



**OXYZO FINANCIAL SERVICES PRIVATE LIMITED (COMPANY OR
OXYZO)**

POLICY ON CORPORATE GOVERNANCE

REVIEW & APPROVING AUTHORITY

Authority	Designation
Prepared By	Compliance Department
Reviewed and Approved By	Level 1- Operational Committee Level 2: Audit Committee
Noted By	Board of Directors

VERSION HISTORY

Version	Issue Date	Brief Description
1.0	16-09-2019	Policy created by virtue of becoming NDSI
1.1	04-02-2022	Change made to capture Internal committee and addition in Policy of the Company and some other cosmetic change
1.2	15.02.2023	Reviewed by Operational Committee
1.3	23.05.2023	Noted by Board of Directors

1. PURPOSE

The Reserve Bank of India vide Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and Guidelines issued vide no. RBI/2014-15/552 DNBR (PD) CC.No. 029/ 03.10.001/ 2014-15 dated April 10, 2015, on Corporate Governance and has required all NBFCs to frame internal guidelines on Corporate Governance.

The Company is in compliance with guidelines issued on Corporate Governance with regard to the constitution of Committees of the Board, fit and proper criteria in selection of Directors, disclosure and transparency requirements. The Company has framed various policies encompassing corporate governance framework of the Company.

However, as a good governance practice, the company summarizes the various internal policies in this consolidated policy on corporate governance for the information of all the stakeholders.

2. APPLICABILITY

The Policy is applicable to all the stakeholder of OXYZO Financial Services Private Limited ("OXYZO")

3. PURPOSE:

The purpose of establishing such a policy is to enable the adoption of best practices and greater transparency in the operations of the Company. In view of the RBI Master Directions, the Company has set out the following set of guidelines / corporate governance practices to create value for stakeholders such as the shareholders, employees, customers etc. The affairs of the Company shall be conducted with integrity, fairness, accountability, and transparency. All commitments in its dealings with stakeholders and regulatory authorities shall be met as set forth below.

4. INTRODUCTION TO THE COMMITTEES OF THE BOARD

A. Audit Committee

The Company has in place the Audit Committee in accordance with the provisions of Master Direction issued by RBI and its powers, functions and duties are as laid down in section 177 of the Companies Act, 2013 and rules made thereunder. The Composition of Audit Committee as per Companies Act 2013: -

Sr. No	Member
1	Executive/Non-Executive Director
2	Independent Director
3	Independent Director

The current composition of Audit committee is as per Annexure I.

ROLE

The Role of Audit Committee is defined by its Charter, which is given below:

1. Recommending to the Board the appointment, remuneration and terms of appointment of auditors of the company.
2. review and monitor the auditor 's independence and performance, and effectiveness of audit process.
3. examination of the financial statement and the auditor's report thereon;
4. approval or any subsequent modification of transactions of the company with related parties.
5. scrutiny of inter-corporate loans and investments.
6. valuation of undertakings or assets of the company, wherever it is necessary.
7. evaluation of internal financial controls and risk management systems.
8. monitoring the end use of funds raised through public offers and related matters.
9. call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
10. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
11. Reviewing, with the management, the annual financial statements 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.
 - 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
 - vii) Qualifications in the draft audit report.
12. Reviewing, with the management, the half yearly financial statements before submission to the board for approval.
13. 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.
14. Discussion with internal auditors any significant findings and follow up thereon.
15. 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.

16. 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.
17. 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.
18. To establish a vigil mechanism for providing adequate safeguards against victimization of person who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.
19. To oversee the vigil mechanism through the committee and if any of the members of the committee have a conflict of interest in a given case, they should recuse themselves and the others on the committee would deal with the matter on hand.
20. To review the functioning of the Whistle Blower mechanism.
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

FREQUENCY OF MEETINGS

The Committee may meet four time in a year and otherwise as required. Ad-hoc meetings may be held from time to time.

QUORUM

The quorum of the Committee shall be of three members including at least Two independent Director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

B. Nomination and Remuneration Committee

The Company has constituted the Nomination and Remuneration Committee (NRC) in accordance with the provisions of the RBI's Master Directions and its powers, functions and duties are as laid down in section 178 of the Companies Act, 2013 and rules made thereunder. The Composition of the Nomination and Remuneration Committee as per Companies Act, 2013:

Sr. No	Member
1	Non-Executive Director
2	Independent Director
3	Independent Director

The current composition of NRC is as per Annexure I.

