

**ASIRVAD MICRO FINANCE LIMITED**

**INTERNAL GUIDELINES ON CORPORATE GOVERNANCE**

**Approval Details:**

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<b>Initiated by</b>	<b>Company Secretary</b>
<b>Recommended by</b>	<b>Managing Director</b>
<b>Approved by</b>	<b>Board of Directors</b>

## 1. **OBJECTIVE OF GUIDELINES ON CORPORATE GOVERNANCE:**

A **Good Corporate Governance** practice is a key factor of sustainable corporate growth and maintains a long term relationship with the stakeholders of the Company. Asirvad Micro Finance Limited (“the Company”) is committed to highest level of Corporate Governance practices and emphasizes the need for full transparency and accountability in all transactions, in order to protect interests of its stakeholders. This enables the Company to attract high quality financial and human capital.

The Company believes that a strong professionally balanced Board of Directors is necessary to ensure the highest standards of Corporate Governance; we have an appropriate mix of executive /non-executive and independent directors in our Board. Board of Directors represent the shareholder’s interest in perpetuating a successful business and optimizing long term financial returns in a manner consistent with applicable regulatory and legal requirements and ethical considerations.

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has stipulated all NBFCs to frame an internal guideline on Corporate Governance. In pursuance to the Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, (as amended from time to time), the Company has framed an internal guideline on Corporate Governance and the same shall be uploaded on the website of the Company.

## 2. **Governance Structure:**

### A. **Board of Directors (“Board”)**

The Directors are responsible to set strategic objectives for the management and to ensure that the long term interests of all stakeholders are served by adhering to and enforcing the principles of sound Corporate Governance.

The role of the Board is to determine the overall strategic direction and management of the Company, including monitoring its performance. The Board is responsible to the shareholders and its conduct is determined by applicable laws and the Articles of Association of the Company. In performing its duties, the Board meets regularly and acts in the best interests of the Company including shareholders, employees & clients.

**Composition:**

The Company's Board shall have an optimum combination of Executive, Non-Executive and Independent Directors in line with the requirements of the provisions of the Companies Act, 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("LODR") and the Articles of Association of the Company.

**Board Meetings:**

The Board Meeting shall be held at least four times a year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. The minimum information to be made available to the Board shall be furnished to the Directors. The Company shall also adhere to the Secretarial Standards on Board/ Committee Meetings as well as General Meetings as issued by the ICSI and approved by the Central Government.

**B. Committees of the Board:**

The Board has constituted various Committees to deal with specific matters and for operational convenience, delegated powers for different functional areas to different Committees in accordance with applicable laws. The Audit Committee, Risk Management Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, IT Strategy Committee, Stakeholders Relationship Committee and Asset Liability Management Committee have been constituted in accordance with the provisions of the Companies Act, 2013, Guidelines issued by Reserve Bank of India as applicable to the Company for internal and operational

convenience. The composition, terms of reference and functioning of the Committee(s) shall be decided by the Board of Directors in accordance with the provisions of the applicable laws. The Minutes of the meetings of Board Level Committee(s) as specified by the Board shall be placed before Board for its perusal, discussion and noting.

**1. Audit Committee:**

The Company shall have in place Audit Committee of the Company constituted in accordance with the provisions of the Section 177 of the Companies Act, 2013 read with Rules framed there under, Regulation 18 of LODR and applicable provisions of the RBI Directions. The Audit Committee's constitution and functioning shall be in compliance with the provisions of the Companies Act, 2013 and LODR.

**Composition:**

The Audit Committee of the Company shall be constituted as per the provisions of Section 177 of the Companies Act, 2013 read with rules made thereunder and Regulation 18 of LODR. They shall meet all applicable legal requirements with respect to independence, financial literacy, accounting or related financial expertise, etc. The members of the Audit Committee shall be appointed by the Board of Directors.

**Meetings:**

The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.

### **Quorum**

The quorum for any meeting of the Committee shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.

