

HAS FINANCIAL SERVICES LIMITED

Corporate Governance Policy



The Power of Distribution

Corporate Governance Policy

I. INTRODUCTION

MAS Financial Services Limited (the “**Company**”) is a listed Non-Deposit taking Non- Banking Financial Company and falls under the Middle Layer category pursuant to the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

In order to adopt best practices and greater transparency in the operations, the Company has framed policy on the ‘Internal Guidelines on Corporate Governance’ (hereinafter referred as “**Corporate Governance Policy**”), in terms of RBI Master Direction – Non Banking Financial Company–Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (“**Directions**”) as amended from time to time and Master Direction -Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (the Directions) issued by RBI.

Further, the Policy has been aligned with the Companies Act, 2013 (‘Act’) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’).

II. PHILOSOPHY ON CORPORATE GOVERNANCES

Corporate governance is the system of rules, practices, and processes to direct and monitor the operations of a company. The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance.

The Company is committed to adopt good practices and standards of corporate governance. The principles of corporate governance standards of the Company place strong emphasis on transparency, accountability and integrity.

III. GOVERNANCE STRUCTURE

A. BOARD OF DIRECTORS

The Board of the Company shall provide leadership and strategic guidance to the Company's management. The Company's management shall act in accordance with the supervision, control, and direction by the Board. The Board plays a vital role in matters relating to formulation of various policies, its implementation and strategic issues which are crucial for the company's long-term development, success, and growth.

- **Composition of Board**

- The Composition of the Board shall be governed by the Articles of Association of the Company and in accordance with SEBI (LODR) Regulations, 2015, Companies Act, 2013, applicable RBI regulations and all other relevant rules and regulations.

- While appointing directors, the Company shall ensure that the procedures prescribed by the RBI are followed and that the 'fit and proper' criteria are fulfilled by the proposed Director before he/she is appointed on the Board.
- Within the permissible limits in terms of Companies Act, 2013 and SEBI (LODR) Regulations, 2015, an independent director shall not be on the Board of more than three NBFCs (NBFC- Middle Layer or NBFC-Upper Layer) at the same time. The Board of Company will ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time.

- **Meeting of the Board of Directors**

At least four Board Meetings shall be held in a financial year. The maximum time gap between any two meetings shall not be more than one hundred and twenty days. The minimum information to be statutorily made available to the Board, pursuant to the applicable guidelines, Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") shall be furnished to the Directors.

- **Code of Conduct**

The Board has laid down Code of Conduct for Board of Directors and Senior Management Personnel of the Company ("Code"). The Code is hosted on the Company's website.

B. COMMITTEES OF THE BOARD / MANAGEMENT

The Board has constituted various Committees with specific terms of reference for operational convenience and to focus effectively on the issues and ensure expedient resolution of diverse matters. 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.

All decisions pertaining to the constitution/re-constitution/dissolution of Committees, appointment of members and fixing/modification of terms of reference of the various Committees shall be taken by the Board of Directors.

Details of the various Committees are set out in "**Annexure A**".

IV. VIGIL MECHANISM

The Company shall formulate a vigil mechanism / whistle blower policy to enable Directors, Employees and stakeholders to report genuine concerns about unethical behaviour actual or suspected fraud or violation of Company's Code of Conduct. The vigil mechanism / whistle blower policy shall provide a mechanism for an individual to report violations without fear of victimization. The policy shall be hosted on the website of the Company.

V. PERFORMANCE EVALUATION

The Nomination and Remuneration Committee of the Company shall evaluate the performance of the individual Directors, the Board, as a whole and its Committees. The NRC shall provide an overview Report of the evaluation conducted by it, to the Board for their discussion and analysis.

VI. Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs

In order to address issues arising out of excessive risk taking caused by misaligned compensation packages, the Company has a Nomination & Remuneration Policy, which was duly adopted by the Board. The policy includes:

- (i) Constitution of a Remuneration Committee
- (ii) Remuneration of Managing Director, Whole Time Director, Manager, Non-Executive Directors, KMPs and SMPs,
- (iii) Principles for fixed/variable pay structures, etc

VII. FIT AND PROPER CRITERIA

- The Company shall have in place a Board approved policy for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis.
- The Company must obtain a declaration and undertaking from the directors giving additional information on the directors and a Deed of Covenant signed by the directors, in the format prescribed at the time of appointment.
- The Company shall furnish to RBI, a quarterly statement on change of directors, and a certificate that fit and proper criteria in selection of the directors has been followed. The statement must reach the Regional Office of the Department of Supervision of the Bank where the company is registered, within 15 days of the close of the respective quarter. The statement submitted by applicable NBFC for the quarter ending March 31, shall be certified by the auditors.

