

## **ADOPTION OF CORPORATE GOVERNANCE POLICY BY THE COMPANY**

### **I. Board of Directors**

#### **(A) Non - Executive directors' compensation and disclosures**

All fees/compensation, if any paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of shareholders in general meeting. The shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to non-executive directors, including independent directors, in any financial year and in aggregate.

Provided that the requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Companies Act, 1956 for payment of sitting fees without approval of the Central Government.

#### **(B) Other provisions as to Board**

- i. The board shall meet at least four times a year, with a maximum time gap of four months between any two meetings. The minimum information to be made available to the board is given in as under:
  1. Annual operating plans and budgets and any updates.
  2. Capital budgets and any updates.
  3. Quarterly results for the company and its operating divisions or business segments.
  4. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
  5. Show cause, demand, prosecution notices and penalty notices which are materially important
  6. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
  7. Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
  8. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
  9. Details of any joint venture or collaboration agreement.
  10. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
  11. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
  12. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
  13. Non-compliance of any regulatory or statutory requirements and shareholders service such as nonpayment of dividend, delay in share transfer etc.

ii. A director shall not be a member in more than 10 committees or act as Chairman of more than five committees across all companies in which he is a director. Furthermore it should be a mandatory annual requirement for every director to inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.

**Explanation:**

1. For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 25 of the Companies Act shall be excluded.
  2. For the purpose of reckoning the limit under this sub-clause, Chairmanship/membership of the Audit Committee and the Shareholders' Grievance Committee alone shall be considered.
- iii. The Board shall periodically review compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of noncompliances.

IV. Disclosures

**(A) Basis of related party transactions**

- i. A statement in summary form of transactions with related parties in the ordinary course of business shall be placed periodically before the Board.
- ii. Details of material individual transactions with related parties which are not in the normal course of business shall be placed before the Board.
- iii. Details of material individual transactions with related parties or others, which are not on an arm's length basis should be placed before the Board, together with Management's justification for the same.

**(B) Disclosure of Accounting Treatment**

Where in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with the management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction in the Corporate Governance Report.

**(C) Remuneration of Directors**

- i. All pecuniary relationship or transactions of the non-executive directors vis-à-vis the company shall be disclosed in the Annual Report.
- ii. Further the following disclosures on the remuneration of directors shall be made in the section on the corporate governance of the Annual Report:

- a. All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.
  - b. Details of fixed component and performance linked incentives, along with the performance criteria.
  - c. Service contracts, notice period, severance fees.
  - d. Stock option details, if any – and whether issued at a discount as well as the period over which accrued and over which exercisable.
- iii. The company shall publish its criteria of making payments to non-executive directors in its annual report. Alternatively, this may be put up on the company's website and reference drawn thereto in the annual report.
  - iv. Non-executive directors shall be required to disclose their shareholding (both own or held by / for other persons on a beneficial basis) in the listed company in which they are proposed to be appointed as directors, prior to their appointment. These details should be disclosed in the notice to the general meeting called for appointment of such director

#### **(D) Shareholders**

- i. In case of the appointment of a new director or re-appointment of a director the shareholders must be provided with the following information:
  - a. A brief resume of the director;
  - b. Nature of his expertise in specific functional areas;
  - c. Names of companies in which the person also holds the directorship and the membership of Committees of the Board; and
- ii. To expedite the process of share transfers, the Board of the company shall delegate the power of share transfer to an officer or to the registrar and share transfer agents.

#### **(E) Whistle Blower Policy**

The company established a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism could also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases. Once established, the existence of the mechanism may be appropriately communicated within the organization.

**For and on behalf of Board of Directors,  
INTERACTIVE FINANCIAL SERVICES LIMITED**

**ASHOK P. VITHLANI**  
**(CHAIRMAN AND MANAGING DIRECTOR)**