



BOARD OF DIRECTORS' HANDBOOK

The Company looks to its Directors for strategic guidance in the accomplishment of its mission and in the preservation of its values and beliefs.

The rights and responsibilities of directors have been an important topic of discussion ever since companies became “persons”.

Unlike an individual, a company has no “mind” or “conscience” of its own. It must rely on Directors to provide these qualities which, over time, determine how the company is perceived beyond the corporate veil.

The consistent application, by Directors, of the values and beliefs of the Company, in their meetings and interactions with management, will enhance the reputation of the Company and provide ever greater comfort to all stakeholders. Such stakeholders include minority shareholders, customers, clients, investors, vendors & employees. Directors can thus significantly further the effectiveness of the Company in carrying out its mission.

This handbook is not intended to be prescriptive or exhaustive, but merely to provide a starting point for Directors to determine, individually for themselves, how they will be the mind and conscience of the Company.

Though it is the Management that has prepared this document, it is the Board that guides and oversees the Management and the Company.

Mission

The mission of IFMR Capital is to provide efficient and reliable access to debt capital for the financially excluded.

Values and beliefs of IFMR Capital

- Adhere to ethical norms and professional standards in all dealings with investors, employees, customers, suppliers, financial institutions and government.
- Treat our people with respect and fairness; provide opportunities to learn, contribute and advance; recognize and reward initiative, innovativeness and creativity.
- Maintain an organizational climate conducive to trust, open communication and team spirit.
- Manage business environment effectively for harnessing opportunities to grow in a manner that is consistent with its values and beliefs.

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1. OBJECTIVES

- a) The handbook is designed as an easy reference for the Directors of IFMR Capital.
- b) It enumerates the duties, powers and responsibilities of a Director.
- c) The handbook also gives Board members a sense of the practices followed at the Board and Committee meetings of IFMR Capital.
- d) In view of the dynamic legislative and business scenario, the applicability of Corporate Governance Code for all NBFC's by RBI as well as constantly evolving corporate governance practices, this handbook may be considered as a handy reference and not as an exhaustive one. Efforts will be made to update the Directors of any significant changes in the corporate regulatory environment by placing the updates at board meetings. Further, in the event of any difference in this handbook and statutory regulations and guidelines, such regulations and guidelines shall prevail.

2. ROLE

The Board derives its power to manage the affairs of a Company from extant corporate legislation. It can exercise all powers and do all acts and things as the Company is authorised to exercise and do, except those matters that require shareholder approval.

The role of directors broadly encompasses the following: -

- a) Setting strategic goals for the Company
- b) Supervising the management of the business including formulating all the required policies and overseeing its implementation
- c) Reporting to shareholders.
- d) Acting in the interest of the stakeholders and society at large.

3. DUTIES & RESPONSIBILITIES

- a) A Director stands in a fiduciary position with regard to the Company.
- b) Directors are required to set aside sufficient time and exercise reasonable care in discharging responsibilities as a Director. Directors are always expected to act in good faith, to protect the interest of the Company and stakeholders, particularly shareholders. In exercising these duties, care should be taken by the Director that his/her activities are not in conflict to the interests of other stakeholders such as employees, shareholders, creditors and customers.

- c) The Director may act within the powers granted by the Company in its Memorandum and Articles of Association and the framework/guidelines laid down by applicable laws and regulations.
- d) Directors are encouraged to independently satisfy themselves about the proper management of the Company and as to the adequacy and completeness of information provided to them by the management.
- e) A Director shall always act in the interest of the company, and ensure that any business, professional association, personal association or activity of such employee or director does not involve a conflict of interest with the operations of the Company and his/her role therein. Non-executive and Independent Directors in particular must avoid conflicts of interest between their fiduciary duty to IFMR Capital and their other responsibilities. Each Director is therefore required to intimate his/her interest, if any, in any contracts entered into, by the Company. It is also incumbent upon every Director to make full disclosure of any interest which the Director or his/ her relative may have in a family business or a company or firm that is a competitor, lender, customer or has other business dealings with IFMR Capital. In the case of a full-time Director or the chief executive who wish to accept employment or a position of responsibility with any other company, whether with or without remuneration, approval for the same must be obtained from the Board. In addition to avoiding conflict of interest situations, Directors must abstain from voting in any decision relating to matter of potential conflict.
- f) Any information which a Director obtains by virtue of his/her office must be kept confidential.
- g) Every director has a duty to make disclosures to IFMR Capital as required under various statutes to be provided by directors. Further, each director shall also intimate any change in directorships/ committee memberships/ shareholdings in any company and any other material information as in the opinion of the Director is required to be provided to the Company.
- h) In addition to restrictions, if any prescribed by the law, any acquisition of a security issued by IFMR Capital by a Director or his relative shall be reported to the Chief Executive within 15 days of such subscription. Similarly, Directors should disclose, within 15 days, their purchase or sale of any security that has been structured or arranged by IFMR Capital.
- i) Review of statutory compliance

The Board shall periodically review compliance reports of the company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances. Directors can ask for such additional compliance reports as they see fit.
- j) Review of customer protection:

The Board should periodically review the customer protection principles followed by the Company in furtherance of the Mission.
- (k) Field Visits:

The Company will organise field visits for the Directors to meet its clients (and, where appropriate, their clients) at least once in a year for its Board. The visit would be organised in consultation with the Directors at a time convenient to all the Directors. In addition, the Directors may request the Company to arrange additional visits to the any of the Company's clients (which the Company shall do, subject only to approvals of the relevant client).