### **Role of Audit Committee:**

- (a) oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (c) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (d) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - i. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - ii. changes, if any, in accounting policies and practices and reasons for the same;
  - iii. major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. significant adjustments made in the financial statements arising out of audit findings;
  - v. compliance with listing and other legal requirements relating to financial statements;
  - vi. disclosure of any related party transactions; and
  - vii. modified opinion(s) in the draft audit report.
- (e) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (f) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds

- of a public or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter;
- (g) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  - (h) approval or any subsequent modification of transactions of the Company with related parties;
  - (i) scrutiny of inter-corporate loans and investments;
  - (j) valuation of undertakings or assets of the Company, wherever it is necessary;
  - (k) evaluation of internal financial controls and risk management systems;
  - (l) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - (m) 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;
  - (n) discussion with internal auditors of any significant findings and follow up there on;
  - (o) 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;
  - (p) 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;
  - (q) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - (r) to review the functioning of the whistle blower mechanism;
  - (s) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
  - (t) carrying out any other function as is mentioned in the terms of reference of the audit committee;
  - (u) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
  - (v) consider and comment on rationale, cost-benefits and impact of schemes involving merger,

- demerger, amalgamation etc., on the Company and its shareholders.
- (w) monitoring the end use of funds raised through public offers and related matters.
  - (x) carrying out any other functions and roles as provided under the Companies Act, the SEBI Listing Regulations, SEBI ICDR Regulations, each as amended and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties; and
  - (y) to carry out such other functions as may be specifically referred to the Audit Committee by the Board and/or other committees of directors of the Company.

The Audit Committee shall mandatorily review the following information:

- (a) management discussion and analysis of financial condition and results of operations;
- (b) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (c) internal audit reports relating to internal control weaknesses; and
- (d) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (e) statement of deviations:
  - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI Listing Regulations, as amended.
  - ii. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI Listing Regulations, as amended.
- (f) Such information as may be prescribed under the Companies Act, and the rules thereunder, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended.”

## **2. Risk Management Committee:**

The risk management framework is perhaps one of the most important parameters that define the success of a financial services organization. A risk management programme establishes a process of identifying and assessing the major risks covering all areas of the institution's activities risk. The board of directors is responsible to ensure that management has implemented a risk management programme, that resources are allocated for risk management and internal controls, and that there is adequate oversight of the audit function as one of the board of director's responsibilities.

**Composition:**

The Committee should have such members as approved by the Board as per the provisions of LODR and Reserve Bank of India Master Direction. The Committee shall appoint one of its members as the Chairman of the Committee, who shall be a member of Board of Directors. Further, the Chief Risk Officer ("CRO") of the Company shall be the Member cum Secretary of the Committee.

**Meetings:**

The Committee shall meet as and when required and further, based on the reporting authority of CRO, the Committee meetings can be convened as per the guidelines issued by Reserve Bank of India in this regard.

In adherence to LODR, the Committee shall meet at least twice in a year and not more than one hundred and eighty days shall elapse between two consecutive meetings.

**Quorum:**



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.

**Role of the Committee:**

The role of the Risk Management Committee, inter-alia, shall include the following:

- To formulate a detailed Risk Management Policy, which shall cover the following:
  - a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
  - b. Measures for risk mitigation including systems and processes for internal control of identified risks;
  - c. Business continuity plan
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- Identification, monitoring and measurement of the risk profile of the Company (including market risk, operational risk, compliance risk, credit risk, transactional risk etc.);
- overseeing its integrated risk measurement system;
- to analyze the critical decision for investments and corporate lending;
- Perform such other act, including the acts and functions stipulated by RBI and any other regulatory authority, as prescribed from time to time.

### 3. **Nomination & Remuneration Committee**

The Company shall have in place a Nomination & Remuneration Committee in adherence to Section 178 of the Companies Act, 2013 read with the Rules framed there under and LODR. The Committee shall apart from other things review the appointments and removals of directors and senior management, the compensation related matters of the directors and senior management, evaluation of Directors performance, etc.

