

CORPORATE GOVERNANCE

Board Review Date: 11-08-2022



Registered Office:

Thangam Capital Pvt.Ltd., KalviKendra Complex, No.341, Salai agaram (via)Koliyanur, Villupuram-605 103. Tamil Nadu.

 **Phone:** 04146-249069/290569  **Email:** admin@thangamcapital.com  **Website:** www.thangamcapital.com

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COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company recognizes its role as a corporate citizen and endeavors 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 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. The corporate Governance philosophy has been strengthened with the implementation by the Company of the Code of Conduct applicable to the Company and its employees. In addition, the Company has adopted a Code of Conduct for Board of Directors of the Company and Senior Management Personnel.

RBI GUIDELINES ON CORPORATE GOVERNANCE

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, on May 8, 2007, issued guidelines on Corporate Governance. In pursuance of the aforesaid Guidelines, the Company has framed the following internal Guidelines on Corporate Governance.

BOARD OF DIRECTORS

The Board is responsible to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. The Board of Directors along with its constituted Committees provide direction and guidance to the Company's Leadership Team and further direct, supervise as well as review the performance of the Company. The Board is responsible for overall compliance with the Corporate Governance of the Company and oversees the business affairs. Further 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.

As per the Company's Articles of Association, the Board's strength is required to be a minimum of two to a maximum of ten Directors. A Director shall not hold the office of Director in more than 20 companies (in accordance with section 165 of the Companies Act, 2013). Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed 10. All the Directors shall make the necessary annual disclosure regarding their directorships and

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Committee positions and shall intimate changes as and when they take place. The Board Shall meets at least four positions and shall meet at least four times in a year, with a maximum time gap of 120 days between any two consecutive meetings. The Board shall periodically review 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.

COMMITTEES OF THE BOARD

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board shall constitute a set of Committees with pacific terms of reference/ scope. The Committees shall operate as per the guidelines approved by the Board. The minutes of the meetings of all Committees of the Board shall be placed before the Board for approval in subsequent meeting.

1. AUDIT COMMITTEE (TERMS FOR REFERENCE)

- The Company has in place the Audit Committee in accordance with the provisions of Para 11 of the Non- Banking Financial (Non-Deposit accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 read with Master Circulars on Corporate Governance (NBFC) and Section 177 of the Companies Act, 2013 and Rule 6 & 7 of the Companies (Meeting of Board and its Powers) Rules, 2014.
- Audit Committee shall constitute four members.
- Audit Committee meeting shall be held at least once in a quarter.
- The members of the audit Committee shall elect a chairman from amongst themselves.
- The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, shall be binding on the Board. Furthermore, the Board is authorized to reject the recommendation with an appropriate reason.

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ROLE, RESPONSIBILITIES AND POWERS OF AUDIT COMMITTEE:

1. Reviewing internal controls and internal audit function with the management/internal auditors.
2. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
3. Examining the financial statement and the auditors 'report thereon:
4. Oversight of financial reporting process/disclosures and review of interim & annual financial statements before the Board approval.
5. Periodic discussion with the statutory auditors of the company (whether before, during or after the audit) on internal systems, nature and scope of audit, audit observations and areas of concern, if any.
6. Recommending the appointment, remuneration and terms of appointment of auditors of the company to the Board.
7. Reviewing the outcome of internal investigations of material fraud, irregularity and failure of internal system.
8. Approval or any subsequent modification of transactions of the company with related parties.
9. Reviewing internal financial & risk management policies.
10. Scrutiny of inter-corporate loans and investment.
11. To look into substantial defaults, if any, in payments to creditors and shareholders.
12. Establishment of vigil mechanism policy for directors and employees to report genuine concerns & grievances as draft place before place the Board.
13. In addition to the above ,the committee may look into any matter pertaining to finance and accounts areas, as it may deem fit and for this purpose the Audit Committee shall have full access to information contained in the records of the Company and external professional advice, if necessary.

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2. INVESTMENT COMMITTEE (TERMS FOR REFERENCE)

- The Company has in place the Investment Committee in accordance with the Board resolution and shall meet on need basis.
- Investment Committee shall constitute three members.
- The members of the Investment Committee shall elect a chairman from amongst themselves.

ROLE, RESPONSIBILITIES AND POWERS OF INVESTMENT COMMITTEE:

The Committee looks into investment related matters.

