

POLICY ON CORPORATE GOVERNANCE



CAPITAL

Exclusive Leasing and Finance Private Limited

(Formerly known as Exclusive Leasing and Finance Limited)

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Corporate Governance Policy

Exclusive Leasing and Finance Private Limited ("EZ Capital"), registered with the Reserve Bank of India (RBI) as a NBFC-ND-ICC (Non-Banking Financial Company- Non-Deposit taking- Investment and Credit Company- Base Layer), has adopted the Corporate Governance Guidelines as required under the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

A. Regulators

EZ Capital, being a company incorporated under the provisions of the Companies Act, 2013 and registered with Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC – BL -NSI).

B. Board of Directors

EZ Capital has a very dynamic and effective Board members who not only have apt qualifications but also have in store a good experience in the sphere of non-banking financial Company. Each member of the board has the expertise in a different field.

EZ Capital business is conducted by its employees, managers and officers, under the direction of the Chief Executive Officer (CEO) & Chief Risk Officer (CRO), with the oversight of the Board to enhance the long-term value of the Company.

The Board is involved in strategy formulation and approves the business plan of EZ Capital. The Senior Management team updates the Board regularly on operations and key developments in the Company. EZ Capital conducts Board Meetings once a quarter and maintains Board Meeting Minutes. The Board provides strategic direction and guidance to the Company's management and reviews its performance.

In addition to the aforesaid, the Board periodically reviews the compliances of all applicable laws in the Company as well as steps taken by the Company to rectify the instances of non-compliance, if any. The CEO & CRO is responsible for the execution of strategy and the day-to-day management of company, and is supported by a team of senior executives.

In Compliance with Section 165 of the Companies Act, 2013 ('the Act'), a director shall not hold the office of a director in more than 20 companies. Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed 10.

C. Composition of the Board of Directors

The Board of EZ Capital will have at all times a minimum of 2 (two) Directors and the total number of Directors shall not be more than 15 (Fifteen).

The current Board of EZ Capital comprises 6 (Six) Directors, including 2 (Two) Independent Directors. The Board meets at least 4 (Four) times a year in such a manner that not more than (120) one hundred and twenty days intervenes between two consecutive meetings of the Board.

The Board of EZ Capital ensures that Director appointed shall not be:

(a) In the list of willful defaulters as published by the Credit Information Bureau (India) Limited pursuant to the directions of the Reserve Bank of India from time to time; and

(b) Disqualified to discharge his duties as a director with respect of any Applicable Law.

In the event if any Nominee Director appears on the list of willful defaulters, the Company is required to notify the relevant Shareholder in writing and the relevant Shareholder shall ensure to take corrective action, including, if necessary, replacement of such Director, within 30 (thirty) Days of receipt of such notice. The quorum for any Board Meeting shall be at least two Directors.

D. Committees of Board

The board shall constitute of various committee which enable the board to deal with specific areas/activities that need a closer review and to have a appropriate structure to assist in the discharge of its duties and responsibilities.

The Committees shall operate as per the terms of reference approved by the Board. The minutes of the meetings of all Committees of the Board shall be placed before the Board for noting in subsequent meeting. The details of some of the important Committees of the Company are as under:

1. Risk Management Committee

In terms of the Master Directions, the Company shall form a Risk Management Committee, to manage and mitigate the integrated risk.

Composition and role of the committee –

The Risk Management Committee, which reports to the Board heads various risk verticals shall be responsible for evaluating the overall risks faced by the NBFC including liquidity risk.

Risk Management Committee shall ensure to look into identifying, assessing and prioritizing the major risks faced by the Company and developing strategies to minimize, monitor, and control the probable and/or impact of unfortunate events. The Risk Management Committee shall ensure that progressive risk management system and risk management policy and strategy followed by the Company are put in place.

2. Asset Liability Management Committee

In terms of the Master Directions, the Company shall form an Asset Liability Management Committee (“ALCO”).

Composition of the committee -

The ALCO consisting of the Company’s top management shall be responsible for ensuring adherence to the risk tolerance/ limits set by the Board as well as implementing the liquidity risk management strategy of the Company. The CEO/ CRO or the Executive Director (ED) would head the ALCO. Any Director, Chiefs of Credit, Treasury, Finance or Accounts may be members of the Committee.

Role of the committee -

The role of the ALCO with respect to liquidity risk would include, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, the structure, responsibilities and controls for managing liquidity risk, sale of assets as a source of funding and overseeing the liquidity positions of all branches.

3. Audit Committee

In terms of the Master Directions and Sec 177 of Companies Act, 2013, the Company shall form an Audit Committee ("AC"). Audit Committee shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013.

Composition of the committee -

The AC consisting of the minimum three directors with Independent Directors forming a majority. The Chairman of Committee shall be the person having ability to read and understand the financial statements. The chairperson of the Audit Committee shall be an Independent Director and shall be present at Annual general meeting to answer shareholder queries.

The Company Secretary shall act as the Secretary to the Committee. The Chairman of the Audit Committee will be appointed by the Board at the time of constitution / reconstitution of the Audit Committee. The members of the Committee may also elect the Chairman amongst themselves.

4. Fit and Proper Criteria

In terms of the Master Directions, the Company shall:

- ensure that a policy is put in place with the approval of the Board for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis. The policy on the fit and proper criteria shall be on the lines of the Guidelines contained in Annex XIII of the Master Directions;
- obtain a declaration and undertaking from the directors giving additional information on the directors. The declaration and undertaking shall be on the lines of the format prescribed by RBI from time to time;
- obtain a Deed of Covenant signed by the directors in the format as prescribed by RBI from time to time;
- furnish to RBI a quarterly statement on change of directors, and a certificate from the Managing Director of the Company that fit and proper criteria in selection of the directors has been followed. The statement would be sent to the Regional Office of the RBI within 15 days of the close of the respective quarter. The statement submitted by NBFCs for the quarter ending March 31, will be certified by the auditors.

5. Disclosure and Transparency

In terms of the Master Directions, the Company shall put up to the Board, at regular intervals, as may be prescribed by the Board in this regard, the following:

- the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company.
- conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

6. Review:

The Internal Guidelines on Corporate Governance shall be reviewed annually. The Board of Directors of the Company reserves the right to add, amend, modify the Guidelines, on an annual basis or earlier, if so required.

