



BERAR FINANCE LIMITED **GUIDELINES ON CORPORATE GOVERNANCE**

RECORD OF REVIEW:

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Content

Abbreviations:

Act	:	The Companies Act, 2013
ALCO	:	Asset-Liability Management Committee
Board	:	Board of Directors - Berar Finance Limited
BFL / the Company	:	Berar Finance Limited Nomination and Remuneration Committee
NRC	:	
RBI	:	The Reserve Bank of India

1. Preamble and Company's philosophy on Corporate Governance:

Berar Finance Limited is a Non-Banking Financial Company ("NBFC") having valid Certificate of Registration no. 13.01109 with Reserve Bank of India ("RBI"). It falls under the Middle Layer as per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 with more than 30 years of experience in asset finance business.

The Company endeavor to excel through better Corporate Governance and fair and transparent practices.

Corporate Governance means the system of rules, practices and processes by which a Company is administered and controlled. It involves balancing the interests of the various stakeholders of the Company including shareholders, employees, customers and the community within which it operates. These corporate governance guidelines will help the Company in attaining its objectives/goals, since it encompasses every sphere of operations, management, action plans, internal controls and regulatory disclosure.

2. RBI Guidelines on Corporate Governance:

RBI vide its Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("**RBI Master Directions**") directed NBFCs to frame internal guidelines on corporate governance which is to be approved by its Board of Directors.

3. Governance Structure:

a. Board of Directors:

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 independent directors shall make necessary annual disclosures regarding their independence. The Directors shall abide by the duties prescribed under Section 166 of the Companies Act, 2013.

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.

Board Meetings

Meetings of the Board of Directors shall be held as per the requirements prescribed under the Secretarial Standards -1 (SS-1) issued by the Institute of Company Secretaries of India and those prescribed under the Companies Act, 2013. The minimum information to be statutorily made available to the Board shall be furnished to the Directors for each meeting of the Board.

b. Code of Conduct:

The Company has framed a Code of Conduct / Business Ethics for its Directors both Executive as well as Non-Executive Directors and its employees. All the Directors as well as employees of the Company ensures compliance with the same.

c. Committees of the Board:

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 Company has in place an Audit Committee constituted under the provisions of Section 177 of the Companies Act, 2013 and in terms of applicable RBI Master Directions in this regard.

The Audit Committee shall have the powers and duties conferred upon it in compliance with the provisions of Section 177 of the Act, RBI Master Directions and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

ii. Nomination and Remuneration Committee:

The Company has constituted a 'Nomination and Remuneration Committee' in compliance with the provisions of Section 178 of the Companies Act, 2013 and the same is in conformity with the RBI Guidelines issued in this regard from time to time.

The Nomination and Remuneration Committee shall have the powers and duties conferred upon it in compliance with the provisions of Section 178 of the Act, RBI guidelines and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

iii. 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.

iv. Risk Management Committee:

The Company has in place a Risk Management Committee constituted in accordance with the RBI Master Directions in this regard. The Risk Management Committee is responsible for managing, inter alia the integrated risk which includes liquidity risk, interest rate risk, currency 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.

v. Other Committees:

In addition to the aforesaid Committees, the Company has also constituted the following Board level Committees:

- Corporate Social Responsibility Committee
- Stakeholders Relationship Committee
- Exit Offer Implementation Committee
- IT Strategy Committee
- Customer Service Committee
- Review Committee

d. Fit & Proper Criteria:

In terms of RBI Master Directions , the Company has in place a Board approved policy on ‘Fit and Proper Criteria for Directors’ (“**the Policy**”). Pursuant to the Policy, the Company obtains necessary disclosures from Directors from time to time. Further, the Company ensures compliance with the provisions laid down in the said Policy.

Further as required under the above referred RBI circular, the Company shall ensure to furnish to the RBI on a quarterly basis, statement on change of directors and a certificate confirming that fit and proper criteria in selection of the directors has been followed. The same should be submitted to the Regional Office of the Department of Supervision of the RBI within 15 days of the close of the respective quarter and the statement for the quarter ending March 31, should be certified by the auditors.

e. Vigil Mechanism:

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(9) of the Act, the Company has framed and adopted Vigil Mechanism Framework (“**the framework**”) to enable directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct.