ROLE

Duties of the Nomination and Remuneration Committee to include:

1. Identify the persons who are qualified to be appointed as Directors & appointment in senior management in accordance with the criteria laid down and recommend Board of their appointment and removal.
2. Evaluation Criteria of performance of every Director.

The Committee shall also:

- i) formulate Policy/ guideline for appointment of Directors determining qualifications, positive attributes, fit and proper criteria and Independence at the time of appointment of Directors and on a continuing basis at OXYZO Financial Services Private Limited.
- ii) Recommend Board a policy relating to remuneration for Directors, Key Managerial Personnel and other employees.

While formulating the above policy the Committee shall ensure:

- (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
- (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

FREQUENCY OF MEETINGS

The Committee shall meet at least once in a year and as and when required. Ad-hoc meetings may be held from time to time.

QUORUM

The quorum of the Committee shall be of two members including independent Director as Member or Chairman as the case may be. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

REMUNERATION POLICY

Along with the Nomination and Remuneration Committee charter and the guideline for appointing the director at OXYZO, Remuneration Policy lays down guidelines for the Remuneration of the Directors, Key Managerial Positions and other employees of OXYZO.

C. Risk Management Committee

This Committee is constituted in compliance with the provisions of RBI Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 on NBFC-SI Non-Deposit taking Company and Deposit taking Company Directions, 2016. The Company has a Board approved Risk Management Policy in place and required disclosures to

the effect are made from time to time. The details of its terms of reference as approved by the Board of Directors of the Company are given below:

1.	Chief Executive Officer (CEO)/ Managing Director
2.	Heads of various risk verticals

The current composition of Risk Management Committee is as per Annexure I

The Risk Management Committee is required to manage the integrated risk and inform the Board from time to time the progress made in putting in place a progressive risk management system, risk management policy and strategy followed by the Company.

RESPONSIBILITY

The Risk Management Committee shall monitor Credit Risk, Operation Risk, and Other Risks, and strategize action to mitigate the associated risks. The Committee shall work as per applicable guidelines issued by Reserve Bank of India and shall oversee the implementation of all policies and guidelines issued from time to time in this regard.

FREQUENCY OF MEETINGS

The Risk Management Committee will meet atleast one time in a year or more frequently as the Committee may determine to adequately fulfill the responsibilities outlined in the charter. Members of the risk management committee are expected to attend each committee meeting, in person or via telephone or video conference. The members of the Risk Management Committee shall elect a chairman from amongst themselves. The Company Secretary shall act as the secretary to the committee.

QUORUM

Minimum two members shall form the valid quorum for these meetings. Presence of Chief Executive Officer (CEO)/or Managing Director, as the case may be and Heads of various risk verticals are mandate for convening meeting.

D. Asset Liability Committee (ALCO)

This Committee is constituted in compliance with the provisions of RBI Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 on NBFC-SI Non-Deposit taking Company and Deposit taking Company Directions, 2016. The Company has a Board approved Asset Liability Management Policy in place and required disclosures to the effect are made from time to time. The details of its terms of reference as approved by the Board of Directors of the Company are given below:

CFO/MD/Executive Director	Head/Chairman
Chiefs of Investment, Credit, Resource Management or Planning, Funds	Member

Management/ Treasury (forex and domestic), Economic Research	
Operating staff	Support Group

The current composition of ALCO is as per Annexure I

Role

1. Liquidity risk management
2. Management of market risks
3. Funding and capital planning
4. Profit planning and growth projection
5. Forecasting and analyzing 'What if scenario' and preparation of contingency plans
7. The role of the ALCO with respect to liquidity risk should include, *inter alia*, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of all branches.
8. Any other functions as Board/ Management may decide time to time as per regulatory requirement.

FREQUENCY OF MEETINGS

ALCO should meet at least one time in a year or more frequently as the Committee may determine to adequately fulfill the responsibilities outlined in the charter.

QUORUM

Quorum required for all ALCO meeting should be at least 2 members of ALCO.

IT STRATEGY COMMITTEE

This Committee is constituted in compliance with the provisions of RBI's Master Directions - Information Technology Framework for the NBFC Sector issued vide no. RBI/DNBS/2016-17/53 DNBS.PPD. No.04/66.15.001/2016-17 dated June 08, 2017. The Company has a Board approved IT Strategy Policy in place and required disclosures to the effect are made from time to time. The details of its terms of reference as approved by the Board of Directors of the Company are given below:

Independent Director	Chairman
CIO & CTO	Member

The current composition of IT Strategy Committee is as per Annexure I

ROLES & RESPONSIBILITY

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
5. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.
6. Any other functions as Board/ Management may decide time to time as per regulatory requirement.