VIII. DISCLOSURE AND TRANSPARENCY

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 regulatory / statutory authorities and other stakeholders as may be required by the applicable laws and the Codes and Policies of the Company.

The Company shall put up to the Board of Directors or its Committee, at regular intervals, as may be prescribed by the Board in this regard, the following:

- 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. The Company shall also disclose the following in their Annual Financial Statements:

- a. registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators;
- b. ratings assigned by credit rating agencies and migration of ratings during the year;
- c. Penalties, if any, levied by any regulator;
- iii. Information of subsidiaries;
- iv. Asset-Liability maturity, securitization/ assignment transactions and other disclosures, as may be prescribed by Reserve Bank of India from time to time;
- v. Disclosures in the financial statements shall be in accordance with RBI Master Direction, Scale Based Regulation, applicable accounting standards, laws, and regulations.

IX. Appointment of Statutory Auditors

The Company has in place a Board approved Policy for appointment of Statutory Auditors, which is in accordance with the circular issued by the RBI.

X. AMENDMENT TO THE GUIDELINES

The above Policy is in addition to the Corporate Governance practices adopted under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the entirely with a new Guidelines, as it may deem necessary. The Board may also establish further rules and procedures, from time to time, to give effect to this Guideline.

Annexure- A

1. AUDIT COMMITTEE

Composition:

- The Company has in place an Audit Committee in accordance with the provisions of clause 94.1 of Master Direction -Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, issued by the RBI and Regulation 18 of Listing Regulations. The composition of the Audit Committee shall meet with the requirements of section 177 of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- All the members of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
- The Chairperson of the Audit Committee shall be an Independent Director.

Meetings:

Audit Committee meetings are generally held once in a quarter for the purpose of recommending the quarterly / half yearly / yearly financial result and the gap between two meetings did not exceed one hundred and twenty days. Additional meetings are held for the purpose of reviewing the specific item included in terms of reference of the Committee.

Broad terms of Reference:

The role of the audit committee shall include the following:

- i. Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of subsection (3) of Section 134 of the Companies Act, 2013;
 - b. changes, if any, in accounting policies and practices and reasons for the same;
 - c. major accounting entries involving estimates based on the exercise of judgment by management;
 - d. significant adjustments made in the financial statements arising out of audit findings;
 - e. compliance with listing and other legal requirements relating to financial statements;
 - f. disclosure of any related party transactions;
 - g. modified opinion(s) in the draft audit report;
- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- vii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
- viii. Approval or any subsequent modification of transactions of the listed entity with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. 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;
- xiv. Discussion with internal auditors of any significant findings and follow up there on;
- xv. 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;
- xvi. 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;
- xvii. 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;
- xviii. To review the functioning of the whistle blower mechanism;
- xix. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- xxi. Reviewing the utilization of loans and/ or advances from/investment by the holding Company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- xxii. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder.
- xxiii. The Committee shall review compliance with the provisions of Securities and Exchange Board of Indian (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.
- xxiv. The Committee shall review & recommend any variation in the remuneration of CMD, CEO and CFO.

2. NOMINATION AND REMUNERATION COMMITTEE:

Composition:

The Company has formed Nomination and Remuneration Committee in line with the provisions Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations. Nomination and Remuneration Committee meetings are generally held for identifying the person who is qualified to become Director or Key Managerial Personnel and may be appointed in senior management and recommending their appointments and removal and also to review key result areas and key performance expected from the directors during the quarters and to review remuneration paid to the directors, key managerial personnel and senior management team.

Meetings:

- The Nomination and Remuneration Committee shall meet as and when required to discuss matters. It is however, recommended that the Committee meet at least four times during the year.
- Except where a higher number or other requirement is prescribed by any law for the time being in force and applicable to the Company, the quorum for the Nomination and Remuneration Committee Meetings shall be either two Members or one-third of the Members of the Committee, whichever is greater.
- The Nomination and Remuneration Committee may invite such executives, as it considers appropriate to be present at the meetings of the Committees.

Broad terms of reference:

- 1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- 2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- 3) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
- 4) To carry out evaluation of Director's performance. To recommend to the Board the appointment and removal of Directors and Senior Management.
- 5) To recommend to the Board the appointment and removal of Directors and Senior Management.
- 6) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- 7) To devise a policy on Board diversity, composition, size.
- 8) To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- 9) To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- 10) To oversee the framing, review and implementation of Compensation Policy as and when applicable.
- 11) To work in close coordination with Risk Management Committee (RMC) of the Company to achieve effective alignment between compensation and risks.