#### **Composition:**

The Nomination & Remuneration Committee of the Board shall be constituted in accordance with the provisions of Section 178 of the Companies Act, 2013

read with rules made thereunder and LODR. The Committee shall appoint Independent Director as the Chairman of the Committee.

**Meetings:**

The Committee shall meet as and when required, but at least meet once in a year.

**Quorum:**

The quorum for a meeting of the committee 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.

**Role of the Committee:**

The role of the Nomination & Remuneration Committee, inter-alia, shall include the following:

- (a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees.
- (b) formulation of criteria for evaluation of performance of independent directors and the Board;
- (c) for every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - i. use the services of an external agencies, if required;
  - ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and

- iii. consider the time commitments of the candidates.
- (d) devising a policy on Board diversity;
- (e) identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- (f) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (g) recommend to the Board, all remuneration, in whatever form, payable to senior management; and
- (h) carrying out any other activities as may be delegated by the Board and functions required to be carried out by the Nomination and Remuneration Committee as provided under the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.”
- (i) Administering, monitoring and formulating the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the applicable laws (“**ESOP Scheme**”)
  - i. Determining the eligibility of employees to participate under the ESOP Scheme;
  - ii. Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;
  - iii. Date of grant;
  - iv. Determining the exercise price of the option under the ESOP Scheme;
  - v. The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
  - vi. The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
  - vii. The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
  - viii. The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - ix. Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the

equity shares;

- x. The grant, vest and exercise of option in case of employees who are on long leave;
  - xi. Allow exercise of unvested options on such terms and conditions as it may deem fit;
  - xii. The procedure for cashless exercise of options;
  - xiii. Forfeiture/ cancellation of options granted;
  - xiv. Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:
    - the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action;
    - for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered; and
    - the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option.
- (j) Construing and interpreting the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme
- (k) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.”

#### **4. Asset Liability Management Committee**

Asset Liability Management Committee is constituted to monitor the asset liability gap, strategize action to mitigate the risk associated, ensuring adherence to the limits set by the Board as well as for deciding the business

strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives.

**Composition:**

The Committee should have such members as approved by the Board. The Committee shall appoint one of its members as the Chairman of the Committee. Further, Chief Financial Officer of the Company shall be the part of the Committee and he will be the secretary for the said committee.

**Meetings:**

The Committee shall meet every month

**Role of the Committee:**

The role of the Asset Liability Management Committee, inter-alia, shall include the following:

- Management of the balance sheet of the Company;
- Review of the asset-liability profile of the Company with a view to manage the market exposure assumed by the Company
- Safeguarding the recovery positions at any point of time;
- Review of risk monitoring system, ensure payment of liability on its due dates, liquidity risk management, funding and capital planning, profit planning and growth projections, forecasting and analyzing different scenarios and preparation of contingency plans; and
- Perform such other allied functions as may be required from time to time.

5. **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Board shall constitute a Corporate Social Responsibility (“CSR”) Committee in adherence to the provisions of Section 135 of the Companies Act, 2013 read with rules made thereunder. The Committee will be vested with necessary powers, as laid down in its charter/ policy to achieve its objectives.

**Composition**

The CSR Committee shall be constituted as per the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder. The members of the CSR Committee shall be appointed by the Board of Directors. The Board shall elect the Chairman of the Committee.

**Meetings:**

The Committee shall meet as and when required in pursuant to the requirement of the Companies Act, 2013.

**Role of the Committee:**

The role of the CSR Committee, inter-alia, shall include the following:

- Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- Monitor the CSR Policy of the Company from time to time;

- Formulation of Annual Action Plan in accordance with CSR Policy

## 6. **BORROWING & SECURITIES ALLOTMENT COMMITTEE**

The Borrowing & Securities Allotment Committee of the Board is constituted pursuant to Section 179 of the Companies Act, 2013, which empower them to raise funds in any form including term loan, debentures, Commercial Paper, securitization etc. from banks and financial institutions and also to empower designated individuals in the senior management to finalize the terms and conditions relating to the proposal under consideration.

