



Srei Equipment Finance Limited

Internal Guidelines on Corporate Governance Framework

Internal Guidelines on Corporate Governance Framework			
Version	Owner	Approved by	Approval Date
1.0	Secretarial	Board of Directors	09.01.2025



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1. Introduction

The Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated 19th October, 2023 issued by the Reserve Bank of India (RBI) and updated from time to time (**‘Master Directions’**) requires that the NBFCs shall frame their internal guidelines on corporate governance with the approval of the Board of Directors.

Srei Equipment Finance Limited (**‘SEFL’** or the **‘Company’**) being a NBFC - Middle Layer (**‘NBFC-ML’**) is accordingly covered by the Master Directions.

The Internal Guidelines on Corporate Governance Framework (**‘Policy’**) provides the framework under which the Board of Directors of the Company operates. It includes Company’s corporate structure, culture, policies and the manner in which it deals with various stakeholders.

The Policy has been framed in accordance with the applicable provisions of the Companies Act, 2013 (**‘Act’**) and the Master Directions issued by RBI.

2. Objectives

The purpose of this Policy is to set a framework for enhancing the scope of the guidelines without sacrificing the spirit underlying the guidelines in the Master Directions and it shall be published on the Company's website, if any, for the information of various stakeholders.

3. Definition

In this Policy, unless the context otherwise requires:

‘Act’

Shall mean the Companies Act, 2013 as amended from time to time;

“Applicable Laws”

Includes Companies Act, 2013, Reserve Bank of India Act, 1934 and Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 dated 19th October, 2023 issued by the Reserve Bank of India and such other guidelines, directives, circulars as may be issued by the Reserve Bank of India from time to time.

‘Asset-Liability Management Committee’ or ‘ALCO’

Shall mean the Asset Liability Management Committee constituted by the Board in accordance with the Master Directions;



‘Audit Committee’ or ‘ACB’

Shall mean the Audit Committee constituted by the Board in accordance with the Section 177 of the Companies Act, 2013 and the Master Directions;

‘Board of Directors’ or ‘Board’

Shall mean the collective body of the Directors of the Company;

‘Company’ or ‘SEFL’

Means Srei Equipment Finance Limited;

Chief Executive Officer or “CEO”

Shall mean the Chief Executive Officer as defined under section 2(18) of Companies Act 2013;

‘CRO’

Shall mean the Chief Risk Officer appointed for a fixed tenure by the Board in accordance with the Master Directions;

‘Director’

Shall mean a Director appointed to the Board of a company;

‘Independent Director’

Shall mean an Independent Director of the Company within the meaning of the Companies Act, 2013;

‘IT Strategy Committee of the Board’ or ‘ITSC’

Shall mean the IT Strategy Committee of the Board constituted in accordance with the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated 7th November, 2023;

‘Key Managerial Personnel’ or ‘KMP’

Shall be as defined in Section 2(51) of the Companies Act, 2013;

‘Master Directions’

Shall mean the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated 19th October, 2023 issued by the Reserve Bank of India (RBI) and updated from time to time;



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‘Nomination and Remuneration Committee’ or ‘NRC’

Shall mean the Nomination and Remuneration Committee constituted by the Board in accordance with the Section 178 of the Companies Act, 2013 and the Master Directions;

‘Policy’

Shall mean this ‘Internal Guidelines on Corporate Governance Framework; of the Company;

‘Risk Management Committee; or ‘RMC’

Shall mean the Risk Management Committee constituted by the Board in accordance with the Master Directions;

‘Senior Management Personnel’ or ‘SMP’

Shall mean officers / personnel of the Company who are members of its core management team excluding the Board of Directors. This would include all members of management one level below the CEO and include all functional heads as well as KMPs.

4. Board of Directors

- The Board shall be responsible for exercising its objective business judgments to act in what it reasonably believes to be in the best interests of the Company and its shareholders. The Board of Directors along with its constituted Committees shall provide direction and guidance to the Company and shall further supervise and review the performance of the Company.
- As the Directors occupy fiduciary position, they shall attend and actively participate in Board and its Committee meetings thereof, on which they serve, with fair regularity and conscientiously fulfil his/ her obligations as Director of the Company.
- The Board shall be responsible for overall compliance & monitoring the effectiveness of the Company’s governance practices and making changes as needed and shall periodically review Compliance Reports of all laws applicable to the Company prepared by the Company as well as steps taken by the Company to rectify instances of non-compliance.
- The Board shall also ensure the integrity of Company’s accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular system of risk management, financial and operational control, and compliance with the Applicable laws and relevant standards.



