

GUIDELINES ON CORPORATE GOVERNANCE

I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. 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.

II RBI GUIDELINES ON CORPORATE GOVERNANCE

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, on July 1, 2009, issued guidelines on Corporate Governance. In pursuance of the aforesaid Guidelines, the Company has framed the following internal Guidelines on Corporate Governance.

III 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, atleast 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 atleast four times a year, with a maximum time-gap of four months between any two consecutive meetings. The minimum information to be statutorily made available to the Board shall be furnished to the Directors.

IV 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.

V 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:

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|-----------------------------------------|--------------------------------|
| A) Audit Committee | - Formed on 21 Jan 2011 |
| B) Risk Management Committee | - Formed on 18 Jul 2011 |
| C) Asset Liability Management Committee | - Formed on 18 Jul 2011 |
| D) Credit Committee | - Reconstituted on 30 Aug 2011 |
| E) Nomination Committee | - Formed on 1 Feb 2012 |

VI DISCLOSURES

The Company shall make the following disclosures:

- Disclosure of accounting treatment
- Board disclosures –Risk Management
- Proceeds from public issues, rights issues, preferential issues, etc.
- Management
- Shareholders

VII 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.

VIII COMPLIANCE OFFICER

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

IX POLICIES ADOPTED BY THE BOARD

The following policies have been framed and adopted by the Board, viz.

- a) Fair Practices Code
- b) KYC and PMLA Policy
- c) Whistle Blower Policy
- d) Interest Rate Policy
- e) Collection Policy
- f) Code of conduct for Directors and Senior Management.

The abovementioned policies shall be reviewed at least once in a year.