### **Composition:**

The members of the Committee shall be appointed by the Board of Directors. The Board shall elect the Chairman of the Committee.

### **Meetings:**

The Committee shall meet as and when required.

### **Role of the Committee:**

The role of the Borrowing & Securities Allotment Committee, inter-alia, shall include the following:

- To approve the borrowings/ loans/ financial assistance including but not limited to direct assignment or pass through certificates to be availed by the Company from any Bank/ Financial Institutions/ firms/ bodies corporate/ Company(ies)/ Mutual Fund(s)/ any such other entity within the overall limit as approved by the Board of Directors as well as Members of the Company from time to time;



- To consider and approve any modification(s)/ renewals in the existing borrowings/ loans/ financial assistance as availed by the Company from any such above mentioned entity;
- To approve creation of any mortgages / charge or other encumbrance over the Company properties or assets for the above purpose;
- To raise funds in any form including term loan, issue of debentures, Commercial Paper, securitization etc., within the overall borrowing limit of the Company as set from time to time and to approve early redemption/ prepayment of Debentures;
- To approve the allotment of securities to any identified investors as proposed by the Company from time to time except allotment of equity under ESOP;
- To authorize any officer(s) of the Company to sign /execute loan documents and other papers, documents ancillary to it;
- To appoint / authorize any individual as Authorized Signatory(ies) with limit or without limit in respect of bank accounts maintained by the Company with any banks and other financial institutions
- To authorize any officer/staff for opening, operations and closing of bank accounts in different centers for different branches.
- To authorize any officer / employee to apply for net banking facilities and operate the same for online transaction.
- To affix the Common Seal of the Company on any one or all documents/instruments on behalf of the Company
- To appoint Debenture trustee(s), RTA, Credit Rating Agency (ies) and Legal counsel.
- For opening/ closing and operating of lockers as may be required from time to time

- To appoint new auctioneer(s) for Auction of the pledged securities of the Company
- To authorize any officer(s) of the Company for acting as maker and/or checker for updating data with depositories, viz, NSDL and CDSL.
- To approve assignment of loan accounts of the Company in favour of any Asset Reconstruction Company and to authorize any officer(s) of the Company to sign /execute documents and other papers may be necessary for completing the transaction and for all matters connected therewith and/or incidental thereto.

## 7. **IT STRATEGY COMMITTEE**

IT Strategic Committee was constituted as per the RBI Master Directions on IT Framework for NBFC Sector. The Constitution of IT Strategy Committee is mandatory for the Company.

### **Composition:**

The Committee should have such members as approved by the Board. The Chairman of the Committee shall be an Independent director. Further, Chief Information Officer & Chief Technology Officer of the Company should be part of the Committee.

### **Meetings:**

The Committee shall meet as and when required, however, the gap between the two meetings shall not exceed 6 months.

### **Role of the Committee:**

The role of the IT Strategy Committee, inter-alia, shall include the following:

- To approve IT strategy and policy documents;
- To ensure that Management has placed an effective strategic planning process;
- To ensure that Management has implemented processes and practices to ensure that the IT delivers value to the business;
- To ensure IT investments represent a balance of risks and benefits and that budgets are acceptable.
- To monitor the method adopted by the Management to determine the IT resources needed to achieve strategic goals and provide high level direction for sourcing and use of IT resources.
- To ensure proper balance of IT investments for sustaining the Company growth and becoming aware about exposure towards IT risks and controls.

#### 8. **MANAGEMENT COMMITTEE**

For ensuring effective management of overall operations of the Company, the Management Committee of the Board is constituted. The said Committee meets from time to time for monitoring the activities of various departments of the Company in order to ascertain that procedures/ codes of the Company are adhered effectively.