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- The Board shall ensure that transactions with related parties are reviewed to assess risk and are subject to appropriate resolutions/approvals as required under various Applicable laws and that corporate or business resources of the Company are not misappropriated or misapplied.
- 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 for Board of Directors and Senior Executives' as adopted by the Board.
- The Board of Directors will have an optimum combination of Executive, Non-Executive and Independent Directors, including Women Directors in accordance with requirements of the Articles of Association of the Company, the Companies Act, 2013 and other statutory, regulatory and contractual obligations of the Company.

4.1 Composition

The Composition of the Board shall be governed by the Articles of Association of the Company read with the applicable provisions of applicable laws of the Company.

As per the Articles of Association of the Company currently, the number of Directors of the Company shall not be less than 3 (three) and not more than 15 (fifteen). However, the Company may at any time appoint more than 15 (fifteen) directors after passing Special Resolution at a General Meeting. The Company shall also comply with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable law.

The Company's Board currently consists of 6 Directors, comprising 3 (Three) Independent Directors, 2 (Two) Nominee Directors and 1 (One) Non-Executive Director. The composition of the Board currently is as follows:

Sl. No.	Name of Director	Designation
1	Mr. N Sivaraman	Chairman (Category Independent Director)
2	Mr.Avinash Kulkarni	Nominee Director
3	Mr. P. Santhosh	Nominee Director
4	Mr. SharadKumar Bhatia	Independent Director
5	Ms. Neeta Mukerji	Independent Director
6	Mr. Hardayal Prasad	Non-Executive Director



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As per the Articles of Association of the Company the Majority Shareholders shall at all times have the right to appoint a Director on the Board of the Company as its nominee and an observer on the sub-committee of the Board.

4.2 Quorum:

The quorum for a Board meeting of the Company shall be one-third of the total strength (any fraction contained in that one third being rounded off as one), or 2 (two) Directors whichever is higher and the Directors participating by video conferencing or by other permitted means shall also be counted for the purpose of Quorum.

However where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested, being not less than 2 (two), shall be the quorum during such time.

The expressions "Interested Director" shall have the meanings given in Section 184(2) of the Act and the expression "total strength" shall have the meaning as given in Section 174 of the Act.

4.3 Board Meetings:

The Company shall hold at least four Board Meetings in 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 laws shall be furnished to the Directors.

The Board of Directors may from time to time for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.

5. Committees of the Company

The Company has established Board Level Committees and other Management Level Committees in accordance with the requirements of the Companies Act, 2013, Master Directions and other applicable RBI regulations.

The various Committees are as follows:

I. Board Committees



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A. Audit Committee

The Audit Committee of the Company shall comprise of minimum of 3 (three) Directors with Independent Directors forming a majority and majority of members including Chairperson being persons with ability to read and understand the financial statement.

The Company has in place an Audit Committee in accordance with the requirements of Section 177 of the Companies Act, 2013 and the Master Directions. The Audit Committee of the Company currently consists of:

Name of Member	Position in the Committee	Designation
Mr. SharadKumar Bhatia	Chairman	Independent Director
Ms. Neeta Mukerji	Member	Independent Director
Mr. Avinash Kulkarni	Member	Nominee Director
Mr. Atul Aggarwal	Secretary	Company Secretary

Frequency of the meetings:

The Audit Committee shall meet as and when required by the Audit Committee itself but it shall meet at least once in every calendar quarter.

Quorum:

The quorum of the meetings of the Audit Committee shall be one third of total strength or 2 (two) Members, whichever is higher, subject to a minimum of 1 (one) Independent Director being present.

Scope and terms of reference of the Audit Committee

The Audit Committee shall have the powers and duties conferred upon it in compliance with the provisions of Section 177 of the Act, Master Directions, other RBI guidelines and such other duties, obligations and powers as may be prescribed by the Corporate Governance Charter. The Company has a Board approved Corporate Governance Charter in place.

B. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company shall comprise of three or more non-executive directors out of which not less than one half shall be



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Independent Directors and the Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

The Company has in place a Nomination and Remuneration Committee in accordance with the requirements of Section 178 of the Companies Act, 2013 and the Master Directions. The Nomination and Remuneration Committee of the Company currently consists of:

Name of Member	Position in the Committee	Designation
Ms. Neeta Mukerji	Chairperson	Independent Director
Mr. N Sivaraman	Member	Independent Director
Mr. SharadKumar Bhatia	Member	Independent Director
Mr. Atul Aggarwal	Secretary	Company Secretary

Frequency of the meetings:

The Nomination and Remuneration Committee shall meet as and when required by the Nomination and Remuneration Committee itself but it shall meet at least once in a year.

Quorum:

The quorum of the meetings of the Nomination and Remuneration Committee shall be one third of total strength or 2 (two) Members, whichever is higher, subject to a minimum of 1 (one) Independent Director being present.

Scope and terms of reference of the Nomination and Remuneration Committee

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, Master Directions, other RBI guidelines and such other duties, obligations and powers as may be prescribed by the Corporate Governance Charter. The Company has a Board approved Corporate Governance Charter in place.



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C. IT Strategy Committee of the Board

The IT Strategy Committee of the Board shall consist of minimum three directors and the Chairperson shall be an Independent director having substantial IT expertise* in managing / guiding information technology initiatives and all the members shall be technically competent@.

*“Substantial IT expertise” means the person has a minimum of seven years of experience in managing information systems and/or leading/ guiding technology/ cyber security initiatives/ projects. Such a member should also understand the business processes at a broader level and the impact of IT on such processes.

@Technically competent herein will mean the ability to understand and evaluate information systems and associated IT/ cyber risks.

The Company has in place an IT Strategy Committee of the Board in accordance with the requirements of Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated 7th November, 2023 issued by Reserve Bank of India. The IT Strategy Committee of the Board currently consists of:

Name of Member	Position in the Committee	Designation
Ms Neeta Mukerji	Chairperson	Independent Director
Mr. P Santhosh	Member	Nominee Director
Mr. Hardayal Prasad	Member	Nominee Director
Mr. Atul Aggarwal	Secretary	Company Secretary

The Chief Information Security Officer (CISO) and the Head of IT shall be the permanent invitee(s) to the IT Strategy Committee of the Board.

Frequency of the meetings:

The IT Strategy Committee of the Board shall meet as and when required. Moreover the IT Strategy Committee of the Board shall meet at least once on a quarterly basis.

Quorum:

The quorum of the meetings of the IT Strategy Committee of the Board shall be one third of total strength or 2 (two) Members, whichever is higher, subject to a minimum of 1 (one) Independent Director being present.



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Scope and terms of reference of the IT Strategy Committee of the Board

The IT Strategy Committee of the Board shall have the powers and duties conferred upon it in compliance with the provisions of Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated 7th November, 2023 issued by Reserve Bank of India and such other duties, obligations and powers as

may be prescribed by the Corporate Governance Charter. The Company has a Board approved Corporate Governance Charter in place.

D. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee shall consist of a Chairperson who is a Non-Executive Director and such other members as may be decided by the Board.

The Company has in place a Stakeholders' Relationship Committee in accordance with the requirements of Section 178 of the Companies Act, 2013. The Stakeholders' Relationship Committee currently consists of:

Name of Director	Position in the Committee	Designation
Mr. P Santhosh	Chairman	Non-Executive Director
Mr. Vikash Agarwal	Member	Head – Treasury
Mr. Atul Aggarwal	Member	Company Secretary

Mr. Atul Aggarwal, Company Secretary shall be the Secretary of the Stakeholders' Relationship Committee.

Frequency of the meetings:

The Stakeholders' Relationship Committee shall meet as and when required.

Quorum:

The quorum of the meetings of the Stakeholders' Relationship Committee shall be one third of total strength or 2 (two) Members, whichever is higher.

Scope and terms of reference of the Corporate Social Responsibility Committee

The Stakeholders' Relationship Committee shall have the powers and duties conferred upon it in compliance with the provisions of the Companies Act, 2013 and such other

duties, obligations and powers as may be prescribed by the Corporate Governance Charter. The Company has a Board approved Corporate Governance Charter in place.

