JANAKALYAN FINANCIAL SERVICES PVT. LTD.



Corporate Governance Policy

Prepared by: Compliance Department
Approved by Board of Director
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1. Introduction

Janakalyan Financial Services Private Limited is a Non-Deposit taking Non- Banking Financial Company categorized as a Microfinance Institution (MFI) registered with the Reserve Bank of India. The Company recognizes its role as a corporate citizen and endeavor to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, regulators, and others. The Company's activities are carried out following good corporate practices and the Company is constantly striving to improve upon them and adopt the best practices.

Pursuing its mission of "improving the standards of living of millions of Indians engaged in micro small and medium enterprises across the country through a wide range of financial services, in a sustainable and transparent manner based on mutual respect and understanding". Janakalyan has been balancing its dual objectives of "social and financial goals", since its inception.

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2. Objective

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, in terms of Circular No RBI/2014-15/36 DNBS(PD) CC No. 390/03.10.001/2014-15 dated 1st July, 2014 Master Circular-Corporate Governance require all applicable NBFCs to frame internal guidelines/policy on Corporate Governance.

RBI Master Direction No. RBI/2015-16/12 DNBR(PD) CC No. 053/03.10.119/2015-16 dated 1st July, 2015. Regarding Corporate Governance (Reserve Bank) Directions.

RBI Master Direction No. RBI/DoR/202324/106 DoR.FIN. REC.No.45/03.10.119 /2023- 24 dated 19th October, 2023 updated as on March 21, 2024 Regarding Scale Based Regulation.

RBI Circular RBI/DOR/2025-26/344 dated November 28, 2025 (updated June 24, 2026) issues the Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions, 2025, laying down a comprehensive governance framework for NBFCs across layers, covering Board constitution, risk management, compliance, appointment of key officials, compensation norms, and corporate governance standards.

3. Governance structure

Regulators

Janakalyan, being a company incorporated under the provisions of the Companies Act, 1956, and deemed to exist within the purview of the Companies Act, 2013; and registered with the Reserve Bank of India as a non-banking financial company- microfinance institution (NBFC-MFI), has two main regulators, viz., the Ministry of Corporate Affairs (MCA) and RBI.

Shareholders

The major shareholders of the Company include corporates and high-net-worth individuals.

The Board of the Company is responsible to all stake holders including the shareholders. The Company's business is conducted by its employees, managers, and officers, under the direction of the Chairman and Managing Director (MD), with the oversight of the Board to sustain and enhance the long-term value of the Company for its shareholders.

Delegation & Representation

Any shareholders can be represented by another person at the AGM, even if they are not a shareholder. The representative powers must be conferred specifically for each meeting, which can always be revoked should the represented person attend the meeting in person.

Minutes of Meetings

The deliberations and resolutions at the meeting shall be recorded in a minute's document. The minutes should correctly reflect all matters discussed and be approved at the Annual General Meeting and also record the participation of the shareholders.

Board of Directors

It is the body responsible for administering the organization with all necessary powers. Good governance, therefore, places an emphasis on the importance of the Board of Directors as a governing body which channelizes the structure and operation of the organization in its best interests.

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information is placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders.

According to the provisions of the Act and Article 59 of the Articles of Association of the Company, the Board of the Company will have at all times a minimum of two Directors and the total number of Directors shall not be more than 15.

The structure of the Board will seek to be balanced in terms of member experience, qualifications, and independence so as to effectively undertake different tasks and inherent responsibilities.

Also, it will be ensured that no member of the Board is involved in any legal procedure on the grounds of prohibition or incompatibility.

The shareholders of the company will be responsible for determining the exact number and composition of Board members at the Annual General Meeting, subject to applicable legal regulations, and to the institution's byelaws.

Qualification of Board Members

The Board Members of Janakalyan should possess the necessary expertise to oversee the Company's operations in accordance with the periodic circulars issued by the regulator. Depending on Janakalyan's business(NBFC-MFI), Board members' qualifications will consist of a combination of education, experience, and competence.