FREQUENCY OF MEETINGS

Committee should meet at least two time in a year or more frequently as the Committee may determine to adequately fulfill the responsibilities outlined in the charter.

The IT Strategy Committee should meet at an appropriate frequency but not more than **six months** should elapse between two meetings. The Committee shall work in partnership with other Board committees and Senior Management to provide input to them. It will also carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance. Its deliberations may be placed before the Board.

Quorum

Quorum required for all IT Strategy Committee meeting should be at least 2 members including independent Director and CIO and CTO.

F. IT Steering Committee

This Committee is constituted in compliance with the provisions of RBI's Master Directions - Information Technology Framework for the NBFC Sector issued vide no. RBI/DNBS/2016-17/53 DNBS.PPD. No.04/66.15.001/2016-17 dated June 08, 2017. The Company has a Board approved IT Steering Policy in place and required disclosures to the effect are made from time to time. The details of its terms of reference as approved by the Board of Directors of the Company are given below:

Independent Director	Chairman
CIO & CTO	Member
Head- HR, Legal & Business Sectors	Members

The current composition of IT Steering Committee is as per Annexure I.

Roles & Responsibility

1. Defining project priorities
2. Performing portfolio reviews for continuing strategic relevance
3. Approving and funding initiatives, after assessing value-addition to business process
4. Balancing between investment for support and growth
5. Ensuring that critical processes are defined.
6. Sponsoring or assisting in governance, risk and control framework, and also directing and monitoring key IT Governance processes.
7. Following up progress on IT projects.
8. Consult and advice on the selection of technology within standards.
9. Provide direction relating to technology standards and practices.
10. Ensure that vulnerability assessments of new technology are performed.
11. Consult and advice on the application of architecture guidelines.
12. Ensure compliance to regulatory and statutory requirements.
13. **Provide direction to IT architecture design and ensure that the IT architecture reflects the need for legislative and regulatory compliance, the ethical use of information and business continuity.**

The IT Steering committee should appraise/report to the IT strategy Committee periodically.

Frequency of meetings

Committee should meet when the Committee may determine suitable to adequately fulfill the responsibilities outlined in the charter.

Quorum

Quorum required for all IT Steering Committee meeting should be at least 2 members.

4. AUDITORS

4.1 Statutory Auditors

OXYZO shall rotate the partner/s of the Chartered Accountant firm conducting the audit, every three years so that same partner shall not conduct audit of the company continuously for more than a period of three years. However, the partner so rotated shall be eligible for conducting the audit after an interval of three years, if OXYZO, so decides. OXYZO shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

4.2 Secretarial Auditors

The Board shall appoint an independent company secretary 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 Auditor shall provide its report in the form and manner prescribed under the applicable laws / regulations. 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 members of the Company in accordance with the applicable laws / regulations.

4.3 Internal Auditor

In order to ensure the independence and credibility of the internal audit process, the Board may appoint an internal auditor and such auditor, where appointed:

- (1) may or may not be an employee of the company
 - (2) which may be either an individual or a partnership firm or a body corporate
 - (3) who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company.
- The term "Chartered Accountant" or "Cost Accountant" shall mean a "Chartered Accountant" or a "Cost Accountant", as the case may be, whether engaged in practice or not'.

5. Independent Director

Independent Directors to have the Option and Freedom to meet Company Management periodically.

- i. In order to enable Independent Directors to perform their functions effectively, they should have the option and freedom to interact with the company management periodically.
- ii. Independent Directors should be provided with adequate independent office space and other resources and support by the companies including the power to have access to additional information to enable them to study and analyze various information and data provided by the company management.

5.1 Meeting of Independent Director

The independent directors of the company shall hold at least one meeting in a financial year without the attendance of non-independent directors and members of management; [Clause VII (1) of Schedule IV to the Act].

The Company Secretary, wherever appointed, shall facilitate convening and holding of such meeting, if so desired by the Independent Directors.

The Independent Directors may invite the Company Secretary or the Managing Director or any other officer of the company or a Company Secretary in Practice or any other expert to attend such a Meeting or a part thereof.

5.2 Scope of Meeting:

- 1.To review the performance of Non-Independent Directors and the Board as a whole;
2. To review the performance of the Chairman and
3. To assess the quality, quantity and timeliness of flow of information between the company management and the Board and its members that is necessary for the Board to effectively and reasonably perform their duties

5.3 Quorum

All the independent directors should strive to be present at the meeting of Independent Directors.