II. Other Mandatory Committees

E. Risk Management Committee

The Risk Management Committee can be either at the Board or Executive level. The Risk Management Committee of the Company shall consist of minimum three members including at least 1 (one) Director and/ or such other Executives of the Company as may be approved by the Board of Directors of the Company from time to time.

The Company has in place a Risk Management Committee in accordance with the requirements of the Master Directions. The Risk Management Committee currently consists of:

Committee	Composition	Quorum	Frequency of Meeting	Secretary	Chairperson
Risk Management Committee of Executives (RMC)	<p>Members:</p> <ul style="list-style-type: none"> • Director • Chief Executive Officer (CEO) • Chief Operating Officer (COO) • Chief Risk Officer (CRO) - Permanent Invitee • Company Secretary 	Director + CEO and / or COO + CRO + CS	As and when required, but at least once in every calendar quarter	Company Secretary	Director
Minutes of RMC needs to be placed to Board for noting.					

Frequency of the meetings:

The Risk Management Committee shall meet as and when required by the Risk Management Committee itself but it shall meet at least once in every calendar quarter.

Scope and terms of reference of the Risk Management Committee

The Risk Management Committee shall have the powers and duties conferred upon it in compliance with the provisions of the Master Directions and other Applicable laws



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and such other duties, obligations and powers as may be prescribed by the Corporate Governance. The Company has a Board approved Corporate Governance Charter in place.

F. Asset Liability Management Committee

The Asset Liability Management Committee may consist of the top management of the Company. The Board shall have the overall responsibility for management of liquidity risk.

The Board shall decide the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided by it. The Asset Liability Management Committee of the Company shall consist of minimum three members including at least 1 (one) Director and/ or such other Executives of the Company as may be approved by the Board of Directors of the Company from time to time.

The Company has in place an Asset Liability Management Committee in accordance with the requirements of the Master Directions. The Asset Liability Management Committee currently consists of:

Name/Designation of Member	Position in the Committee
Chief Executive Officer	Chairman
Chief Financial Officer	Member
Head – Credit & Operations	Member

Frequency of the meetings:

The Asset Liability Management Committee shall meet as and when required by the Asset Liability Management Committee itself but it shall meet at least once in every calendar quarter.

Quorum:

The quorum of the meetings of the Asset Liability Management Committee shall be one third of total strength or 2 (two) Members, whichever is higher.

Scope and terms of reference of the Asset Liability Management Committee

The Asset Liability Management Committee shall have the powers and duties conferred upon it in compliance with the provisions of the Master Directions and



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other Applicable laws and such other duties, obligations and powers as may be prescribed by the Corporate Governance Charter. The Company has a Board approved Corporate Governance Charter in place.

G. IT Steering Committee

The IT Steering Committee shall have representation at Senior Management level from IT and business functions. The CISO shall be a permanent invitee to the IT Steering Committee.

The Company has in place an IT Steering Committee in accordance with the requirements of the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated 7th November, 2023 issued by Reserve Bank of India. The IT Steering Committee currently consists of:

Name/Designation Member	of	Position in the Committee
Chief Executive Officer		Chairman
Chief Financial Officer		Member
Head – IT		Member
Chief Information Security Officer		Permanent Invitee

Frequency of the meetings:

The IT Steering Committee shall meet as and when required by the IT Steering Committee itself but it shall meet at least once in every calendar quarter.

Quorum:

The quorum of the meetings of the IT Steering Committee shall be one third of total strength or 2 (two) Members, whichever is higher.

Scope and terms of reference of the IT Steering Committee

The IT Steering Committee shall have the powers and duties conferred upon it in compliance with the provisions of the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated 7th November, 2023 issued by Reserve Bank of India and such other duties, obligations and powers as may be prescribed by the Corporate Governance Charter. The Company has a Board approved Corporate Governance Charter in place.



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H. Information Security Committee

The Information Security Committee shall be formed under the oversight of the IT Strategy Committee of the Board and shall constitute of the Chief Information Security Officer (CISO) and other representatives from business and IT functions, etc. as may be decided by the IT Strategy Committee of the Board. The head of the Information Security Committee shall be from risk management vertical.