##### **Composition:**

The Committee should have such members as approved by the Board. The Chairman of the Committee shall be appointed by the Board.

##### **Meetings:**

The Committee shall meet as and when required.

##### **Role of the Committee:**

The role of the Committee, inter-alia, shall include the following:

- To overview the governance norms followed by the Company and ascertain proper management;
- To monitor the workings of various divisions/ departments of the Company;
- To ensure the adherence of various procedures/ processes by the Company;

9. **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee is constituted pursuant to Section 178 of the Companies Act, 2013 read with rules made thereunder and LODR.

**Composition:**

The Committee should have such members as approved by the Board in adherence to Companies Act, 2013 and LODR. The Chairperson who shall be a non-executive director and such other members as may be decided by the Board.

**Meetings:**

The Committee shall meet half-yearly.

**Quorum:**

The quorum of the meeting shall be fixed by the Board of Directors.

**Role of the Committee:**

The role of the Committee, inter-alia, shall include the following:

- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends/interest, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent
- Review of the various measures and initiatives taken by the Company for ensuring timely receipt of annual reports/statutory notices by the security holders of the Company.
- Review of all communications to security holders mandated by LODR and Companies Act, 2013.
- Any other matters that can facilitate better investor services and relations.

#### **10. IPO Committee**

IPO Committee is constituted for the purpose of Issue and listing the Equity Shares on one or more of the Stock Exchanges.

##### **Composition:**

The Committee shall meet as and when required.

**Meetings:**

The Committee shall meet event based.

**Quorum:**

The quorum of the meeting shall be fixed by the Board of Directors.

**Role of the Committee:**

The role of the Committee, inter-alia, shall include the following:

- (a) To make applications to, seek clarifications, obtain approvals and seek exemptions from, where necessary, the SEBI, the Stock Exchanges, the RoC, the Reserve Bank of India, and any other governmental or statutory authorities as may be required in connection with the Issue and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications / amendments as may be required in the draft red herring prospectus, the red herring prospectus and the prospectus as applicable;
- (b) To finalize, settle, approve, adopt and file in consultation with the book running lead managers appointed for the Issue (the "**BRLMs**") where applicable, the draft red herring prospectus, the red herring prospectus and the prospectus in connection with the Issue, the preliminary and final international wrap, abridged prospectus, and any amendments, supplements, notices, addenda or corrigenda thereto ("**Issue Documents**"), and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, the

RoC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;

- (c) To decide, negotiate and finalise in consultation with the BRLMs on the actual Issue size, timing, pricing, discount, reservation and all the terms and conditions of the Issue, including any reservation, green shoe option and any rounding off in the event of any oversubscription, the price band (including offer price for anchor investors), any revision to the price band, bid period, minimum bid lot for the purpose of bidding, final Issue price after bid closure, to finalize the basis of allocation and to allot the Equity Shares to the successful allottees and credit Equity Shares to the demat accounts of the successful allottees in accordance with applicable law, determine the anchor investor portion, and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Issue including to make any amendments, modifications, variations or alterations in relation to the Issue;
- (d) To appoint, instruct and enter into and terminate arrangements with the BRLMs, and in consultation with BRLM(s), appoint and enter into agreements with intermediaries including underwriters to the Issue, syndicate members to the Issue, brokers to the Issue, escrow collection bankers to the Issue, refund bankers to the Issue, registrars, sponsor bank(s), legal advisors, auditors, advertising agency, independent chartered accountants, industry expert, depositories, custodians, printers and any other agencies or persons or intermediaries in relation to the Issue, including any successors or replacements thereof, and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and remuneration of all such intermediaries/agencies including the payments of commissions, brokerages, etc.;

