

ECL FINANCE LIMITED

Guidelines on Corporate Governance

The Reserve Bank of India (RBI) vide its circular no. RBI/2006-2007/385 DNBS.PD/CC 94/03.10.042/2006-07 dated May 8, 2007 has advised all the Non Banking Financial Companies with asset size of Rs. 100 crores and above (NBFC-ND-SI) to frame internal guidelines on Corporate Governance. Pursuant to the said circular the following has been laid down:

Constitution of Audit Committee

The Board of Directors of the Company should constitute an Audit Committee, consisting of not less than three members of its Board of Directors.

Constitution of Nomination Committee

The importance of appointment of directors with 'fit and proper' credentials is well recognised in the financial sector. In terms of Section 45-IA (4) (c) of the RBI Act, 1934, while considering the application for grant of Certificate of Registration to undertake the business of non-banking financial institution it is necessary to ensure that the general character of the management or the proposed management of the non-banking financial company shall not be prejudicial to the interest of its present and future shareholders, clients, etc. Accordingly, a Nomination Committee to ensure 'fit and proper' status of proposed/existing Directors should be formed.

Constitution of Asset Liability and Risk Management Committee

The market risk for NBFCs with asset size of Rs.100 crore or above as on the date of last audited balance sheet is addressed by the Asset Liability Management Committee (ALCO) constituted to monitor the asset liability gap and strategize action to mitigate the risk associated. Accordingly, to manage the intergrated risk a Risk Management Committee and to monitor the asset liability gap, etc an Asset Liability Management Committee should be formed.

Disclosure and transparency

The disclosures and information as required by the RBI Circular No. RBI/2010-11/27 DNBS (PD)CC No. 187/03.10.001/2010-11 dated July 1, 2010 will be placed before the Board of the Company.