4. POWERS AND AUTHORITY:

a) Power to call for information

Directors have the right to call for information that may be reasonably required by them to discharge their duties. Further, the Board may require any person within IFMR Capital to speak before it. Directors have the right, in addition, to speak individually to any employee of the company in private (subject to the consent of the individual employee concerned).

The Company shall provide the Board with all material information that is required for carrying on their functions.

b) Power to seek professional advice

Occasions may arise when the Board may wish to seek legal or financial advice in the furtherance of its duties. In such circumstances, the Board has the power to either directly take independent professional advice or to direct the Chief Executive Officer, Chief Legal Counsel, Chief Financial Officer, Chief Risk Officer, Head of Finance or Company Secretary to obtain such advice and provide the Board copies of the same.

c) Power to delegate

With a view to providing adequate time for discharge of significant corporate responsibilities and acting in the best interests of the Company, the Board can authorise committees of Directors and senior officers of the Company to undertake specific functions depending on the size and level of complexity of operations with clearly defined constitution, objective, responsibility, frequency of meeting, quorum, powers to appoint and remove members, and reporting to the Board. Directors may further authorise such committees to further sub-delegate their powers (subject to the constitutional documents of the Company and law).

d) Power to dissent:

A Director is entitled to dissent with the rest of the Board and to have his/her dissent recorded in the minutes of the Board Meeting.

5. COMPOSITION OF THE BOARD

a) The Board consists of a mix of Executive, Independent and Promoter Directors.

b) The criteria for appointment of a Director shall include eminence in their respective fields and willingness to devote time. In order to play an effective role, Directors are expected to be familiar with financial statements, basic corporate law and other regulations.

c) The Nomination Committee, a sub-committee of the Board consisting of Non-Executive Directors of the Company ensures the 'fit and proper' criteria status of the proposed and existing directors. The Board may induct a candidate as an Additional Director on the recommendation of the Nomination Committee. The Additional Directors are appointed as regular directors by resolution passed at the shareholders' General Meeting.

6. BOARD PROCEDURE

- a) The dates for the Board meetings for the calendar years/financial year would be fixed in advance in consultation with the Directors. Changes, if any will be made after due consultation with Directors. All Directors are expected to be personally present at a minimum of two Board Meetings each year.
- b) Any unscheduled meeting for any specific/important purpose may be convened depending on the convenience of the Directors and as required by the circumstances and permitted by law and the Articles of Association of the Company.
- c) The Company Secretary will convene meetings as per the agreed dates.
- d) Notice would be given at least seven days before the date of the Meeting. The Agenda, setting out the business to be transacted at the Meeting, and Notes on Agenda would be given at least three days before the Meeting.
- e) Any supplementary item not originally included in the Agenda may be taken up for consideration with the permission of the Chairperson.
- f) All items of business that are required by the Act or any other applicable law to be considered at a Meeting of the Board and all material items having a significant bearing on the operations of the Company would also be placed before the Board.
- g) Frequency of Meetings

Normally Board/Committee meetings will be held at least once in a quarter. They are likely to be held in the months of January, May, July and October.

- h) Quorum

In accordance with the Articles of Association of the Company, the quorum for a Board Meeting shall be 3 directors or one-third of the total strength of the Board, whichever is higher.

- i) Any leave of absence may be communicated to the Company Secretary, Chief Executive Officer or to the Chairperson.
- j) Chairperson: Every Board/Committee meeting would have a Chairperson, whose primary responsibilities are:
 - Ensuring that all items on the agenda are discussed
 - Ensuring that all Directors/ Committee members are enabled and encouraged to make effective contribution as Board members
 - Ensuring that all Directors/ Committee members receive timely and relevant information.
 - Ensuring that the Board / Committee proceedings are conducted in a manner that improves corporate governance and shareholder value creation.

Further, the Chairperson would strive for consensus amongst the Directors /Committee members with respect to all the decisions of the Board/Committee. In case of a difference of opinion, the Chairperson may permit withdrawing the proposal / item / resolution. Alternatively, the Chairperson may consider arriving at the decision by majority, barring those items where unanimous approval is required under the law.

k) Minutes

The draft minutes would be circulated to all the members of the Board within two weeks from the date of conclusion of the Board Meeting. If there be any changes to the draft minutes already circulated, then the confirmed minutes would be circulated to the Directors. The minutes would be taken note of at the next meeting

l) Whistle-blower:

A Director who observes or notices or has in good faith reason to believe the occurrence of any wrongful conduct in the affairs of the Company, may, acting in the interests of the Company, bring such occurrence to the make a complaint regarding the same to the Chairperson or to the Chief Executive Officer or to the Chief Legal Counsel of the Company or to such regulatory /governmental authority as may have jurisdiction over the matter.

In case of any doubt related to compliance with the law or accepted standards (included those contained in internal policies of the Company or this handbook), Directors may approach the Chief Legal Counsel for clarification and the Board may approach external advisors.