

**RDA HOLDINGS PRIVATE LIMITED**

**CORPORATE GOVERNANCE POLICY**

## **1. BACKGROUND**

RDA Holdings Private Ltd (the "Company"/ 'RDA"), was incorporated on 27<sup>th</sup> day of February 1982 as Private Limited Company under the provisions of Companies Act, 1956. The Company is a Non-Deposit taking Systemically Importance Core Investment Company ("CIC-ND-SI") registered with the RBI vide certificate No. N-13.02289 dated 19<sup>th</sup> November, 2018.

The Reserve Bank of India ["RBI"] has, under the Reserve Bank of India Act, 1934 ["RBI Act"], issued the Core Investment Companies (Reserve Bank) Directions, 2016 ["the CIC Directions"].

The primary objective of the Company is to make equity investments and to hold investments in its Subsidiaries and Group Companies in accordance with the directions of Board of Directors.

The Board of RDA has resolved that the Company does not hold any public fund and will not accept the same in the future. The Board has also resolved that the Company will not be lending to Group companies. Further, the Company does not have any customer interface and will not have any customer interface in the future. Presently, the Company is not in the business of giving loans and neither has any plan for the same. The Company operates within the ambit of making investment in group companies and its business model does not transmit any risks, there being no lending activities nor any customer interface.

Corporate Governance is a journey for constantly improving sustainable value creation and RDA 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 Policy is in line with the requirement The Reserve Bank of India ("RBI") RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time.

## **2. APPLICABILITY**

This Guideline applies to all employees and persons associated with RDA. This Guideline also applies to Directors (including Independent Directors) of RDA. To the extent it relates to the Rotation of Auditors, the same shall apply to the Statutory Auditors of the Company.

Pursuant to the said circular the following has been laid down:

### **3. PURPOSE**

The purpose of this policy is to frame internal guidelines on Corporate Governance of RDA and is by no means comprehensive in terms of applicability. It lays down the detailed procedures for the implementation of the said guidelines in order to comply with the directions issued by the Reserve Bank of India from time to time in this regard.

Corporate Governance is a fast-evolving subject, and we will need to upscale ourselves every time with new facts and situations as and when they come up. The guidelines are the bare minimum requirement relating to functioning of Audit Committee, Nomination Committee, Asset Liability Management Committee, Corporate Social Responsibility Committee and Risk Management Committee. This guidance is to ensure that 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.

### **4. 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 two (2) directors and a maximum of fifteen (15) directors.
- The Board shall meet a minimum of four (4) times in a year, at least once in each quarter in such a manner that not more than one hundred and twenty (120) days shall intervene between two consecutive meetings of the Board.
- The Board has a vital role to play in the matters relating to policy formulation, implementation and strategic issues which are crucial for the long-term development of the organization.,
- 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.
- 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 noncompliance.

### **5. DUTIES AND RESPONSIBILITES OF THE BOARD OF DIRECTORS**

As per Section 166 of the Companies Act, 2013 and RBI Regulations and as a matter of corporate governance, the Directors of the Company have certain duties and responsibilities. Further

- The Director shall disclose to the Board the nature of his / her interest, direct or indirect, if he / she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the company and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he / she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement
- The Director shall disclose by general notice to the Board his / her other directorships, his / her memberships of bodies corporate, his / her interest in other entities and his / her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.
- The Director shall provide to the company a list of his / her relatives as defined in the Companies Act, 2013 and to the extent the director is aware of directorships and interests of such relatives in other bodies corporate, firms and other entities.

