

Kotak Mahindra Investments Limited
Internal Guidelines on Corporate Governance

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Company Philosophy and Corporate Governance:

Kotak Mahindra Investments Limited (the Company) is 100% subsidiary of Kotak Mahindra Bank Limited and as such draws its philosophy from its parent, which is a Bank and whose shares are listed on the stock exchange. 'Kotak Group' is a financial conglomerate of immense repute and of high regard.

Corporate Governance is about maximizing shareholders' value on a sustainable basis and ensuring fairness to all other stakeholder of the Company.

Corporate Governance for the Company is the 'way of the life' in the Company as is across 'Kotak Group' and there exists evidence enough through the policies, and procedures laid down by the Company, about its commitment to the same.

The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board or the committees of the members of the Board.

Company and the Operations:

➤ Company:

The Company is a NBFC-ND SI (Systemically Important Non deposit taking Non-Banking Financial Company-) and is registered with Reserve Bank of India.

➤ Operations:

The Company is under the able direction of the Board of directors and through the procedures and policies mandated by the Board from time to time. The company also has a sound management team heading the various functions within the company.

The policies and procedures for functioning and operations made are adopted after being thoroughly reviewed and approved by the respective approving authority

Members of the Board:

The members of the **Board** consists of the following Directors

1. Mr. Uday Kotak (Chairman)
2. Mr. Phani Shankar
3. Mr. Paritosh Kashyap
4. Mr. Chandrashekhar Sathe
5. Ms. Padmini Khare Kaicker
6. Mr. Paresh Parasnis
6. Mr. Amit Bagri

with any three being the quorum

All directors have eminent, rich and varied professional background and immense expertise.

➤ Periodicity of meetings:

The members of the Board will meet at least once in a quarter during a calendar year

Introduction to the committees of the Company and their terms of reference:

The Company is professionally managed through the Board of Directors and through the committees of Board of Directors.

Audit Committee

The Company has in place the Audit Committee in accordance with the provisions of Guidelines issued by RBI and Companies Act, 2013.

➤ **Composition:**

The Audit Committee consists of

- Ms. Padmini Khare Kaicker
- Mr. Chandrashekhar Sathe
- Mr. Phani Shankar
- Mr. Paresch Parasnis

with any three being the quorum.

➤ **Periodicity of meetings :**

The members of the Audit Committee will meet atleast once in a quarter during a financial year.

➤ **Audit Committee Charter:**

The terms of reference, the powers and role of the Committee encompass accounting matters, financial reporting and internal controls. They primarily include:

(i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company

(ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;

(iv) approval or any subsequent modification of transactions of the company with related parties;

(v) scrutiny of inter-corporate loans and investments;

(vi) valuation of undertakings or assets of the company, wherever it is necessary;

(vii) evaluation of internal financial controls and risk management systems;

(viii) monitoring the end use of funds raised through public offers and related matters

(ix) approve, review and monitor the Risk Based Internal Audit Plan each year

(xi) review inspection conducted by the Regulators and approve action plans for corrective actions

(xii) review of accounting policy, financial operating systems and audit reports

(xiii) review of compliance with regulatory guidelines

(xiv) review of pending litigations if any

(xiv) review compliance of the SEBI (PIT) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are operating effectively

Nomination & Remuneration Committee

➤ **Composition:**

The **Nomination & Remuneration Committee** comprising of

- Ms. Padmini Khare Kaicker
- Mr. Chandrashekhar Sathe
- Mr. Paritosh Kashyap

with any three being the quorum.

ensures on the basis of the set parameters and criteria that the existing directors and key managerial personnel are 'fit and proper' and formulate level and composition of remuneration.

➤ **Periodicity of meetings:**

The members of the Nomination & Remuneration Committee will meet atleast once in a financial year.

➤ **Nomination & Remuneration Committee Charter:**

Nomination & Remuneration Committee shall:

1. identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.
3. while formulating the policy ensure that—
 - 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:

Risk Management Committee (RMC)

➤ **Composition:**

The **Risk Management Committee (RMC)** consists of

- Mr. Phani Shankar
- Mr. Paritosh Kashyap
- Mr. Amit Bagri
- Mr. Shekhar Sathe

Quorum: Any three members.

➤ **Periodicity of meetings :**

The members of the Risk Management Committee will meet atleast once in a quarter during a financial year.

➤ **Risk Management Committee Charter:**

Risk Management Committee (RMC) exercises supervisory power in connection with the risk management of the company, monitoring of the exposures, reviewing adequacy of risk

management process, reviewing internal control systems, ensuring compliance with the statutory/regulatory framework of the risk management process.

IT Strategy Committee

➤ **Composition:**

- Mr. Paresh Parasnis
- Mr. Amit Bagri
- Mr. Paritosh Kashyap
- Mr. Phani Shankar

Quorum: Any three members

➤ **Periodicity of meetings:**

The members of the **IT Strategy Committee** should meet not later than six months from last meeting.

➤ **IT Strategy Committee Charter:**

IT Strategy committee reviews IT strategy and policy documents to ensure effective strategic planning process. Implementing processes and practices to ensure delivery of value to the business. Determine IT resources needed to achieve strategic goals and provide high-level direction for sourcing. Ensuring proper balance of IT investments for sustained growth. Any other work assigned by the board.