The Company has in place an Information Security Committee in accordance with the requirements of the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated 7th November, 2023 issued by Reserve Bank of India. The Information Security Committee currently consists of:

Members	Position
Chief Risk Officer	Chairman
Chief Information Security Officer	Convener
Head of IT	Member
Head – Credit & Operations	Member
Chief Compliance Officer	Member
AVP – IT Infrastructure	Member

Frequency of the meetings:

The Information Security Committee shall meet as and when required or but it shall meet once in every quarter.

Quorum:

The quorum of the meetings of the Information Security Committee shall be one third of total strength or 2 (two) Members, whichever is higher.



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Scope and terms of reference of the Information Security Committee

The IT Steering Committee shall have the powers and duties conferred upon it in compliance with the provisions of the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated 7th November, 2023 issued by Reserve Bank of India and such other duties, obligations and powers as may be prescribed by the Corporate Governance Charter. The Company has a Board approved Corporate Governance Charter in place.

6. Whistle Blower Policy

The Board of Directors of the Company has approved the Vigil Mechanism and Whistle Blower Policy of the Company in line with the provisions of the Companies Act, 2013 and Scale Based Regulation dated 22nd October 2021 issued by the Reserve Bank of India. The Whistle Blower Policy is disclosed on the website of the Company www.srei.com. The Whistle Blower Policy provides a vigil mechanism and an opportunity for directors, employees all stake holders of the Company (business partners, vendors and customers) to blow Whistle against and to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

7. Fit & Proper Criteria

The Company has put in place "Fit & Proper Criteria" for ascertaining the eligibility for appointment/re-appointment of Director of the Company on a continuing basis. The NRC shall carry out adequate due diligence of a person at the time of appointment / reappointment as a Director and/or for continuation as a Director (annually), on the basis of qualifications, expertise, track record, integrity and other 'fit & proper' criteria prescribed under regulatory norms.

The Company shall have a Board approved 'Policy on Fit and proper criteria for Directors' for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis. The 'Policy on Fit and proper criteria for Directors' shall be in line with the Master Directions. The Company ensures compliance with the provisions laid down in the Policy on Fit and proper criteria for Directors'.

The Nomination and Remuneration Committee shall ensure fit and proper status of proposed / existing directors. The NRC shall obtain declaration(s) and undertaking from the directors on the lines of the format as prescribed by the Reserve Bank of India ('RBI') from time to time for obtaining certain information on the directors.



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The Company shall 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 in the 'Policy on Fit and proper criteria for Directors'.

The Company shall furnish to the Regional Office of the Department of Supervision, Reserve Bank of India, within 15 days of the close of the respective quarter, a quarterly statement on change of directors, and a certificate from the CEO of the Company that fit and proper criteria in selection of the directors has been followed. The statement submitted for the quarter ending March 31, shall be certified by the auditors.

8. Code of conduct

The Company has in place a 'Code of conduct for Board of Directors and Senior Executives' and due care is taken that the same is being adhered to.

9. Key Managerial Personnel

Except for directorship in a subsidiary of the Company, the Key Managerial Personnel shall not hold any office (including directorships) in any other NBFCs.

The Company may however broaden the roles of specific KMPs and SMPs of the Company as may be decided and deemed fit by the CEO or Board/Board Committees to perform as Group Functional Head with respect to their Functional areas for all the subsidiaries of the Company.

10. Independent Director

An Independent director shall not be on the Board of more than three NBFCs at the same time. Further, the Company shall ensure that there is no conflict arising out of the Independent Directors of the Company being on the Board of another NBFC at the same time.



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11. Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management

The Company has in place a Board approved 'Nomination and Remuneration Policy' for compensation to the KMPs and SMPs of the Company in line with the Companies Act, 2013 and the Master Directions.

The Nomination and Remuneration Committee shall recommend to the Board, all remuneration, in whatever form, payable to KMPs and SMPs. The Company has a credible and transparent framework in determining and accounting for the remuneration of KMPs and SMPs.

The NRC shall work in close coordination with Risk Management Committee of the Company to achieve effective alignment between compensation and risks.