**THE DIRECTOR SHALL IN CARRYING ON HIS / HER DUTIES AS DIRECTOR OF THE COMPANY:**

- Use such degree of skill as may be reasonable to expect from a person with his / her knowledge or experience;
- In the performance of his / her duties take such care as he / she might be reasonably expected to take on his / her own behalf and exercise any power vested in him / her in good faith and in the interests of the company;
- Shall keep himself / herself informed about the business, activities and financial status of the company to the extent disclosed to him / her;
- Attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his / her obligations as director of the Company;
- Shall not seek to influence any decision of the Board for any consideration other than in the interests of the Company;
- Shall bring independent judgment to bear on all matters affecting the Company brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
- Shall in exercise of his / her judgement in matters brought before the Board or entrusted to him / her by the Board be free from any business or other relationship which could materially interfere with the exercise of his / her independent judgement; and

- Shall express his / her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his / her independent judgement;

**The Director shall have**

- Fiduciary duty to act in good faith and in the interests of the CIC and not for any collateral purpose;
- Duty to act only within the powers as laid down by the Company's Memorandum and Articles of Association and by applicable laws and regulations; and
- Duty to acquire proper understanding of the business of the Company.

**The Director shall:**

- Not evade responsibility in regard to matters entrusted to him / her by the Board;
- Not interfere in the performance of their duties by the whole-time directors and other officers of the Company and wherever the director has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board; and
- Not make improper use of information disclosed to him / her as a member of the Board for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by the Company in his / her capacity as director of the Company only for the purposes of performance of his / her duties as a director and not for any other purpose.

**6. COMMITTEES**

The functioning of the Board shall be further supplemented by its various committees. The Directors, Management and Auditors deal with matters relating to financial reporting obligations, internal controls, review of accounting policies and management of financial risks.

As per RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Board has constituted the following Committees.

**(i) Audit Committee**

The Audit Committee constituted by the Company as required under Section 177 of the Companies Act, 2013 shall be the Audit Committee for the purposes of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and

the Audit Committee thus constituted shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013.

The Audit Committee must ensure that an Information System (IS) Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

The Audit Committee must ensure that the Information Systems (IS) and processes are commensurate with the operational risks faced by the Company.

#### Constitution of the Committee

<b>Sr. No.</b>	<b>Name of the Committee Member</b>	<b>Designation</b>
1.	Meher Pudumjee	Director
2.	Pheroz Pudumjee	Director
3.	Arnavaz Aga	Director

#### **(ii) Nomination and Remuneration Committee**

The Company has constituted a Nomination & Remuneration Committee to ensure 'fit and proper' status of proposed/ existing directors as contained in Annexure IX to the Master Direction – Non Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The said Committee shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013.

#### Constitution of the Committee

<b>Sr. No.</b>	<b>Name of the Committee Member</b>	<b>Designation</b>
1.	Meher Pudumjee	Director
2.	Pheroz Pudumjee	Director
3.	Arnavaz Aga	Director

#### **(iii) Risk Management Committee**

The Board shall constitute a Risk Management Committee which shall assist the Board in monitoring the progress made in putting in place a progressive risk management system in line with the business operations, and the risk mitigating mechanisms and the review of risk management policies undertaken from time to time. A separate Risk Management Policy has been approved by the Board which explains the terms and reference of the Committee.

#### Constitution of the Committee:

<b>Sr. No.</b>	<b>Name of the Committee Member</b>	<b>Designation</b>
1.	Pheroz Pudumjee	Director
2.	Vasant Potbhare	CEO

3.	Avinash Marathe	CFO and Compliance Officer
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#### **(iv) Asset Liability Management Committee (ALMC)**

The Board shall constitute an Asset Liability Management Committee which shall be responsible for ensuring adherence to the limits set by the Board with respect to Asset-Liability Management in line with Company's budget and overall business objectives. The Asset Liability Management Committee shall primarily be responsible for monitoring the asset liability gap and strategize action to mitigate the risk associated with the business of the Company from time to time. A separate ALM Policy has been approved by the Board which explains the terms and reference of the Committee.

