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**INTERNAL GUIDELINES ON CORPORATE GOVERNANCE**  
**OF**  
**SATIN CREDITCARE NETWORK LIMITED**  
**(VERSION 3- March 30, 2022s)**

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**Ownership: Secretarial Department**



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CIN: L65991DL1990PLC041796

## **INTERNAL GUIDELINES ON CORPORATE GOVERNANCE**

**Outlook:** The philosophy of Corporate Governance aims to develop the desired framework and institutionalize the spirit it entails. It has always been the Satin Creditcare Network Limited ('the Company') endeavour to excel through better Corporate Governance and fair & transparent practices. The Board of Directors (the Board) along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company. This principal of inclusion is always reflected in Financial Inclusion practices of the Company.

Company is committed to maintain transparency in all its dealings, conducts business with integrity and fairness and places high emphasis on business ethics.

### **Legal Framework:**

The Company is a Non-Banking Financial Institution – Non Deposit accepting Systemically Important (NBFC-ND-SI) registered with Reserve Bank of India (RBI).

In order to enable NBFCs to adopt best practices and greater transparency in their operations, Reserve Bank of India (RBI) has, vide its Notification No. DNBR.019/CGM (CDS)-2015 dated April 10, 2015 (as updated from time to time) advised all the Non-Banking Financial Companies with asset size of Rs. 500 crores and above (NBFC-ND-SI) to frame internal guidelines on Corporate Governance. (hereinafter referred as "RBI Guidelines").

The need for adoption of good corporate governance practices continues to engage the regulator and stakeholder attention.

### **Objective of Internal Guideline on Corporate Governance:**

- Adoption of best corporate practices to ensure transparency and fairness in dealing with all the stakeholders of the Company and to increase the confidence of investors and other stakeholders.
- Ensure adherence with all the applicable statutory regulations relating to Corporate Governance.

### **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 as per the Master Circular dated September 01, 2016, on "Non-Banking Financial Company – Systemically Important Non- Deposit taking Company and as amended from time to time" The Committees shall operate as empowered agents of the Board as per their Charter / terms of reference. RBI Guidelines mentioned earlier, require the setting up of an Audit Committee, Asset Liability Committee, Risk Management Committee and Nominations Committee of the Board of Directors of the Company. The composition and terms of reference of below mentioned



Committees shall be in accordance with RBI laws and all other laws as applicable to the Company.

In compliance with the above cited provisions of the Act, RBI guidelines on Corporate Governance and in order to meet business exigencies, the Company has constituted its Board committees.

#### **Audit Committee:**

The Company has in place the Audit Committee in accordance with the provisions of Section 177 of the Companies Act, 2013, RBI guidelines and in terms of applicable provisions of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 on Corporate Governance as may be stipulated from time to time.

The audit committee shall have minimum three directors as members. Two-thirds of the members of audit committee shall be independent directors. All members of the Audit Committee are financially literate and at least one member shall have accounting or related financial management expertise. The Chairperson of the Audit Committee shall be an independent director and he/she shall be present at Annual General Meeting to answer shareholders queries. The Company Secretary acts as the Secretary of the Audit Committee. The Committee meets at least 4 times in a year for the review of quarterly / annual financial results and at such other occasions as may be decided by it. The Committee regularly invites such executives as it considers appropriate including the head of finance, head of internal audit and the representative of the statutory auditors to be present at the meetings of the committee.

The audit committee assists the Board in the dissemination of financial information and in overseeing the financial and accounting processes in the Company.

The Audit Committee composition (and the changes from time to time) is also disseminated on the website of the Company .

The terms & references shall be in line with above said regulatory requirements.

#### **ASSET LIABILITY MANAGEMENT COMMITTEE (ALM COMMITTEE)**

An Asset Liability Management Committee (ALM Committee) of the Board of Directors shall be constituted in accordance with the requirements of RBI Circular on Corporate Governance, as may be stipulated from time to time, with regard to monitoring of market risk, the asset liability gap and strategic action to mitigate the risk associated. In terms of RBI guidelines the size (number of members) of ALM Committee would depend on the size of each institution, business mix and organisational complexity. To ensure commitment of the Top Management and timely response to market dynamics, the CEO/CMD or the ED should head the Committee. The Chiefs of Investment, Credit, Resources Management or Planning, Funds Management / Treasury (forex and domestic), International Banking and Economic Research can be members of the Committee. In addition, the Head of the Technology Division should also be an invitee for building up of MIS and related computerisation.

The committee meets at least 2 times in a year to review Asset liability gap and at such other occasions as may be decided by it. The ALM Committee's primary goal is to evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure. The Company also has in place a Board approved Asset Liability Management (ALM) Policy, which prescribes the mechanism to mitigate risk.



1. The ALM Committee composition (and the changes from time to time) is also disseminated on the website of the Company.

## **RISK MANAGEMENT COMMITTEE**

The Company has in place the Risk Management Committee in accordance with RBI guidelines on Corporate Governance besides the Asset Liability Management Committee for the purpose of monitoring the risk and to make suitable strategies to control it.

The Risk Management Committee composition (and the changes from time to time) is also disseminated on the website of the Company.

## **NOMINATION AND REMUNERATION COMMITTEE**

The Company through its Board of Directors shall constitute the nomination and remuneration committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least two third of them shall be independent directors. Chairman of the committee shall be an independent director. Provided that the chairperson of the Company (whether executive or nonexecutive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee. Unless the Board specifically appoint a chairman for the Committee, the Committee may elect one among them as the Chairman of the committee, who shall be an independent director. Company Secretary of the company shall be the Secretary of the Committee

The Nomination and Remuneration Committee composition (and the changes from time to time) is also disseminated on the website of the Company.

The Nomination and Remuneration Committee ensure 'Fit and proper' Status of proposed/existing directors as per their Board approved Nomination and Remuneration Policy covering mechanism to ascertain fit and proper criteria at the time of appointment and on a continuing basis as prescribed under Annex IX of the above cited Master Directions on Corporate Governance (includes amendments thereto).

The terms & references shall be in line with above said regulatory requirements.

## **DISCLOSURE AND TRANSPARENCY**

The Company shall place before the Board of Directors, at regular intervals, the following

1. The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company.
2. Conformity with corporate governance standards with respect to composition of various committees, their role and functions, periodicity of the meetings and compliance.
3. Required disclosures shall also disclose in Annual Financial Statements.



## **ROTATION OF PARTNERS OF THE STATUTORY AUDITORS AUDIT FIRM**

The appointment and rotation of Statutory Auditors and the partner/s of the Chartered Accountant Firm conducting the Statutory Audit of the Company, shall be in terms of the provisions of Section 139 and 141 of the Companies Act, 2013 and in accordance with the applicable RBI guidelines as amended from time to time.

## **DISCLOSURE ON WEBSITE**

In compliance with the above cited provisions of the RBI guidelines on Corporate Governance, "The internal guideline on corporate governance" shall be published on the Company's website, for the information of various stakeholders, as required by RBI, from time to time.

The policies will be reviewed as and when required, to ensure compliance and also reflects the changes in the regulations/ corporate governance environment.

In the event of any conflict between the provisions of this policy and the SEBI Listing Regulations/Act or any other statutory enactments, rules, the provisions of such SEBI Listing Regulations/Act or Statutory enactments, rules shall prevail over this policy.

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