



HINDUJA LEYLAND FINANCE

GUIDELINES ON CORPORATE GOVERNANCE

6th November 2019

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COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. As part of the Hinduja Group and as an associate of Ashok Leyland Limited, the Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices.

RBI GUIDELINES ON CORPORATE GOVERNANCE

This policy is framed pursuant to Master Directions – NBFC – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 1st September, 2016ⁱ. In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, stipulated all NBFCs to frame an internal guidelines on Corporate Governance, with the approval of the Board of Directors. In pursuance of the aforesaid Guidelines, the Company has framed the said internal Guidelines on Corporate Governance.

SEBI NORMS ON CORPORATE GOVERNANCE

SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, provides, among various other things, Corporate Governance Norms for listed entities, the Company shall comply with such Corporate Governance Norms as may be applicableⁱⁱ.

BOARD OF DIRECTORS

The Board of Directors along with its Committees shall provide leadership and guidance to the Company's management and direct, supervise and control the performance of the Company.

As per the Company's Articles of Association, the Board's strength is required to be a minimum of three to a maximum of twelve directors.

The Board of Directors of the Company shall have an optimum combination of Executive and Non-Executive directors, with not less than fifty percent of them being Non-Executive Directors. In case of a Non-Executive Chairman, at least one-third of the Board should consist of Independent Directors and in case of an Executive Chairman, one-half of the Board should consist of Independent Directors.

All the Directors shall make the necessary annual disclosure regarding their directorships and Committee positions and shall intimate changes as and when they take place.

The Board 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.

Board Meetings

Meetings of the Board of Directors shall be held at least four times a year, with a maximum time-gap of 120 daysⁱⁱⁱ between any two consecutive meetings. The minimum information to be statutorily made available to the Board shall be furnished to the Directors.

CODE OF CONDUCT

The Company shall adopt a Code of Conduct for its senior management including the Managing Director and also for its Non-Executive Directors. The same shall be posted on the Company's web-site.

COMMITTEES OF THE BOARD

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board shall constitute a set of Committees with specific terms of reference / scope. The Committees shall operate as empowered agents of the Board as per their Charter / terms of reference. The minutes of the meetings of all Committees of the Board shall be placed before the Board for discussions / noting.

The Board of Directors have set up the following committees with specific terms of reference as approved by the Board:

- i) Audit Committee
- ii) Risk Management Committee
- iii) Asset Liability Management Committee
- iv) Nomination and Remuneration Committee
- v) Stakeholders relationship Committee
- vi) Credit Committee
- vii) Capital Raising Committee
- viii) Corporate Social Responsibility Committee
- ix) IT Strategy Committee ^{iv}

DISCLOSURES

Timely and accurate disclosure of information regarding the financial position of the Company, its performance and ownership forms part of the Corporate Governance.

CEO/CFO CERTIFICATION

The CEO, i.e. the Managing Director and the CFO, i.e. Finance Head shall make the necessary certifications regarding the Financial Statements, Internal Controls, etc. to the Board.

COMPLIANCE OFFICER

The Company Secretary shall be the Compliance Officer of the Company.

This policy was last reviewed and approved by the Board on 6th November, 2019

i Amended by the Board on 14th November, 2018

ii Ibid ⁱⁱⁱ Ibid ^{iv} Ibid