Constitution of the Committee:

<b>Sr. No.</b>	<b>Name of the Committee Member</b>	<b>Designation</b>
1.	Pheroze Pudumjee	Director
2.	Vasant Potbhare	CEO
3.	Avinash Marathe	CFO and Compliance Officer

#### **(v) Corporate Social Responsibility Committee**

Pursuant to the provisions of section 135, read with Schedule VII of the Act and Companies (CSR Policy) Rules as amended, the Company has formulated CSR Committee for the purpose of administration of CSR activities, supervising the adherence of this CSR Policy and the matter incidental thereto.

Constitution of the Committee:

<b>Sr. No.</b>	<b>Name of the Committee Member</b>	<b>Designation</b>
1.	Meher Pudumjee	Director
2.	Pheroze Pudumjee	Director
3.	Arnavaz Aga	Director

### **7. DISCLOSURE AND TRANSPARENCY**

In order to practice the policy of Disclosure and Transparency, the following information shall be put to the Board of Directors at regular intervals in this regard:

- i. The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
- ii. 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.;

- iii. Committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.;
- iv. Updates of the various committee's meetings at from time to time; Disclosures in the Annual Financial Statements information as may be prescribed under the RBI Regulatory Framework from time to time.

## **8. ROTATION OF PARTNERS OF STATUTORY AUDITORS' AUDIT FIRM**

Section 139(2) of the Companies Act 2013, provides that every listed company and such class of companies as prescribed by way of rules shall comply with the requirement for rotation of the auditors. Rule 5 of the Companies (Audit and Auditor) Rules, 2014 provides for the classes of companies that need to comply with this sub-section. The class of companies include:

- a. unlisted public companies having paid up share capital of rupees ten crores or more;
- b. private limited companies having paid up share capital of rupees twenty crores or more;
- c. companies having paid up share capital of below threshold limit mentioned in (a) and (b) above, but having public borrowings from financial institutions, banks or public deposits of rupees fifty crores or more.

Therefore, all listed companies and the companies mentioned in a. to c. above will have to comply with the requirement for rotation of auditors. Companies Act, 2013 does not lay down any mandatory rotation of the auditing partner. In this regard, Section 139(3) of the CA, 2013 merely empowers the members to prescribe for rotation of auditing partner and his team at such intervals as they may deem appropriate.

RBI, vide its circular DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, laid out 'Guidelines for Appointment of Statutory Statutory Auditors (SAs)' for NBFCs.

As per the Guidelines, Non-deposit taking NBFCs with asset size below ₹1,000 crore are exempt from the provisions of this RBI Guideline and have the option to continue with their extant procedure for appointment of SA.

RDA Holdings Private Limited ('RDA') is a registered CIC-ND-SI with an asset size less than 1000 crs (as per the audited financials for FY 21-22) and hence is exempted vide para 2 on 'Applicability' of this Guideline.

Regulation 74 of the 'Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016' provides for 'Rotation of partners of the Statutory Auditors Audit Firm' to 'Applicable NBFCs'.

Accordingly, all NBFC-ND-SI are mandatorily required to rotate the partners of the auditing firm appointed to conduct the statutory audit of the NBFC, every 3 years so



that same partner does not conduct audit of the company continuously for more than a period of 3 years. However, the partner so rotated will be eligible for conducting the audit of the NBFC after an interval of 3 years, if the NBFC, so decides. Companies may incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

RDA shall rotate the partner/s of the Chartered Accountant firm conducting the audit, every three years so that same partner does not conduct audit of the company continuously for more than a period of three years.

However, the partner so rotated will be eligible for conducting the audit of the Company after an interval of three years if the Company so decides. Company shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

## **9. POLICIES ADOPTED BY THE COMPANY**

The Company shall adopt such policies, as may be required to adopt under the Companies Act, 2013, the RBI Guidelines and such other laws, regulations and Guidelines as may be applicable. The policies adopted may be reviewed by the Board from time to time.

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, 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, keeping in mind the business model of the Company.

The above policy has been approved by the Board of Directors in its meeting held on 22<sup>nd</sup> March 2023.