- (e) To decide, negotiate and finalize, in consultation with the BRLMs, all matters regarding the Pre-IPO Placement, if any, including entering into discussions and execution of all relevant documents with Investors;
- (f) To seek, if required, the consent and/or waiver of the lenders of the Company, customers, suppliers, strategic partners, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/or waivers that may be required in relation to the Issue or any actions connected therewith;
- (g) To open and operate bank accounts in terms of the cash escrow and sponsor bank agreement with a scheduled bank to receive applications along with application monies, for handling of refunds, and for the purposes set out in Section 40(3) of the Companies Act, 2013, as amended, in respect of the Issue, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- (h) To determine the amount, the number of Equity Shares, terms of the issue of the equity shares, if any including the execution of the relevant documents with the investors, in consultation with the BRLMs, and rounding off, if any, in the event of oversubscription and in accordance with Applicable Laws;
- (i) To determine and finalise the bid opening and bid closing dates (including bid opening and bid closing dates for anchor investors), the floor price/price band for the Issue (including issue price for anchor investors), reservation or discount (if any), approve the basis of allotment and confirm allocation/allotment of the equity shares to various categories of persons as disclosed in the DRHP, the RHP and the Prospectus, in consultation with the BRLM(s) and do all such acts and things as may be necessary and expedient for, and incidental and ancillary



to the Issue including any alteration, addition or making any variation in relation to the Issue;

- (j) all actions as may be necessary in connection with the Issue, including extending the Bid/Issue period, revision of the price band, allow revision of the Issue portion in case any Selling Shareholder decides to revise it, in accordance with the applicable laws;
- (k) To authorize and approve in consultation with the BRLM(s), incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Issue;
- (l) To accept and appropriate the proceeds of the Issue in accordance with the Applicable Laws;
- (m) To approve code of conduct as may be considered necessary by the IPO Committee or as required under the Applicable Laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;
- (n) To approve the implementation of any corporate governance requirements, code of conduct for the Board, officers and other employees of the Company that may be considered necessary by the Board or the IPO Committee or as may be required under the Applicable Laws or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under Applicable Laws;
- (o) To finalise and issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free

transferability thereof as per market practices and regulations, including listing on one or more stock exchanges, with power to authorize one or more officers of the Company to sign all or any of the aforesaid documents;

- (p) To authorize and approve notices, advertisements in relation to the Issue in consultation with the relevant intermediaries appointed for the Issue in accordance with the SEBI ICDR Regulations, Companies Act, as amended and other Applicable Laws;
- (q) To issue advertisements in such newspapers and other media as it may deem fit and proper in accordance with the SEBI ICDR Regulations, Companies Act, 2013, as amended and other Applicable Laws;
- (r) To decide the total number of Equity Shares to be reserved for allocation to eligible categories of investors, if any;
- (s) To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, in consultation with the BRLMs, including without limitation, to determine the anchor investor portion and allocation to anchor investors, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, credit of Equity Shares to the demat accounts of the successful allottees, share certificates in accordance with the relevant rules, in consultation with the BRLMs in accordance with Applicable Laws;
- (t) To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and/ or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies,

authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the aforestated documents.

- (u) To make in-principle and final applications for listing and trading of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary and to take all such other actions as may be necessary in connection with obtaining such listing;
- (v) To settle all questions, difficulties or doubts that may arise in relation to the Issue, including issue, allotment, terms of the Issue, utilisation of the Issue proceeds and matters incidental thereto as it may deem fit;
- (w) To submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies, Tamil Nadu at Chennai and the relevant stock exchange(s) where the Equity Shares are to be listed;
- (x) To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Issue and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing;
- (y) To execute and deliver and/or to authorise and empower officers of the Company (each, an “**Authorised Officer**”) for and on behalf of the Company to execute and deliver, on a several basis, any and all other