- 12) To ensure 'fit and proper' status of proposed/ existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management
- 13) To perform such other functions as may be necessary or appropriate for the performance of its duties.

3. RISK MANAGEMENT COMMITTEE

Composition:

The Company has constituted Risk Management Committee in pursuance to the Regulation 21 of Listing Regulations as amended and in terms of clause 94.1 of Master Direction -Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, issued by the RBI, to assess the risk associated, mitigation of such risk and formulation of Risk Management Plan.

The committee shall consist of minimum of three members with majority members as directors of the Board. The Chief Risk officer shall be the Member to the Committee and meet the Risk Management Committee at least once in a quarter without the presence of MD/CEO. At least 4 meetings of the Committee shall be held in every calendar year and the Committee shall meet once every calendar quarter.

Meetings:

- The Risk Management Committee shall meet as and when required to discuss matters. It is however, recommended that the Committee meet at least once in a quarter.
- The Risk Management Committee may invite such executives, as it considers appropriate to be present at the meetings of the Committees.

Broad terms of reference:

- i. To formulate a detailed risk management policy which shall include:
 - a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c. Business Continuity Plan
- ii. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- iii. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- iv. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- v. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- vi. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;

- vii. To work in close coordination with Nomination and remuneration Committee (NRC) of the Company to achieve effective alignment between compensation and risks.

4. STAKEHOLDER'S RELATIONSHIP COMMITTEE:

Composition:

The Company has constituted Stakeholder's Relationship Committee in pursuance to the provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 of the Listing Regulations, mainly to focus on the redressal of Shareholders' / Investors' Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants; etc.

Meeting:

The Company shall have a Stakeholder Relationship Committee with at least three directors, with at least one being an independent director, as members of the Committee. The stakeholders' relationship committee shall meet at least once in a year.

Broad terms of reference:

- i. Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
- ii. Review of measures taken for effective exercise of voting rights by shareholders;
- iii. The equity shares of the Company are compulsorily traded in electronic form on the stock exchanges and hence the handling of physical transfer of shares is minimal, the Company has no transfers pending at the closure of the financial year. The Committee shall also review services rendered by the Registrar & Share Transfer Agent;
- iv. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and
- v. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

Composition:

Pursuant to the provisions of Section 135 of the Act, the Board Directors has constituted the Corporate Social Responsibility (CSR) Committee and further reconstituted from time to time in compliance with the provisions of the Act.

Meetings:

- The CSR Committee shall meet as and when required to discuss matters. It is however, recommended that the Committee meet at least once in every year.

Broad terms of reference:

- Identifying the areas of CSR activities;
- Recommending the amount of expenditure to be incurred on the identified “CSR activities” (which could include projects, programs or other permitted activities);
- Developing, implementing and monitoring the CSR policy aligned with the company's values, business objectives, and legal requirements from time to time;
- Formulating a CSR annual action plan and recommending it to the Board;
- Creating a strategic roadmap for CSR activities, including setting goals, identifying key focus areas, and allocating resources.
- Reviewing the Company's initiatives and programs, monitoring the execution of CSR programs to ensure they are effectively implemented and delivering intended outcomes;
- Engaging with internal and external stakeholders to understand their expectations, gather feedback, and foster collaboration in CSR initiatives;
- Assessing and mitigating CSR-related risks, such as reputational, legal, or operational risks associated with non-compliance or unethical practices;
- Encouraging employee involvement in CSR activities through volunteering, or other forms of corporate citizenship; and
- Coordinating with agency(ies) in implementing programs and executing initiatives as per the CSR policy of the Company.

The purpose and responsibilities of the Committee shall include such other items / matters prescribed under applicable law or prescribed by the Board in compliance with applicable law from time to time. The Committee is also responsible for reporting progress of various CSR initiatives and in making appropriate disclosures on a periodic basis.

6. Policy on grant of loans to Directors, Senior Officers and Relatives of Directors and to entities where Directors or their relatives have major shareholding of the Company

- **Preamble:**

In compliance with the Regulatory Framework for NBFCs introduced by the Reserve Bank of India ('RBI'), a Master Circular was issued on Scale Based Regulation (SBR) - A Revised Regulatory Framework for NBFCs. The said circular apart from the other scale based regulations provided for certain regulatory restriction on the loans extended by NBFCs to their directors, senior officers and relatives thereof. As per the said circular the company is categorized as NBFC- Middle Layer and accordingly the regulations as applicable for NBFC- Middle layer shall be complied with.