3. NOMINATION & REMUNERATION COMMITTEE (TERMS FOR REFERENCE)

- The Company has in place the Nomination & Remuneration Committee in accordance Master Circulars on Corporate Governance (NBFC) and Section 178 of the Companies Act, 2013 and Rule 6 of the Companies (Meeting of Board and its Powers) Rules, 2014.
- Nomination & Remuneration Committee shall constitute of four members of its Board of Director and shall meet on need basis.
- The members of the Nomination & Remuneration Committee shall elect a chairman from amongst themselves.

ROLE, RESPONSIBILITIES AND POWER OF NOMINATION & REMUNERATION COMMITTEE:

1. Nomination and Remuneration Committee shall ensure that person to be appointed as Director is 'fit and proper' and fulfill the set parameters and criteria as may be required by the Company.
2. Review from time to time and recommend to the Board for its consideration on the structure for the Board of Directors of the Company.
3. Evaluating the eligibility of an individual, on the basis of his qualification, positive attributes, independence and past experience, for appointments as whole time director/managing director /key managerial personnel of the

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Company and Advising the Board of Director/shareholders with such detailed evaluation in the matter of appointment of such individual.

4. Review, recommend and/or approve the remuneration that can be offered to the proposed whole time director / managing director / manager/ non-executive director/Key Managerial personal of the Company.
5. Review and recommend the Board of Director on the re-appointment of the whole time director/managing director / manager of the company.
6. Review, recommend and / or approve the modification in the remuneration to the whole time director / managing director / manager/ non-executive director and key managerial compliance of the Company.

4. ASSET LIABILITY & RISK MANAGEMENT COMMITTEE (TERMS FOR REFERENCE)

- The Company has in place the Asset Liability & Risk Management Committee in accordance with the Master Circulars on Corporate Governance.
- Asset Liability & Risk Management Committee shall constitute three members and shall meet once in a quarter.
- The members of the Asset Liability & Risk Management Committee shall elect a chairman from amongst themselves.

ROLE, RESPONSIBILITIES AND POWER OF ASSET LIABILITY & RISK MANAGEMENT COMMITTEE:

1. To monitor the asset liability gap and strategize action to mitigate the risk associated and to manage the integrated risk.
2. 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.
3. To determine the maturity profile of assets and liabilities, mix of incremental assets and liabilities ,pricing of deposits and advance, determining the type of funding, monitoring risk levels of the company etc.,

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5. MANAGEMENT COMMITTEE (TERMS FOR REFERENCE)

- The Company has in place the management Committee in accordance with Board resolution.
- Management committee shall constitute three members and shall meet on need basis.
- The members of the management committee shall elect a chairman from amongst themselves.

ROLE, RESPONSIBILITIES AND POWER OF MANAGEMENT COMMITTEE:

In order to assist the day to day management of the affairs of the Company and to ensure the effective management of its activities and the effective execution of Board decisions.

6. SHARE & DEBENTURE TRANSFER COMMITTEE (TERMS FOR REFERENCE)

- The Company has in place the Share & Debenture Transfer Committee in accordance with Board resolution.
- Share & Debenture Transfer Committee shall constitute of three members and shall meet on need basis.
- The members of the Share & Debenture Transfer Committee shall elect a chairman from amongst themselves.

ROLE, RESPONSIBILITIES AND POWER OF SHARE & DEBENTURE TRANSFER COMMITTEE:

1. To approve and register transfers and/or transmissions of all classes of shares & debentures.
2. To sub-divide, consolidate and issue share certificates on behalf of the company.
3. To affix or authorize fixation of the common seal of the Company to the share & debenture certificates of the Company.
4. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

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Fair Practices Code:

Pursuant to the guidelines on fair Practices Code issued by Reserve Bank of India, the company has adopted a policy on Fair Practices Code which is posted on the website of the Company and also a regular review on the implementation of the same is conducted by committee members.

Code of conduct:

The Company has adopted a code of conduct for employees of the Company and due care are taken that the employees adhere to it.

POLICIES ADOPTED BY THE COMPANY:

A diagrammatic representation of Policies adopted by the company is given below

- ❖ Fair Practices Code
- ❖ Code of Conduct
- ❖ Investment policy
- ❖ Client Protection Policy
- ❖ Risk Framework Policy
- ❖ KYC & AML policy
- ❖ Interest rate Policy

DISCLOSURES AND TRANSPARENCY

The Management Discussion & Analysis Report of the Company is duly included in the Director' Report covering necessary matter of concern is duly included in the Annual Report of the Company. The Company has in keeping with proper responsibility and authority matrix inculcated in the structure of certification to ensure compliance from diversified and various locations.

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