotation of Partners of the statutory auditors of audit firm.

With a view to adhere to the best practices in corporate governance, Company will stipulate rotation of partners of audit firms appointed for auditing the company. Accordingly, the partner/s of the Statutory Auditors conducting audit shall be rotated every three years, so that same partner does not conduct audit of the company for more than three years. Deloitte Haskins & Sells, Chartered Accountants (FRN. 008072S), Secunderbad, audit firm has been reappointed as its Statutory Auditors with effect from FY 2019-20.



Company shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

5. Publication of Corporate Governance Guidelines on the Website of the Company.

The corporate Governance Guidelines of Maanaveeya has been published on the website (www.maanaveeya.org) of the company.

6. Fit and Proper Criteria:

Conformity with NBFC- Corporate Governance standards, Maanaveeya shall

- a) ensure that a policy is put in place 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. The policy on the fit and proper criteria shall be on the lines of the Guidelines contained in Annex 1 of NBFC-CG (Reserve Bank) master directions;
- b) obtain a declaration and undertaking from the directors giving additional information on the directors. The declaration and undertaking shall be on the lines of the format given in Annex 2 of NBFC-CG (Reserve Bank) master directions;
- c) obtain a Deed of Covenant signed by the directors, which shall be in the format as given in Annex 3 of NBFC-CG (Reserve Bank) master directions;
- d) furnish to the Reserve Bank a quarterly statement on change of directors, and a certificate from the Managing Director of the company that fit and proper criteria in selection of the directors has been followed. The statement will be submitted to the Regional Office of the Reserve Bank within 15 days of the close of the respective quarter. The statement submitted by the company for the quarter ending March 31, will be certified by the auditors of the company.

7. Independent Director:

Though statutory requirement of having independent directors is stipulated for as per the provisions of the Companies Act, 2013 as class of Companies, with a view to follow best corporate governance practice, the Company will have at least one Independent Director on the Board of the Company.

As on date the board of Maanaveeya has appointed two independent Directors.

8. Review of the Policy:



The Corporate Governance Policy will be reviewed and updated / modified by the Company based on any market best practices in this regard or to enhance the scope of guidelines, besides complying with guidelines / regulations issued by regulators from time to time. Policy conformity and Policy review will be put up to the Board on annual basis.

Revision Clause: Since regulators may revise their instructions on regular basis, the aforesaid Policy of the company are deemed to be revised/ altered, implemented as per changed market scenario and/or statutory guidelines and when extant of instructions are revised by the regulators.