5.4 Remuneration of Independent Directors (IDs)

- i. In order to attract, retain and motivate Independent Directors of quality to contribute to the company, they should be paid adequate sitting fees which **may** depend upon the twin criteria of Net Worth and Turnover of companies and as decided mutually between the independent director and Company.
- ii. The IDs may not be allowed to be paid stock options or profit based commissions, so that their independence is not compromised.

6. DISCLOSURES

The Company is committed to make adequate disclosures based on the principles of transparency, timeliness, fairness and continuity. The Board of Directors and employees of the Company shall ensure and make necessary disclosures to the Company, the Regulator(s) / Statutory Authorities, the Shareholders, Investors, Members or other stakeholders as may be required by the applicable laws and the codes / policies of the Company.

The Board of Directors of the Company or such other person authorized by the Board or any law / regulation, shall ensure that all the disclosures statutorily required to be made on behalf of the Company are duly made to the Regulatory / Statutory authorities or such other persons as maybe required under applicable laws / regulations.

7. POLICIES/CODES FORMULATED BY THE COMPANY:

Various Policies/Codes have been formulated by the Company in compliance with the provisions of the Companies Act, 2013, RBI – Master direction and SEBI (LODR), 2015, as amended time to time, and other Applicable laws and/ or as a matter of Good Corporate Governance Practices. The some of the important Policies are as under:

- i) Code of Conduct and ethics
- ii) Related Party Transactions policy
- iii) Whistle Blower and Vigil Mechanism Policy;

- iv) Anti-Sexual Harassment Policy; (POSH)
- v) Nomination and Remuneration Policy;
- vi) Fair Practice Code;
- vii) Anti – Corruptions Policy
- viii) Investment Policy;
- ix) Asset Liability Management Policy;
- x) Fit and Proper Criteria Policy;
- xi) KYC Policy and AML Policy
- xii) Outsourcing Policy;
- xiii) Policy on Demand Call loans;
- xiv) Risk Management Policy
- xv) Recourse Planning Policy
- xvi) Information and Cyber security Policy
- xvii) Preservation of documents policy
- xviii) Policy in respect of exposure to single party or group of single parties
- xix) Privacy Policy
- xx) Interest Rate Policy/Model
- xxi) Grievance Policy
- xxii) Business Continuity and Disaster recovery Policy
- xxiii) Loss and write off policy
- xxiv) Policy on Restructuring of Advance
- xxv) Policy on Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders
- xxvi) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information policy
- xxvii) Liquidity Risk Management Policy / Framework
- xxviii) And any other policy as time to time required under the applicable Law.

8. REVIEW OF THE POLICY

The internal guidelines and various policies encompassing corporate governance framework of the Company are reviewed periodically and amended with the permission of Management/Board of Directors as the case may be.

This policy is based on guidelines on Corporate Governance issued by RBI in Master Directions, in case of any changes in the provisions of these guidelines or any other regulations which makes any of the provisions of this policy inconsistent with the regulations or directions or circulars, then the provisions of regulations or directions or

circulars issued by the regulator would prevail over the policy and the provisions in the policy would be modified in the due course to make it consistent with the law. The Policy shall be reviewed at least annually and as and when there is change in the regulatory framework or business circumstances or otherwise as it may deem appropriate.

Annexure I

AUDIT COMMITTEE

Name of Director	Designation at Company	Designation at Committee Meeting
Rohit Kapoor	Independent Director	Chairman
Sathyan David	Independent Director	Member
Ruchi Kalra	CFO and WTD	Member

NRC

Name of Director	Designation at Company	Designation at Committee Meeting
Rohit Kapoor	Independent Director	Member
Sathyan David	Independent Director	Member
Asish Mohapatra	Director	Member

RMC

Name of Director	Designation at Company	Designation at Committee Meeting
Sathyan David	Independent Director	Chairman
Ruchi Kalra	CFO & WTD	Member
Asish Mohapatra	Director	Member

ALCO

Name of Director	Designation at Company	Designation at Committee Meeting
Ruchi Kalra	CFO & WTD	Chairperson
Prashant Roy Sharma	Head-Corporate Finance	Member
Vasant Sridhar	Director	Member

IT STRATEGY

Name of Director	Designation at Company	Designation at Committee Meeting
Sathyan David	Independent Director	Chairman
Dhruva Shree Agrawal	IT development	CIO & CTO
Asish Mohapatra	Director	Member

IT STEERING

Name of Director	Designation at Company	Designation at Committee Meeting
Ruchi Kalra	WTD & CFO (Business Owner)	Member
Dhruva Shree Agrawal	IT development	Member
Asish Mohapatra	Director	Member