In accordance with the above the “Board of Directors” (“Board”) of ~~HAAS~~ Financial Services Limited (“the Company”) has formulated a Policy on grant of loans to directors, senior officers and relatives of directors and to entities where directors or their relatives have major shareholding.

- **Definitions:**

"Board" means the Board of Directors of the Company as constituted from time to time.

"Company" means H A S Financial Services Limited.

"Control" shall have the meaning assigned to it under Clause (27) of Section 2 of the Companies Act, 2013.

"major shareholder" shall mean a person holding 10 % or more of the paidup share capital or five crore rupees in paid-up shares, whichever is lower.

"loans and advances" will not include loans or advances against –

- (i) Government securities;
- (ii) Life insurance policies;
- (iii) Fixed deposits;
- (iv) Stocks and shares;
- (v) Housing loans, car advances, etc., if any, granted to an employee of the Company under any scheme applicable generally to employees.

Provided that Company's interest/lien is appropriately marked with legal enforceability.

"Relative" shall have the meaning assigned to it under Clause (77) of Section 2 of the Companies Act, 2013.

"Senior Officer" shall have the same meaning as assigned to "Senior Management" under Section 178 of the Companies Act, 2013.

- **Loans and advances to Directors:**

Unless sanctioned by the Board of Directors, the Company shall not grant any loans and advances aggregating Rupees Five crores and above to –

- its Directors (including the Chairman/ Managing Director, if any) or relatives of the directors;
- any firm in which any of the Directors of the Company or their relatives are interested as a partner, manager, employee or guarantor; and
- any company in which any of the Directors of the Company, or their relatives are interested as a major shareholder, director, manager, employee or guarantor.

Provided that Director or his/her relatives shall be deemed to be interested in a Company, being the subsidiary or holding company, if they are major shareholder or in control of the respective holding or subsidiary company.

Provided that the Director who is directly or indirectly concerned or interested in any proposal shall disclose the nature of their interest to the Board of Directors when any such proposal is discussed. Such interested directors shall recuse themselves from the meeting, subject to their presence being required by the other directors for the purpose of eliciting information and the Director so required to be present shall not vote on any such proposal.

The proposals for credit facilities of an amount being less than Rupees Five crore, to the borrowers shall be sanctioned by the Credit Committee and Asset & Liability Management Committee (committee) of the Company under powers vested by board.

In case any of the committee members is interested in the proposal for grant of loan, he /she shall rescue himself/ herself from the discussion over the said agenda and the remaining members forming the quorum shall consider the proposal.

- **Loans and advances to Senior Officers:**

The Company shall abide by the following when granting loans and advances to their senior officers:

Loans and advances sanctioned to senior officers of the Company above Rs. 5 Crores (Rupees five crores) shall be reported to the Board. No senior officer or any Committee comprising, inter alia, a senior officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to a relative of that senior officer. Such a facility shall be sanctioned by the next higher sanctioning authority under the delegation of powers.

- **Provisions of Companies Act, 2013:**

The policy, in addition to the foregoing provisions, shall also cover the provisions of the Companies Act 2013 with regard to Loans & Advances to the Directors. In compliance with the provisions of Section 185 of the Companies Act, 2013, the company shall not either directly or indirectly, advance any loan, to any of its directors or to any other person in whom the director is interested or give any guarantee or provide any security in connection with any loan taken by him or such other person.

The expression —“to any other person in whom director is interested” shall mean and include:

- a) any director of the lending company, or of a company which is its holding company or any partner or relative of any such director;
- b) any firm in which any such director or relative is a partner;
- c) any private company of which any such director is a director or member;
- d) anybody corporate at a general meeting of which not less than twenty-five per cent. of the total voting power may be exercised or controlled by any such director, or by two or more such directors, together; or

- e) anybody corporate, the Board of directors, managing director or manager, whereof is accustomed to act in accordance with the directions or instructions of the Board, or of any director or directors, of the lending company.

However, giving of any loan to a Managing or Whole-time director:

- as a part of the conditions of service extended by the company to all its employees; or
- pursuant to any scheme approved by the members by a special resolution shall be exempted.
- **Disclosure:**

The Company shall disclose in their Annual Financial Statements, aggregate amount of loans and advances sanctioned to Directors, senior officers and relatives of directors and to entities where directors or their relatives have major shareholding as per template provided in the Annexure I.

Annexure I

Loans to Directors, Senior Officers and relatives of Directors

(₹ crore)

	Current Year	Previous Year
Directors and their relatives		
Entities associated with directors and their relatives		
Senior Officers and their relatives		
