

Code of Conduct for Independent Directors

(Pursuant to Section 149(8) read with Schedule IV of the Companies Act, 2013)

SHRI RAM FINANCE CORPORATION PRIVATE LIMITED

PREAMBLE

Section 149(8) of the Companies Act, 2013 (the "Act") read with Schedule IV to the Act requires every company having Independent Directors to abide by the provisions specified in Schedule IV, being the Code for Independent Directors (the "Code").

Shri Ram Finance Corporation Private Limited (the "Company") has Independent Directors on its Board in accordance with the applicable provisions of the Act and the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("RBI Directions"). This Code has accordingly been adopted by the Board of Directors of the Company (the "Board") to set out the guidelines of professional conduct, role, functions and duties of Independent Directors of the Company, and is intended to be a guide to professional conduct for Independent Directors of the Company.

Adherence to the standards set out in this Code by the Independent Directors of the Company, and fulfilment of their responsibilities in a professional and faithful manner, is intended to promote the confidence of the investment community, creditors, and other stakeholders of the Company in the institution of Independent Directors.

This Code reproduces, and is to be read in consonance with, Schedule IV to the Act. In the event of any inconsistency between this Code and Schedule IV to the Act (as amended from time to time), the provisions of Schedule IV shall prevail.

I. GUIDELINES OF PROFESSIONAL CONDUCT

An Independent Director of the Company shall:

1. uphold ethical standards of integrity and probity;
2. act objectively and constructively while exercising his/her duties;
3. exercise his/her responsibilities in a bona fide manner in the interest of the Company;
4. devote sufficient time and attention to his/her professional obligations for informed and balanced decision making;
5. not allow any extraneous considerations that will vitiate his/her exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. not abuse his/her position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. refrain from any action that would lead to loss of his/her independence;
8. where circumstances arise which make an Independent Director lose his/her independence, immediately inform the Board accordingly;
9. assist the Company in implementing the best corporate governance practices.

II. ROLE AND FUNCTIONS

The Independent Directors of the Company shall:

1. help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
2. bring an objective view in the evaluation of the performance of the Board and management;
3. scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

5. safeguard the interests of all stakeholders, particularly the minority shareholders;
6. balance the conflicting interests of the stakeholders;
7. determine appropriate levels of remuneration of executive directors, Key Managerial Personnel and senior management and have a prime role in appointing and, where necessary, recommending the removal of executive directors, Key Managerial Personnel and senior management;
8. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholders' interests.

III. DUTIES

The Independent Directors of the Company shall:

1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
2. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
3. strive to attend all meetings of the Board and of the Board committees of which he/she is a member;
4. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. strive to attend the general meetings of the Company;
6. where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
7. keep themselves well informed about the Company and the external environment in which it operates;
8. not unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
10. ascertain and ensure that the Company has an adequate and functional vigil mechanism and ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. report concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's code of conduct or ethics policy;
12. acting within their authority, assist in protecting the legitimate interests of the Company, its shareholders and its employees;
13. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. MANNER OF APPOINTMENT

1. The process of appointment of Independent Directors of the Company shall be independent of the Company's management. While selecting Independent Directors, the Board shall ensure that there is an appropriate balance of skills, experience and knowledge on the Board so as to enable the Board to discharge its functions and duties effectively.

The Board shall also provide the shareholders with the following information at the time of appointment of an Independent Director:

- (a) a statement that in the opinion of the Board, the Independent Director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management;
- (b) a brief resume of the proposed director;
- (c) the nature of his/her expertise in specific functional areas;

- (d) the names of companies in which the person also holds directorship and membership of committees of the board; and
 - (e) his/her shareholding, if any, in the Company.
1. The appointment of Independent Director(s) of the Company shall be approved at the meeting of the shareholders.
 2. The explanatory statement attached to the notice of the meeting for approving the appointment of an Independent Director shall include a statement that, in the opinion of the Board, he/she fulfils the conditions specified in the Act and the rules made thereunder for such an appointment.
 3. The appointment of Independent Directors shall be formalised through a letter of appointment, which shall set out:
 - (a) the term of appointment;
 - (b) the expectation of the Board from the appointed director, the Board-level committee(s) in which the director is expected to serve, and its tasks;
 - (c) the fiduciary duties that come with such appointment along with the accompanying liabilities;
 - (d) provision for Directors' and Officers' (D&O) liability insurance, if any;
 - (e) the Code of Business Ethics that the Company expects its directors and employees to follow;
 - (f) the list of actions that a director should not undertake while functioning as such in the Company; and
 - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in Board and other meetings, and profit-related commission, if any.

The terms and conditions of appointment of Independent Directors shall be open for inspection at the registered office of the Company by any member during normal business hours, and shall also be posted on the website of the Company, if any.

V. RE-APPOINTMENT

The re-appointment of an Independent Director shall be on the basis of the report of performance evaluation.

VI. RESIGNATION OR REMOVAL

1. The resignation or removal of an Independent Director shall be in the same manner as is provided under Sections 168 and 169 of the Act.
2. An Independent Director who resigns or is removed from the Board of the Company shall be replaced by a new Independent Director within a period of not more than one hundred and eighty (180) days from the date of such resignation or removal, as the case may be.
3. Where the Company fulfils the requirement of Independent Directors on its Board even without filling the vacancy created by such resignation or removal, the requirement of replacement by a new Independent Director shall not apply.

VII. SEPARATE MEETINGS

1. The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.
2. All the Independent Directors of the Company shall strive to be present at such meeting.
3. The meeting shall:
 - (a) review the performance of non-independent directors and the Board as a whole;
 - (b) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
 - (c) assess the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

VIII. EVALUATION MECHANISM

1. The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.
2. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

MISCELLANEOUS

This Code shall be read together with the Company's other applicable policies, including the Terms and Conditions of Appointment of Independent Directors, the Related Party Transactions Policy, and the RBI Directions applicable to the Company, to the extent relevant.

This Code shall be reviewed by the Nomination and Remuneration Committee/Board, as and when required, to ensure compliance with any changes in Schedule IV to the Act or other Applicable Laws. The Board shall have the power to amend, substitute or replace any provision of this Code, provided that no such amendment shall dilute the standards prescribed under Schedule IV to the Act.

In case of any amendment to Schedule IV to the Act (or any other provision of the Act referred to in this Code) which makes any provision of this Code inconsistent with the Act, the provisions of the Act shall prevail over this Code, and this Code shall stand amended accordingly, effective from the date of such amendment.