'Fit and Proper Criteria' for the Directors

Janakalyan Shall:-

a) Obtain a declaration and undertaking from the Directors giving additional information as guided by the Circular and its format
b) Obtain a Fit and Proper Certificate from the Directors at the time of Appointment and on continue basis.
c) Obtain a Deed of Covenant signed by the Directors as guided by the Circular and its format
d) Furnish to the regulator a Certificate from the Managing Director while onboarding the Directors has been followed and submit the same to the Regional Office of the Regulator where the Company is registered within 15 days from the end of the quarter. The statement for the Year ended 31st March, shall be certified by the Statutory Auditors.

Duties & Responsibilities

In accordance with the provisions of Section 166 of the Companies Act, 2013 and as a matter of corporate governance, the directors of the Company will have the following duties:

- Helping define the strategy that will increase the institution's value, guiding the management by assimilating information that affects the organization's performance and overseeing a planning document and annual budget for the following year.

- Reviewing the Management's performance consistent with the organization's objectives

- Formulating the remuneration policy with an emphasis on how this policy is related to the performance of key members of the management

- Ensuring that the management team has all necessary resources to implement and achieve organization's goals

- Establishing a policy-based governance system to guide its own actions and the actions of the management for achieving the business and social goals of the organization.

- Defining the Board's method of operation, i.e. the number of members, their selection, evaluation and changeovers or rotation, to ensure a robust structure.

- Reviewing all risks faced by the Company and making appropriate strategies for implementation of appropriate policies to ensure risk mitigation.

- Ensuring compliance with applicable laws, regulations, policy and processes and also supervising the internal control systems of the organization through internal and statutory auditors.

- Establishing a code of ethics for all employees, including the board members and also ensuring adherence to such code of ethics.

- Establishing a mechanism to manage a situation fairly where employees as well as directors may have a direct or indirect conflict of interest, or conflict, with the interest of the company.

Appointment/Re-election

The appointment and re-election of the Board of Directors fall within the ambit of the Annual General Meeting. Once chosen, the Board members must exclusively represent the institution's interests. They must perform their duties in good faith, objectively and independently, with due care and diligence, so that their decisions are always aimed to serve the institution's best interests.

The resolutions that the Board of Directors adopt in relation to the re-election of members and its deliberations in this regard shall take place in the absence of the Director whose re-election is proposed. If the Director is at the meeting, he must leave the room. Where established in the country's legal regulations, the appointment of Directors will also be subject to approval from the regulatory or supervisory body.

Duration of Office

Directors shall remain in office for the term defined by the Annual General Meeting. If they have been co-opted, they shall work out the residual term of office remaining in respect of the director whose vacancy they have covered through co-option, unless the AGM establishes a longer term on ratifying the appointment agreed by the Board of Directors. Directors shall remain in office until their successors are chosen, unless their powers are revoked or they are disqualified for any reason.

End of Term

Directors shall resign from their office when the term for which they were appointed has expired, or when the Annual General Meeting decides so. The Board of Directors has the power to revoke a member at any time, even if their term of office has not expired.

When a Board member ceases to occupy his position before his term of office ends, through resignation or any other cause, he must explain the reasons in a letter to all of the members, and, regardless of whether this end of term of office is reported as a significant event, the reason should be included in the Annual Corporate Governance Report.

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Remuneration

The Annual General Meeting must establish the remuneration policy for the Directors, taking the necessary measures in order to maintain, correct, or improve it and to adapt this policy to the principles of moderation and the institution's performance. The remuneration that the Board members receive must be transparent. The Board of Directors must include information on the total and global amount that the Board members receive in the annual information and in the Annual Corporate Governance Report.

Compensation of Key Managerial Personnel (KMP) and Senior Management

The Board Members of Janakalyan should delineate the role of various Committee(s) including the Nomination and Remuneration Committee as per the guidelines furnished by the circular. The guidelines provide broad guidance on formulation of Compensation Policy criteria keeping in mind all statutory mandates, rules and directions issued under them.