12. Disclosures and transparency

The Board of the Company reviews and records the minutes of all the above Board Committee meetings. As part of the Corporate Governance, a compliance requirement has been put in place, wherein a quarterly report regarding compliance with all laws applicable to the Company is placed before the Board for their review.

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:

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

The Company shall also disclose the Disclosures in the Annual Financial Statements information as may be prescribed by the Reserve Bank of India from time to time.



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13. Rotation of the Statutory Auditors Audit Firm

In order to protect the independence of the auditors/audit firms, the Company shall appoint the Statutory Auditors for a continuous period of three years, subject to the firms satisfying the eligibility norms each year.

In case of removal of Statutory Auditors before completion of three years tenure, the Company shall inform concerned Senior Supervisory Manager / Regional Office at RBI about it along with reasons/justifications for the same within a month of such decision being taken.

Rotation of partners of the Statutory Auditor/Audit Firm will be done in accordance with the provisions of the Companies Act, 2013, and the extant RBI Guidelines issued in this regard.

14. Policies adopted by the Company

The Company, in line with the requirement of the Companies Act, 2013, Master Directions, Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated 7th November, 2023 issued by Reserve Bank of India and other Applicable laws and/ or as a matter of Good Corporate Governance Practices has framed and adopted the following policies or any other policies as required from time to time which shall form part and parcel of the overall corporate governance framework of the Company. These policies are reviewed and updated at regular intervals based on statutory requirement or on modification or amendments of various acts, rules, regulations, statues applicable to the Company. The aforesaid Policies include:

- Fair Practice Code & Ombudsman Scheme
- KYC and AML Policy
- Risk Management Policy
- Business Continuity Plan (BCP) & Disaster Recovery (DR) Policy
- Risk Based Internal Audit Policy
- Whistle Blower Policy
- Archival Policy & Policy of Preservation of Records Policy



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- Asset Liability Management Policy
- Information Security & Cyber Security Policy
- Information Technology & Information Technology Outsourcing Policy
- Policy on Board Diversity
- Policy on Fit and proper criteria for Directors
- Information Systems (IS) Audit Policy
- Fraud Risk Framework
- Policy on Transfer on Loan Exposure
- Stressed Assets Management (SAM) Policy
- Corporate Governance Framework
- Policy for Treatment of Willful Defaulters
- Related Party Transactions Policy
- Policy on Impairment of Other Financial Assets
- ICAAP (The Internal Capital Adequacy Assessment Process) Policy
- Srei Niti
- Code of conduct for Board of Directors and Senior Executives
- Business Correspondent / Business Facilitator Policy
- Compensation Policy
- Risk Control Self-Assessment Manual
- Stress Testing Policy
- Compliance Policy
- Policy on prevention of Sexual Harassment
- Outsourcing Policy
- Policy for appointment of Statutory Auditors
- Nomination and Remuneration Policy
- Policy on Fair Lending Practice : Penal Charges on Loan Account
- CIC Policy
- Expected Credit Loss Policy
- Investment Policy



15. Review of Policy

This policy shall undergo annual review from the date of approval by the Board. However, reviews and modifications at shorter intervals may be carried out, if deemed necessary by the organization, based on changes in the regulatory guidelines. Such changes shall be carried out through an inter-office memo after obtaining views from relevant stakeholders and approval from CEO. A summary of all such changes shall be tabled to the Board of Directors on a quarterly basis.

Scope and Terms of Reference of various Committees of the Company

I. AUDIT COMMITTEE

Mandatory terms of reference as per Companies Act 2013

1. The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
2. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. Examination of the financial statement and the auditors' report thereon;
4. Approval or any subsequent modification of transactions of the company with related parties;
5. Scrutiny of inter-corporate loans and investments;
6. Valuation of undertakings or assets of the company, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters.
9. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
10. The Audit Committee shall have authority to investigate into any matter in relation to the terms of reference or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.



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11. The auditors of a company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report.

Mandatory terms of reference as per RBI Circulars

1. Reviewing, with the management, performance of internal auditors, adequacy of the internal control systems:
2. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
3. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board:
4. 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 NBFCs

Terms of Reference in pursuance of Good Governance

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors:
3. Reviewing/examining, with the management, the quarterly financial statements before submission to the Board for approval:
4. Approval of subsequent modification of transactions or the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed:
5. To review any policy of the Company as per requirement.



