



**UPFL POLICY ON
CORPORATE GOVERNANCE**

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COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

United Petro Finance Limited (UPFL) is a non-deposit accepting systematically important Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India. UPFL is in the business of providing lending facility.

UPFL enjoys a strategic position within Fortune Group. The Company follows a philosophy that a good corporate governance system is necessary condition to ensure its long term success. 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.

As part of the Fortune Group, the Company's philosophy on Corporate Governance is founded upon a fair, ethical and transparent governance practices in all our dealings and deliver what is promised to be delivered in customer's interest.

Pursuant to Reserve Bank of India circular - DNBS (PD) CC No. 390/03.10.001/2014-15 dated July 01, 2014, guidelines on Corporate Governance, United Petro Finance Limited has adopted the Corporate Governance Policy, which inter alia includes the following:

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 of Directors along with its Committees shall provide leadership and guidance to the Company's management and direct, supervise and control the performance of the Company. 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.

The Corporate Governance policy is as per the regulations and in line with Companies Act 2013.

COMMITTEES OF THE BOARD:

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

The Board has formed the following committees:

1. Audit Committee
2. Nomination Committee
3. Risk Management Committee
4. Asset Liability Committee (ALCO)
4. Loan Committee
5. Remuneration Committee

1. Audit Committee:

As per the Audit Committee Charter, following are the Roles and functions of the committee:

- a) Recommend appointment and removal of Statutory Auditors and their remuneration, nature and scope of audit
- b) Ensure adequacy of internal controls and compliances and recommend remedial measures.
- c) Oversee financial reporting process and disclosure of financial information.
- d) Review financial statements before submission to the Board.
- e) Act as the link between Statutory Auditors, Internal Auditors and Board of Directors.
- f) Review accounting policies and Monitor Compliance.

Review findings of internal investigations /fraud / irregularities, etc.

2. Nomination/ Remuneration Committee:

The Nomination/Remuneration Committee of the Board is constituted to:

- a) Formulate, 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 personnel of the Company.
- b) Process for selection and appointment of new directors and succession plans, and
- c) Recommend to the Board from time to time, a compensation structure for Directors and the manager.

3. Risk Management Committee:

The Company has laid down a robust Risk Management Policy

The Risk management Policy acts as an enabler of growth for the Company by helping its businesses to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to manage these risks.

4. Asset Liability Committee (ALCO):

Asset Liability Management (ALM) System in the Company is in compliance with applicable RBI Guidelines and requirements. Following are the Roles and functions of the committee:

- a) Risk Management – to review the risks arising from Currency, Interest rate and
- b) Liquidity positions of NBFC on an ongoing basis
- c) Funding – to decide on funding mix between fixed vs floating rate funds, funding, domestic v/s foreign currency funding, etc.
- d) Reporting – Reviewing the AML reports submitted to RBI ALM Reporting System
- e) Monitoring liquidity and interest rate risks of the Company

The functioning of ALCO is reviewed by the Board which meets periodically.

5. Loan Committee:

As per Loan Committee charter following are the Roles and functions of the committee:

- a) Evaluates and decides loan applications
- b) formulates the rates of interest as against amount of loan
- c) reviews Non - performing assets
- d) Monitor ongoing lending activity
- e) Reviews loan servicing operations
- f) Reviews lending and credit functions

CODE OF CONDUCT

With a view to institute fairness, transparency and healthy practice in rendering the lending business the Company has adopted and put in place the following updated Fair Practice Code in accordance with the Reserve Bank of India circular no.DNBS.CC.PD.No.266 /03.10.01/2011-12 dated March 26, 2012 and DNBS (PD) CC No. 286/03.10.042/2012-13 dated July 02, 2012. The said is updated as per the circular No. RBI / 2012-13/416 dated 18th February, 2013.

DISCLOSURES AND TRANSPARENCY

The following information shall be put up by NBFC to the Board of Directors at regular intervals as may be prescribed by Board in this regard:

- a) Progress made in putting in place a progressive risk management system, and risk management policy and strategy followed.
- b) Conformity with corporate governance standards viz; in composition of various committees, their roles and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

Disclosures

The Company shall make the following disclosures, as statutorily required:

- a) Basis of related party transactions
- b) Disclosure of accounting treatment
- c) Board disclosures - Risk Management
- d) Remuneration of Directors
- e) Management

POLICIES ADOPTED BY THE COMPANY

The following policies have been framed and adopted by the Company, viz.
Fair Practices Code

- a) Interest Rate Policy
- b) Loan Policy
- c) Grievance Redressal Mechanism
- d) PMLA Policy
- e) Related Party Transaction policy

The above policy may be reviewed from time to time.