Board Procedures

The Company's Governance Policy requires the Board to meet at least four times a year. The intervening period between two Board meetings shall not exceed 120 days as per the Companies Act' 2013. The annual calendar of meetings is broadly determined at the beginning of each year.

Board Meeting Agenda

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are circulated at least seven working days prior to the Board meeting.

The Board is presented with relevant information on various matters relating to the working of the Company. The functional heads are invited to the Board and Committee meetings to apprise the Board on various issues concerning the operations of the Company. The following information shall be presented to the Board for periodic review/information/approval:

- Business Updates: This includes the trend of business growth, business performance in terms of budget, branch expansion, product diversification, quality of the portfolio, and also growth plan for the next quarter/year.
- Financial Updates: The quarter ended financials, budget comparison, and projection for the next quarter, the reasoning for financial outcomes, annual budget, etc. shall be part of financial updates.
- Internal Control System: Management shall be responsible for updating the board about the overall internal control system of the organization and ensure that process & policy are being followed accordingly.

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- Risk Management Updates: The chairman of the Risk Management Committee shall update the board about the risk related issues and suggest measures for risk mitigation.

- Regulatory Compliance: The compliance officer shall update the Board about the status of compliance-related issues and also propose a further course of action wherever necessary.

- Audit Observations: The Chairman of the Audit Committee shall update the board about the audit grading and the compliance level of the organization. He/she should also suggest the proposed course of corrective measures suggested by the internal as well as statutory auditors.

- HR Updates: The Head-HR shall update the board about the HR-related issues which may include the status of recruitment vis-a-vis the budget, employee engagement initiatives, staff attrition, and other HR challenges etc.

- Admin Updates: Board shall also be updated about the admin related issues of Head-Office as well as Branch Offices, challenges, and other relevant information as required.

- IT Updates: The status of application development in terms of the original plan, capital investment, and plan for the next quarter shall be considered relevant information for the board members. In addition to the road map of IT shall also be approved by the board.

- Framing Internal Guidelines: The Company may frame its internal guidelines on corporate governance with the approval of the Board, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the Company's website for information on various stakeholders.

- Others: In addition to the above management shall also update the board about legal suits (if any), show-cause/ demand/ prosecution and other material notices, details of any joint venture or collaboration, and any other material decision/information which may be important in terms of the interest of the Company.

Good Governance in Management

A good governance practice advocates a full separation between administration and management duties so that each body carries out its duties with the highest efficiency. The Board of Directors is responsible for the general strategy, control, and supervision.
However, the separation between management and governance duties and administration duties should never result in important decisions or measures being taken by the institution's management bodies without the Board's knowledge and consent.

Managing Director and Chief Executive Officer

The Managing Director and the Chief Executive Officer are the institution's legal representatives. They are appointed by the Board of Directors and shall be responsible for putting in place procedures to implement all the Board's policies, strategies, and systems.
They will actively participate in the sessions, with the right to speak but not vote, in order to give their input on the items of the agenda or any other matter requested by them.

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Committee of Senior Executives

It is a Senior Management Committee formed by the Managing Director of the Company. The members of the committee are selected by MD and should be Head of the Department or above. Other senior members may also be invited based on the topics of discussion. The Senior Management Committee shall be responsible for making strategic as well as other material decisions of the Company.

All the members of the Senior Management Committee shall review Company performance at least once every month. The representative of each department in the Committee presents their monthly updates to the other members of the Committee.

Board Committees

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 shall operate as empowered agents of the Board according to their charter/terms of reference.

The Companies Act, 2013, requires the Company to constitute an Audit Committee, Nomination, and Remuneration Committee and Corporate Social Responsibility Committee. In compliance with the applicable provisions of the Act and RBI Guidelines.

The terms of reference, roles, and responsibilities of the aforesaid Committees will be further aligned based on the changes in the guidelines and business requirements with the approval of the Board.

The Company complies with the above requirements of the committee constitution and have the following committees of the Board:

a) Audit Committee
b) Nomination and Remuneration Committee
c) Corporate Social Responsibility Committee

The terms of reference, roles, and responsibilities of the aforesaid Committees are enclosed in the annexure of this policy.