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6. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern, if required;
7. To deal with such matter as may be delegated/referred to by the Board of Directors from time to time.
8. To delegate any of the above matters to any executive of the Company/subcommittee except those not allowed to be delegated under law.

II. NOMINATION AND REMUNERATION COMMITTEE

Mandatory terms of reference as per Companies Act 2013

Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;

Specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;

Ensure that while formulating the policy, the following points should at least be incorporated:

level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Mandatory terms of reference as per RBI Circulars



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Committee shall review the following:

'Fit and proper' status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management;

Remuneration to Directors, Key Managerial Personnel (KMPs) and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;

Compensation levels are supported by the need to retain earnings of the company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP);

Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

Terms of Reference in pursuance of Good Governance

f) Evaluate the current composition and organization of the Board and its committees in light of requirements established by any Regulatory Body or any other applicable statute, rule or regulation which the Committee deems relevant and to make recommendations to the Board in respect to the appointment, re-appointment and resignation of Independent, Executive and Non – Executive Directors of the Company;

g) Review and recommend to the Board an appropriate course of action upon the resignation of current Board members, or any planned expansion of the Board, and review the qualifications, experience and fitness for service on the Board of any potential new members of the Board;

h) Review/recommendation/approval of Succession Plan for the Key Managerial Personnel (KMPs) and Senior Management of the Company;

i) Formulate, administer and supervise the Company's Stock Option schemes, if any, in accordance with relevant laws;

j) Formulate the criteria for evaluation of Independent Directors and the Board;

k) Devise a policy on Board diversity and review the same in timely manner.

l) To work in close coordination with Risk Management Committee (RMC) of the company to achieve effective alignment between compensation and risks;

m) Undertake any other responsibility as laid down by RBI from time to time;



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n) Performing such other activities as may be delegated / referred to by the Board of Directors and/or are statutorily prescribed under any law is to be attended to by the Nomination and Remuneration Committee; and

o) To delegate any of the above matters to any executive of the Company / sub-committee except those not allowed to be delegated under law.

III. IT STRATEGY COMMITTEE OF THE BOARD (ITSC)

- i.** To ensure that the management has put an effective IT strategic planning process in place.
- ii.** To guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the organization towards accomplishment of its business objectives. However, business objectives should never overstep any regulatory / compliance requirements.
- iii.** To satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organization, and the same being periodically reviewed and / or approved by the Board.
- iv.** To ensure that organization has put in place processes for assessing & managing IT and cyber security risks.
- v.** To ensure that budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the organization's IT maturity, digital depth, threat environment and industry standards and are utilized in a manner intended for meeting the stated objectives.
- vi.** Reviewing, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the organization.
- vii.** Reviewing assessment of IT capacity requirements & measures taken to address the issues.
- viii.** Periodically review and update, at least on a yearly basis, the IT related risks, including the Cyber Security related risks in the Risk Management Policy of the Company in consultation with the Risk Management Committee.
- ix.** Oversee the workings of the IT Steering Committee.
- x.** Oversee the workings of the Information Security Committee ("ISC") formed inter alia for managing cyber/ information security.
- xi.** Reviewing Cyber security risks / arrangements / preparedness of SEFL on a quarterly basis.
- xii.** Undertake any other responsibility as laid down by RBI from time to time; and
- xiii.** Such other tasks as may be entrusted to it by the Board of Directors from time to time.



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IV. Risk Management Committee

