



INTERNAL GUIDELINES ON CORPORATE GOVERNANCE OF SATIN CREDITCARE NETWORK
LIMITED

Document Title:	Internal Guidelines on Corporate Governance			
Created By:	Corporate Secretarial and Compliance Department			
Date Created:	February 10, 2017			
Maintained By:	Mr. Vikas Gupta (Company Secretary & Chief Compliance officer)			
Version Number	Modified By	Modifications Made	Date Modified	Approved by
Version 1	Chy. Runveer Krishanan	Adoption	10.02.2017	Board of Directors
Version 2	Chy. Runveer Krishanan	Modified	04.02.2019	Board of Directors
Version 3	Vipul Sharma	Modified	30.03.2022	Board of Directors
Version 4	Vikas Gupta	Modified	22.03.2024	Board of Directors
Version 5	Vikas Gupta	Modified	12.03.2025	Board of Directors

SATIN CREDITCARE NETWORK LIMITED

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CIN: L65991DL1990PLC041796



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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 & controls the activities of the Company. This principle of inclusion is always reflected in Financial Inclusion practices of the Company.

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

Legal Framework:

The Company is a Non-Banking Financial Company - Micro Finance Institution (NBFC - MFI), registered with Reserve Bank of India ("RBI").

Further, pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 vide reference no. DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023, as amended from time to time ("**Scale Based Regulation**"), the Company is categorized as Middle Layer NBFC.

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, advised all the Non-Banking Financial Companies-Middle Layer (NBFC-ML) to frame Internal Guidelines on Corporate Governance.

The Policy has also been aligned with the Companies Act, 2013 ("Act") and SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 ("SEBI Listing Regulations") as amended from time to time.

Objective of Internal Guidelines on Corporate Governance:

- Adoption of best Corporate Governance 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.
- Good corporate governance practices continue to engage the regulator and stakeholder attention.



Governance Structure:

1. Board of Directors:

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. The Board of the Company shall have an optimum combination of Executive and Non-Executive directors in compliance with the Act and other regulatory guidelines, if any.

2. Committee(s) of the Board:

In order 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 Committee so formed shall operate within the parameters set by the Board from time to time and the Board shall, depending on the requirement, amend, withdraw or expand the scope of reference of such Committees from time to time. Based on the extant requirement for setting up of Board Committees under RBI Directions, SEBI Listing Regulations and the Act, the Company shall constitute the following Committees of the Board.

A. Audit Committee

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

B. Asset Liability Management Committee

An Asset Liability Management Committee (ALM Committee) of the Board of Directors shall be constituted in accordance with the requirements of RBI guidelines, 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. Further, the Company also has a Board approved Asset Liability Management Policy in place.

C. Risk Management Committee

The Company has in place the Risk Management Committee in accordance with RBI Scale Based Regulations, and in terms of applicable provisions of SEBI Listing Regulations, besides the Asset Liability Management Committee for the purpose of monitoring the risk and to make suitable strategies to control it.

D. Nomination and Remuneration Committee

The Company has constituted a "Nomination and Remuneration Committee" in compliance with the provisions of Section 178 of the Companies Act, 2013, Regulation 19 read with Part D of the Schedule II of SEBI Listing Regulations and in conformity with the RBI Scale Based Regulations issued in this regard from time to time. 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.



E. Information Technology Strategy Committee

The Company has constituted an "Information Technology Strategy Committee" in compliance with RBI Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 07, 2023 to put an effective IT strategic planning process in place and ensuring that the IT Strategy aligns with the overall strategy of the Company towards accomplishment of its business objectives.

F. Other Committees

In addition to the aforesaid Committees, the Company has also constituted the following Committees at Board level:

- i. Corporate Social Responsibility Committee
- ii. Stakeholder Relationship Committee

The Board may constitute such other Committees in line with the best practices and operational requirement, from time to time.

3. Duties and Responsibilities of Directors

The Board shall meet the expectations of shareholders by adhering to the statutory duties and responsibilities prescribed under the Act, RBI Scale Based Directions and SEBI Listing Regulations in this regard.

All directors of the company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders and the community in general.

4. Fit and Proper Criteria

The Company recognizes the importance of due diligence of directors to ascertain suitability for the post by way of qualifications, technical expertise, track record, integrity etc. In line with the RBI Scale Based Regulations, the Company follows the procedures mentioned below and ensures that the minimum criteria are fulfilled by the persons before they are appointed on the Boards:

- a. The Company shall undertake due diligence at the time of appointment / re-appointment of the person as a Director on the Board, based upon their qualification, expertise, experience, track record, integrity and other 'fit and proper' criteria.
- b. The Nomination & Remuneration Committee of the Board shall evaluate and decide on the acceptance or otherwise of the directors.
- c. The Company shall obtain an annual declaration from each director regarding compliance with the requirements of RBI Scale based Regulations.
- d. The Board shall ensure that all Directors execute the deed of covenants in the format prescribed under RBI Scale based Regulations.



5. Disclosure and Transparency

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

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

6. Tenure and Rotation of the Statutory Auditors

The eligibility, appointment, tenure etc. of the Statutory Auditors of the Company shall be guided by the 'Policy on Appointment of Statutory Auditors (SAs)', as approved by the Board of Directors of the Company, from time to time.

7. Disclosure on website

In compliance with the above cited provisions of the RBI Scale Based Regulations, "The internal guidelines on Corporate Governance" shall be published on the Company's website, for the information of various stakeholders.

8. Review of the Policy:

This Policy shall be reviewed at least once a year and modified, as and when deemed necessary, to ensure alignment with the applicable laws and best practices in Corporate Governance.