Internal Guidelines on Corporate Governance

Janakalyan shall frame an Internal Guidelines on Corporate Governance with the approval of their Board of Directors enhancing the scope of the Guidelines without sacrificing the spirit of the guidelines and if required can publish it on the website of the Company for the information of its various stakeholders.

Annexure

1. AUDIT COMMITTEE

Chairman	The Chairman of the Audit Committee shall be an Director and shall be elected by the members of the Audit Committee.
Composition	The Audit Committee shall consist of at least two directors. All members of the Audit Committee shall be conversant with the subject and at least one member shall have accounting or related financial management expertise. The Audit Committee may invite such of the executives, as it considers appropriate to be present at the meetings of the Committee, but on occasions it may also meet without the presence of any executives of the Company. Head of Accounts, Head of Internal Audit and a representative of the Statutory Auditor may be present as invitees for the meeting of the Audit Committee.
Secretary	The Company Secretary of the Company shall act as Secretary to the Audit Committee.
Meetings & Quorum	The Audit Committee shall meet as and when required. The quorum shall be either two members or one third of the members of the Audit Committee whichever is greater.
Terms of Reference	The Audit Committee makes recommendations to the Board of Directors regarding the appointment of external auditors and their remuneration, as well as the approval of annual financial statements and periodical statements. It also discusses the audit program and results with Auditors and ensures fulfillment with internal controls, accounting policies and financial information. The Audit Committee is responsible for ensuring that internal and external audit activities are carried out properly and that audit matters are given sufficient importance at the Board of Directors meetings. The Audit Committee shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013. The Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess systemic operational risks.

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2. NOMINATION & REMUNERATION COMMITTEE

Composition	The Nomination & Remuneration Committee shall consist of such number of members as may be determined by the Board.
Secretary	The Company Secretary of the Company shall act as Secretary to the Nomination Committee.
Meetings & Quorum	The Nomination & Remuneration Committee shall meet as and when necessary to determine the fit & proper criteria of Directors. The quorum shall be at least two Directors.
Terms of Reference	To formulate a criteria for determining qualifications, positive attributes and independence of Directors. To ensure a fit and proper status of proposed/existing Directors on an annual basis and scrutinize the declaration whenever required. To recommend to the Board the appointment and removal of Senior Management. To carry out evaluation of Director's performance and recommend to the Board appointment/ removal based on their performance. To recommend to the Board on: Policy relating to remuneration for Directors. To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract; To develop a succession plan for the Board and to regularly review the plan. The Nomination & Remuneration Committee shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013.

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3. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition	The Corporate Social Responsibility Committee shall consist of such number of members as may be determined by the Board.
Secretary	The Company Secretary of the Company shall act as Secretary to the Corporate Social Responsibility Committee.
Meetings & Quorum	The Corporate Social Committee shall meet at least once a year and as and when necessary to determine the CSR activities to be undertaken by the Company. The quorum shall be at least two Directors . Any senior official may be invited as an invitee for the meeting.
Terms of Reference	To review and establish the Company's CSR policies and implementation in practice and to ensure that the Company's social, environmental and economic activities are aligned with each other. To consider and propose and annual budget for CSR activities to the Board and Audit Committee for approval. To ensure the company's website communicates and reports its CSR approach and performance in a timely, complete and coherent manner. Monitor compliance with the CSR Policies and to review the performance against agreed targets.

Note: While the Corporate Governance Policy outlines the constitution and procedural framework of the Audit Committee, Nomination & Remuneration Committee, and Corporate Social Responsibility Committee, it is clarified that the Company, being a private limited entity with a two-member Board, is not statutorily required to constitute these committees under the Companies Act, 2013.

These committees were previously constituted in alignment with internal governance practices when the Board included Independent Directors. In the current structure, agenda items specifically pertaining to these committees are being placed directly before the Board for its consideration and approval, ensuring continued compliance and oversight in line with applicable provisions.

The Policy will be reviewed from time to time as per the revised guidelines issued by Reserve Bank of India.