1. To formulate a detailed risk management policy which shall include:
 - ✓ Framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability, information, cyber security risks or any other risk as may be determined by the committee;
 - ✓ Measures for risk mitigation including systems and processes for internal control of identified risks;
 - ✓ Business continuity plan;
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
4. To periodically review the risk management policy, at least on a yearly basis, including by considering the changing industry dynamics and evolving complexity and to make modifications thereto from time to time as may be required;
5. To institute an appropriate governance mechanism and define risk tolerance levels for enabling a secure and effective information technology network for the Company and evaluate the risks associated with the IT Strategy of the Company in consultation with the IT Strategy Committee of the Board;
6. Periodically review and update, at least on a yearly basis, the IT related risks, including the Cyber Security related risks in the Risk Management Policy of the Company in consultation with the IT Strategy Committee of the Board;
7. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Nomination & Remuneration Committee.
8. To periodically review the Fair Practices Code of the Company and to make modifications thereto from time to time as may be required;
9. Responsible for evaluating the overall risks faced by the Company including liquidity risk and to monitor the Company's risk profile – its on-going and potential exposure to risks of various types;
10. Review and monitor key business risks involved in Restructure & Settlements and set policies and guidelines for measurement, management and reporting of credit risk, market risk and operational risk and set risk mitigation and stop-loss parameters and take action where required in relation to changes in risk environment;
11. Approve the policies and strategies for implementing Enterprise-wide integrated risk management system, for addressing various risks faced by the Company;
12. Reviewing and approving the Internal Capital Adequacy Assessment Process to maintain capital adequacy well above the regulatory requirements
13. Decide/ approve adoption of technology/appropriate and adequate MIS system needed for risk management.
14. Reinforce the culture and awareness of risk management throughout the organization that would attach high priority on effective risk management and adherence to sound internal controls;



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15. Ensure adequate coverage of internal audit to satisfy effective implementation of policies and procedures;
16. Monitor the performance of the Company with respect to risk tolerance limits set by the Board and discuss on business updates and progress of the Company;
17. To monitor and review the risks associated with outsourced processes and review and approve outsourcing arrangements, if required;
18. To oversee the Company's Controls Framework across business/entity/function;
19. To work in close coordination with Nomination and Remuneration Committee of the company to achieve effective alignment between compensation and risks;
20. To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;
21. Annually present to the Board a report summarizing the Committee's review of the Company's methods for identifying, managing and reporting risks and risk management deficiencies;
22. Undertake any other responsibility as laid down by RBI from time to time;
23. Performing such other activities as may be delegated / referred to by the Board of Directors and/or are statutorily prescribed under any law is to be attended to by the Risk Management Committee; and
24. To delegate any of the above matters to any executive of the Company / sub-committee except those not allowed to be delegated under law.

V. IT Steering Committee

- i. IT Steering Committee to have representation of Senior Management from IT & business functions.
- ii. The composition of the IT Steering Committee shall be decided as per the Terms of Reference of the Committee duly approved by the IT Strategy Committee (ITSC).
- iii. Execution of the IT Strategy approved by the Board - The IT Steering Committee shall assist the ITSC in strategic IT planning, oversight of IT performance, and aligning IT activities with business needs.
- iv. Ensuring IT / IS and their support infrastructure are functioning effectively and efficiently.
- v. Oversee the processes put in place for business continuity and disaster recovery.
- vi. Ensure implementation of a robust IT architecture meeting business objectives and statutory & regulatory compliance.
- vii. Ensuring that overall IT contributes to productivity, effectiveness and efficiency in business operations.
- viii. The IT Steering Committee shall recommend the plan along with budget for maintenance, management & any change that may be required to ensure that the entire IT framework remains functional & compliant with extant regulatory guidelines, to the ITSC for approval. Any expense authorization emanating as part of this plan or regular maintenance of IT framework, shall be done as per the extant DOA (Delegation of Authority).
- ix. Update ITSC and the CEO periodically on the activities of IT Steering Committee.
- x. The IT Steering Committee shall meet at least on a quarterly basis.



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VI. Information Security Committee (ISC)

- Managing information / cyber security
- Development & implementation of information / cyber security policies, standards & procedures to ensure that all identified risks are managed within SEFL's risk appetite
- Approving & monitoring information security projects and security awareness initiatives
- Reviewing cyber incidents, information systems audit observations, monitoring & mitigation activities
- Ensuring necessary IT risk management processes are in place and create a culture of IT risk awareness and cyber hygiene practices in the organization
- Ensuring cyber security posture of SEFL is robust
- Updating ITSC & CEO periodically on activities of ISC
- Undertake any other responsibility as laid down by RBI from time to time
- Performing such other activities as may be delegated / referred to by the Board of Directors and/or are statutorily prescribed under any law is to be attended to by the ISC

To delegate any of the above matters to any executive of the Company / sub-committee except those not allowed to be delegated under law