

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

Company Philosophy on Corporate Governance:

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency and fairness in all transactions in the widest sense and meet the stakeholder's aspirations and social expectations. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target.

The Company has set itself the objective of achieving excellence in its business. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance. The Company emphasizes the need for full transparency and accountability and conducting its business in a highly professional and ethical manner, thereby enhancing trust and confidence of all its stakeholders.

The Company continuously monitors its governance practices and benchmarks itself to the best governed companies across the industry. The Company believes in pursuing holistic growth and realizes its responsibility towards its stakeholders and environment.

Our comprehensive Corporate Governance practices ensures that the Company always works optimally, protecting the best interests of the stakeholders and withholding the reputation and status of the Company.

Company and the Operations:

Company:

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

Operations:

The Company under the directions of the Board of Directors and through the procedures and policies mandated by the Board functions in the following way:

Internal audit department of Motilal Oswal Financial Services Limited conducts reviews of various operational processes independently, this function reports directly to the Audit Committee of the Board. The policies and procedures for functioning and operations made are adopted after being thoroughly reviewed by the Audit Committee.

Members of the Board:

The members of the Board consists of the following Directors;-

- i) Mr. Motilal Oswal, Chairman and Managing Director
- ii) Mr. Raamdeo Agarawal, Joint Managing Director
- iii) Mr. Navin Agarwal, Non-Independent Non-Executive Director
- iv) Mr. Vivek Paranjpe, Independent Director
- v) Mr. Praveen Tripathi, Independent Director
- vi) Ms. Sharda Agarwal, Independent Director

All the Directors on the Board of the Company have rich and varied professional background and immense expertise.

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 Para 68 of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Composition:

The Audit Committee consists of:-

- i) Mr. Vivek Paranjpe, Independent Director
- ii) Mr. Praveen Tripathi, Independent Director,
- iii) Ms. Sharda Agarwal, Independent Director, and
- iv) Mr. Raamdeo Agarawal, Joint Managing Director.

Audit Committee Charter:

The terms of reference of this Committee are very wide. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory Auditors and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. It is also empowered to review Financial Statements and investments of unlisted subsidiary companies, Management Discussion & Analysis, Material individual transactions with related parties not in normal course of business or which are not on an arm's length basis. Generally all items listed in Clause 49 of the Listing Agreement and the Companies Act, 2013 or any amendment in such regulation thereof are covered in the terms of reference.

Nomination and Remuneration/Compensation Committee

Composition:

The Nomination Committee comprising of:-

- i) Mr. Vivek Paranjpe, Independent Director
- ii) Mr. Praveen Tripathi, Independent Director
- iii) Mr. Navin Agarwal, Non-Independent Non- Executive Director

Remuneration/Compensation Committee Charter:

The terms of reference of the Remuneration/Compensation Committee is to look into the entire gamut of remuneration package for the Executive Director(s) and revise their remuneration suitably within the limits prescribed under the Companies Act, 2013, decide on commission payable to the Directors within the

prescribed limits and as approved by the shareholders of the Company and to formulate and administer Employees' Stock Option Schemes. It further looks into the following areas in compliance with Clause 49 of the Listing Agreement and Companies Act, 2013.

- i. Formulate criteria to qualify individuals who may become director or who may be appointed in senior management level of the Company and recommend to the Board of such appointments and removal.
- ii. Carry out performance evaluation of all Directors.
- iii. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- iv. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. The policy shall be referred as Nomination and Remuneration policy.
- v. To decide on the commission payable to the Directors within the prescribed limit and as approved by the shareholders of the Company.
- vi. To devise the policy on Board's diversity.
- vii. To formulate, implement and administer Employee Stock Option Scheme(s) of the Company and grant stock options to the employees.

Risk Management Committee

Composition:

The Risk Management Committee consists of

- i) Mr. Motilal Oswal, Chairman & Managing Director and
- ii) Mr. Navin Agarwal, Non-Independent Non-executive Director
- iii) Mr. Ajay Menon, Chairman and Managing Director of Motilal Oswal Securities Limited
- iv) Mr. Shalibhadra Shah, Chief Financial Officer

Risk Management Committee Charter:

The Risk Management Committee is required 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

Asset Liability Committee (ALCO):

Composition:

The ALCO consists of the following members:-

- i) Mr. Motilal Oswal, Chairman and Managing Director,
- ii) Mr. Raamdeo Agarawal, Joint Managing Director,
- iii) Mr. Navin Agarwal, Non-Independent Non-executive Director and
- iv) Mr. Ajay Menon, Wholetime Director of Motilal Oswal Securities Limited.
- v) Mr. Shalibhadra Shah, Chief Financial Officer.

ALCO Committee Charter:

The ALCO is required to determine the maturity profile of assets and liabilities, mix of incremental assets and liabilities, pricing of deposits and advances, determining the type of funding, monitoring risk levels of the Company etc.

The ALCO is a decision making unit responsible for balance sheet planning from risk return perspective including the strategic management of interest rate and liquidity risks. The business and risk management strategy of the company will ensure that the Company operates within the limits/parameters set by the Board.

Stakeholders Relationship Committee Composition:

The Shareholders/Investors Grievance Committee consists of the following members:-

- i) Mr. Navin Agarwal, Non- Executive – Non – Independent Director.
- ii) Mr. Motilal Oswal, Chairman & Managing Director and
- iii) Mr. Raamdeo Agarawal, Joint Managing Director.

Stakeholders Relationship Committee Charter:

The Shareholders`/Investors` Grievance Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also looks into redressal of shareholders`/ investors` complaints related to transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend, etc. The Committee oversees performance of the Registrars and Transfer Agents of the

Company and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance with the Company`s Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992. The Board has delegated the power of approving transfer of securities to the Managing Director and/or the Company Secretary.

Corporate Social Responsibility (CSR) Committee

The CSR Committee consists of the following members:-

Mr. Motilal Oswal, Chairman & Managing Director

Mr. Raamdeo Agarawal, Joint Managing Director

Mr. Praveen Tripathi, Independent Director

CSR Committee Charter:

The Committee constituted shall undertake the following activities/ Terms of reference which shall be inclusive but not limited to the following terms and could be revised by the Board on timely basis:

- i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII.
- ii. Recommend the amount of expenditure to be incurred on the activities referred to in clause (i)
- iii. Monitor the Corporate Social Responsibility Policy of the company from time to time.
- iv. Update the Board on the implementation of various programmes and initiatives

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 Directors and Senior Management of the Company and due care is taken that the Directors and Senior Management adhere to it.

Employee Trading Code

The Company endeavours 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 'Employee Trading Policy'.

Disclosures and transparency

The Management Discussion & Analysis Report and the Report on Corporate Governance of the Company is duly annexed to the Directors' Report covering necessary matters of concern as a part of Annual Report published by the Company.

The Equity Shares of the Company are listed on BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai and Non - Convertible Debentures (NCD/s) - of the Company are listed on NSE Limited, Mumbai.