Asset Liability Committee (ALCO):

➤ **Composition: The ALCO consists of the following members**

- Mr. Paritosh Kashyap
- Mr. Amit Bagri
- Mr. Jay Joshi
- Mr. Hiren Vora
- Mr. Piyush Thakkar
- Mr. Vikash Chandak

Quorum: Mr. Paritosh Kashyap and any two other members

➤ **Periodicity of meetings:**

The members of the **ALCO Committee** will meet at-least once in a month during a financial year.

➤ **ALCO Charter:**

ALCO is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the NBFC (on the assets and liabilities sides) in line with the NBFC's budget and decided risk management objectives.

Credit Committee (Board)

➤ **Composition:**

- Mr. Phani Shankar
- Mr. Amit Bagri
- Mr. Paritosh Kashyap

with all three being the quorum.

➤ **Periodicity of meetings:**

The members of the **Credit Committee (Board)** will meet as and when required

➤ **Credit Committee (Board) Charter:**

The Credit committee critically analyses the financials of the various loan proposals and approves or recommends for further approval.

Credit Committee (Venture Debt)

➤ **Composition:**

Mr. Paritosh Kashyap
Mr. Amit Bagri
Mr. Piyush Thakkar

with all three being the quorum.

➤ **Periodicity of meetings:**

The members of the **Credit Committee (Venture Debt)** will meet as and when required

➤ **Credit Committee (Venture Debt) Charter:**

The Credit committee critically analyses the financials of the various venture debt proposals and approves or recommends for further approval.

Corporate Social Responsibility Committee

➤ **Composition:**

- Mr. Paresh Parasnis
- Mr. Paritosh Kashyap
- Mr. Amit Bagri
- Mr. Phani Shankar

With **any three** forming the quorum

➤ **Periodicity of meetings:**

The members of the **Corporate Social Responsibility Committee** will meet at-least twice during a financial year.

➤ **Corporate Social Responsibility Committee Charter:**

The Committee is responsible to monitor, review and approve CSR initiatives and expenditure. The Committees shall make recommendations to the Board on CSR policy and related matters.

Expense Committee

➤ **Composition:**

- Mr. Paritosh Kashyap
- Mr. Amit Bagri
- Mr. Jay Joshi

Quorum: Any two member

➤ **Periodicity of meetings:**

The members of the **Expense Committee** will meet or may discuss and approve agenda item on circulation over mail as and when required.

➤ **Expense Committee Charter:**

The Expense committee reviews and approves the expenses as per the grid mentioned in Approval Authorities policy.

Investment Committee

➤ **Composition:**

- Mr. Amit Bagri
- Mr. Paritosh Kashyap
- Mr. Phani Shankar

Quorum: Any two directors

➤ **Periodicity of meetings:**

The members of the **Investment Committee** will meet or may discuss and approve agenda item on circulation over mail as and when required.

➤ **Expense Committee Charter:**

The Expense committee reviews and approves the Investment as per the grid mentioned in Investments policy.

Whistle Blower Committee

➤ **Composition:**

Ms. Padmini Khare
Mr. Paritosh Kashyap
Mr. Amit Bagri
Mr. Jay Joshi

Quorum: Chairperson and any one other member

Periodicity of meetings:

The members of the **Whistle Blower Committee** will meet as and when required

➤ **Whistle Blower Committee Charter:**

The Whistle Blower committees assist Audit Committee in discharging their duties with regards to the list that was dotted down in Whistle Blower Policy.

Grievances Committee

➤ **Composition:**

- Mr. Paritosh Kashyap
- Mr Amit Bagri
- Mr. Jay Joshi

Quorum: Any three member

➤ **Periodicity of meetings:**

The members of the **Grievances Committee** will meet at least once in a quarter during a financial year.

➤ **Grievances Committee Charter:**

The Grievances committees review the customer grievances received, if any and the actions taken report for the period. Recommending action for grievances pending, if any. Forwarding to the board, observations / recommendations if any. Any other work assigned by the board.

Prevention of Sexual harassment Committee:

➤ **Composition:**

- Sujata Guhathakurta- Chairperson
- Amit Bagri
- Nidhi Rathi

Quorum: Chairperson and any one other member

➤ **Periodicity of meetings:**

The members of the Prevention of Sexual harassment Committee will meet as and when required.

➤ **Prevention of Sexual harassment Committee Charter:**

The POSH committee will make an investigation and conclude the sexual harassment complaints received.

IT Steering Committee

➤ **Composition:**

- Mr. Amit Bagri
- Mr. Jay Joshi
- Mr. Piyush Thakkar

Quorum: Any three member

➤ **Periodicity of meetings:**

The members of the Steering Committee will meet as and when required.

➤ **IT Steering Committee Charter:**

The IT Steering committee shall set priority of various projects in the order of importance, allocate optimum resources to various projects.

It shall provide oversight and monitor progress of various IT projects, including deliverables to be realized in each phase of the project and milestones to be reached according to the project timetable.

➤ **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 placed 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 is taken that the employees adhere to it.

➤ **Trading Code of Conduct**

The Company endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of such information. The designated employees of the Company are required to ensure adherence to the 'Trading Code of Conduct.

➤ **Disclosures and transparency**

The Board of the Company reviews, records and adopts the minutes of the committee meetings.

The Management Discussion & Analysis Report of the Company is duly included in the Directors' Report covering necessary matters of concern as a part published by the Company and the Segment – wise reporting as per Ind AS 108 is duly included in the Annual Report of the Company.

With compliance of the requirements of the 'Listing Agreement for Privately Placed Debentures', which are listed on the 'Bombay Stock Exchange Limited, Mumbai' the Company ensures transparent good governance.

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.