documents or instruments and any declarations, affidavits, certificates, consents, agreements as well as amendments or supplements thereto as may be required from time to time or that the Authorized Officers consider necessary, appropriate or advisable, in connection with the Issue, including, without limitation, engagement letter(s), memoranda of understanding, the listing agreements, the registrar agreement, the depositories agreements, the offer agreement, the underwriting agreement, the syndicate agreement, the cash escrow and sponsor bank agreement and confirmation of allocation notes, with the BRLMs, syndicate members, bankers to the Issue, registrar to the Issue, bankers to the Company, managers, underwriters, guarantors, escrow agents, accountants, auditors, legal counsel, depositories, trustees, custodians, advertising agencies, and all such persons or agencies as may be involved in or concerned with the Issue, if any and any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee and/or Authorised Officer may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Issue and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee and/or Authorised Officer shall be conclusive evidence of the authority of the IPO Committee and/or Authorised Officer and Company in so doing.

- (z) Deciding, negotiating and finalising the pricing and all other related matters regarding the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with Applicable Laws;
  
- (aa) To if necessary, withdraw the draft red herring prospectus or the red herring prospectus or to decide to not proceed with the Issue at any stage in accordance with Applicable Laws and in consultation with the BRLMs; and

(bb) To delegate any of its powers set out hereinabove, as may be deemed necessary and permissible under Applicable Laws to the officials of the Company.”

#### **STATUTORY AUDITORS**

As per the Section 141 of the Companies Act, 2013, the Company shall have Statutory Auditors. The appointment of Auditor shall be recommended by Audit Committee to the Board for consideration, and thereafter Board shall recommend the same to the members, for their approval in General Meeting.

#### **INTERNAL AUDITORS:**

As per Section 138 of the Companies Act, 2013 and rules made thereunder, the Company shall have an Internal Auditor. The appointment of Auditor shall be recommend by Audit Committee and subsequently approved by the Board. The Internal Auditor shall perform independently and undertake objective assessment of the internal controls, processes and procedures instituted by the Management and accordingly monitor its adequacy and effectiveness.

#### **SECRETARIAL AUDITORS:**

The Company shall appoint an Independent Company Secretary or a firm of Company Secretaries in Practice, in accordance with the provisions of the Companies Act, 2013 and rules made thereunder, to conduct a Secretarial Audit of the Company for every Financial Year. The Secretarial Audit Report shall be placed before the Board for its noting and records and the same be annexed to the Board’s Report which shall be circulated to the Shareholders of the Company in accordance with the applicable laws / regulations.

## **CODE OF CONDUCT FOR DIRECTORS & SENIOR MANAGERIAL PERSONNEL**

The Company has laid down the Code of Conduct for Directors and Senior Managerial personnel. The Code is applicable to Executive/ Non-Executive Directors including Independent Directors and Senior Managerial Personnel of the Company.

## **WHISTLE BLOWER POLICY/ VIGIL MECHANISM**

The Vigil (Whistle Blower) Mechanism is to ensure highest ethical, moral and business standards in the course of functioning and to build a lasting and strong culture of Corporate Governance within the Company. In terms of policy, an internal mechanism is established for Directors and employees to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of Company's code of conduct. The policy is intended to encourage all Directors and employees of the Company to report suspected or actual occurrence of illegal, unethical or inappropriate actions, behaviors or practices by Directors/employees without fear of retribution. The Directors/ employees can voice their concerns on irregularities, malpractices and other misdemeanors through this Policy. It also provides necessary safeguards and protection to the Directors/employees who disclose the instances of unethical practices/ behavior observed in the Company. The mechanism also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

## **DISCLOSURES**

The following disclosures shall be made available to the Board of Directors at intervals as may be prescribed by the Board in this regard:

- progress made in putting in place a progressive risk management system, and risk management policy and strategy followed;

- 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.

### **WEBSITE**

The Company has in place a website addressed as <https://asirvadmicrofinance.co.in/>. This website contains the information as prescribed under LODR. The Company ensures that the contents of this website are periodically updated.

### **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 emerging best practices with a view to enhancing the Company's governance.