Under the framework, the Company has set up 'Whistle Blower Investigation Mechanism', which is in compliance with the requirements of the Companies Act, 2013. The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls, or fraudulent reporting of financial information.

f. Disclosure and Transparency:

a) The Board of Directors, shall be updated, as may be required under the RBI Master Directions in regard to the following::

- 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.

b) The following shall be disclosed in the Company's Annual Financial Statements:

- registration/ licence/authorisation, by whatever name called, obtained from other financial sector regulators;
- 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 and
- Asset-liability profile, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by the Company and other disclosures, as may be prescribed by RBI from time to time.
- Any other disclosure as required to be made by the RBI through various circulars from time to time.

A report on Corporate Governance shall be prepared and form part of the Annual Report of the Company.

Any other details as may be mandated by any of the statutory regulations including RBI guidelines, Companies Act, SEBI guidelines, etc.

g. Statutory Auditors:

The appointment of Statutory auditors and the partner/s of the Chartered Accountant Firm conducting the Statutory Audit of the Company, shall be 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.

h. Policies/Plans Adopted by the Company

The following Policies/Plans have also been framed and adopted by the Board of the Company, and which forms part and parcel of the overall corporate governance framework of the Company:

- Fair Practices Code
- Asset Liability Management Policy
- Risk Management Policy
- Vigil Mechanism and Whistle Blower Policy
- Interest Rate Policy
- Investment Policy
- Policy on Resource Planning
- Corporate Social Responsibility Policy
- Fit and Proper Policy
- Nomination and Remuneration Policy
- KYC and PMLA Policy
- Health ,Safety & Welfare Policy
- Anti- bribery and Anti-Corruption Policy
- Lending Policy
- Grievances Redressal Mechanism Policy
- Preservation of Records Policy
- Liquidity Risk Management Policy
- Prevention of sexual harassment Policy
- Business Outsourcing Policy
- Information Technology Policy
- Business continuity Policy
- Fixed Deposit Policy
- Related party Transaction Policy
- Archival Policy
- Expected Credit Loss Policy
- Business Model Policy
- HR policy cum guidelines applicable for all payroll employees of the Company.
- Policy on sale of repossessed assets

- Contingency Funding Plan
- Business Continuity Plan (BCP) / Disaster Recovery (DR)
- Code of conduct for outsourcing activities
- Code of conduct for Directors and Senior Management
- Code of conduct for deposit agents of the Company
- Code of practices and procedures for fair disclosures of unpublished price sensitive information
- Credit policy for Secured MSME/Loan against Property
- Trade Advance Policy
- Compliance Policy
- Succession Plan
- Policy for Outsourcing of Information Technology Services
- Dividend Distribution Policy
- Cloud Adoption Policy
- Information Security and Cyber Security Policy
- Cyber Crisis Management Plan
- Policy for Compromise Settlement and Technical Write Off
- Policy on Loans and Advances to Directors, Senior Officers and Real Estate Sector
- Policy on appointment of Statutory Auditors
- Risk Based Internal Audit (RBIA) Policy
- Employees Medical Benefit Policy
- Environmental and Social Management System (ESMS) Manual
- Fraud Risk Management Policy
- Standard Asset Transfer Policy
- Policy on treatment of wilful defaulters and large defaulters
- Compensation Policy for Key Managerial Personnel and Senior Management
- Policy for filing and processing of claim for unclaimed amount by Investors of Non-Convertible Securities
- Information System Audit Policy

4. Compliance Officer

Company Secretary appointed by the board of the Company pursuant to Section 203 of the Companies' Act, 2013 and rules made thereunder shall be the Compliance Officer of the Company.

5. Review:

These guidelines shall be reviewed by the Board of Directors at such intervals as and when deemed necessary, in order to align the same with the prevalent regulatory and business requirements.
