

### **VERSION CONTROL**

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## Internal Guidelines on Corporate Governance

### A. PHILOSOPHY ON CORPORATE GOVERNANCE:

Niyogin Fintech Limited (“**Niyogin**” or “**Company**”) believes that good Corporate Governance emerges from the application of the best and sound management practices and compliances with the applicable laws coupled with adherence to the highest standards of transparency and business ethics.

The Company believes in sound governance practices for functioning of the Company and for creation and enhancing of value for its stakeholders on a sustainable and long-term basis. In order to adopt best practices and greater transparency in the operations of the Company and in compliance with the Guidelines on Corporate Governance issued by the Reserve Bank of India (RBI) vide *Circular No. DNBR (PD) CC. No. 029/03.10.001/2014-15* dated 10<sup>th</sup> April 2015, the Company has framed these Internal Guidelines on Corporate Governance (“**Guidelines**”).

### B. BOARD OF DIRECTORS (the “**Board**”):

The primary role of the Board is to uphold ethical standards of integrity and probity, act objectively & constructively and exercise responsibilities in a bona fide manner in the interest of the Company and its stakeholders.

The Board along with its Committees provides supervision and exercises appropriate controls and in addition to basic governance issues, it lays strong emphasis on transparency, accountability and integrity.

The Board shall continuously have an optimum combination of Executive and Non-Executive Directors, with at least one woman Director and at least one – third of the total number of Directors being Independent Directors. All the Directors shall meet the ‘fit and proper’ criteria as prescribed by the Reserve Bank of India.

#### **COMPOSITION**

The Board composition shall at all times be in conformity with the Listing Regulations, provisions of the Companies Act, 2013 and other applicable laws. It shall always comprise of an Executive Director, with at least 3 (three) Independent Directors and such number of woman directors, not being less than one. The Board shall ensure that directors bring to the Board a wide range of experience and skills, which includes banking, finance, loan, accounting and economics.

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The Directors on the Board (except Independent Directors) are liable to retire by rotation and one third of such Directors shall retire at every Annual General Meeting of the Company. The Directors who are longest in office shall retire and in accordance with the provisions of applicable laws shall be eligible for re-election.

A Director shall not hold the office of director in more than 20 (twenty) companies including 10 (ten) public companies. The Directors shall submit disclosures as required under the provisions of applicable laws and the codes and policies adopted by the Company.

### **MEETINGS:**

The Company shall comply with the provisions of the Companies Act, 2013 and the Secretarial Standards with respect to the Board and General Meetings.

### **BOARD INDEPENDENCE:**

Independent Directors are expected to play a key role in the decision-making process of the Board by participating in the process of framing the overall strategy of the Company. The Independent Directors should strive to bring in an independent, impartial and objective view to discussions at the meetings of the Board and its Committees and they shall act in a way that is in the best interest of the Company and its stakeholders.

Independent Directors appointed on the Board of the Company shall fulfill the criteria of independence as set out under the provisions of Companies Act, 2013 and other applicable laws in this regard. They shall submit an annual declaration affirming compliance with the criteria of independence for every financial year and such declaration shall be submitted whenever there is any change in circumstances which may affect their independence. The appointment of the Independent Director(s) shall be in accordance with the provisions of the Companies Act, 2013 and other applicable laws, if any.

### **C. COMMITTEES:**

The Board has constituted the following committees to deal with specific matters:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. Stakeholders' Relationship Committee

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The composition, terms of reference and functioning of the Committee(s) shall be decided by the Board of Directors in accordance with the provisions of the applicable laws. Minutes of meetings of Board Committees shall be placed before the Board for its perusal, discussion and noting.

### **DETAILS OF VARIOUS COMMITTEE(S)**

1. **Audit Committee:** The terms of reference of the Audit Committee, *inter alia*, shall include the following:
  - (a) Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
  - (b) Recommending to the Board the appointment, reappointment and removal of statutory auditors, cost auditors, branch auditors and fixation of their remuneration.
  - (c) Reviewing with management the quarterly, half-yearly and annual financial statements and auditor's report before submission to the Board for approval.
  - (d) Reviewing with the management, internal financial controls and risk management system.
  - (e) Reviewing the adequacy of internal audit functions, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - (f) Scrutinizing the inter-corporate loans & investments.
  - (g) Approval of appointment of CFO (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

All such other functions as may be specified from time to time.

2. **Nomination & Remuneration Committee:** The Nomination and Remuneration Committee shall be responsible to:
  - i. deal with nomination, appointment and remuneration of Directors on the Board;

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- ii. decide on remuneration packages (including pension rights, employee's stock options and compensation payments, etc.) of the Executive Directors, Non-Executive Directors including Independent Directors and Senior-level employees;
  - iii. implement and monitor employee stock options scheme(s) and related matters;
  - iv. decide on appraisal, performance bonus and variable pay of all employees including Non-Executive Independent Directors in compliance with applicable laws; and
  - v. the related matters in accordance with the applicable laws. At least one meeting of the Committee shall be held every year.
3. **Corporate Social Responsibility (CSR) Committee:** The CSR Committee shall decide upon the corporate social responsibility activities of the Company and the CSR expenditure to be incurred by the Company and recommend the same to the Board for its consideration and approval. The Committee shall be responsible for monitoring the CSR Policy of the Company. At least one meeting of the Committee shall be held every year.
4. **Stakeholder Relationship Committee:** The Stakeholders Relationship Committee primarily attends to and resolves grievances of the Company's shareholders and other stakeholders.

In addition to the aforementioned Committees, the Board has also constituted Operations Committee and Steering Committee for effective functioning of the Company.

### D. AUDITORS:

#### ***Statutory Auditors***

The Board and the Audit Committee of the Company shall be responsible to appoint Statutory Auditors who demonstrate professional ability and independence. The Company shall review the independence and performance of the Statutory Auditors and the effectiveness of the audit process periodically. Declaration shall be obtained from the Auditors affirming their eligibility for being appointed as the Statutory Auditors of the Company. The Company shall also ensure that the term of appointment of the Statutory Auditors is within the provisions of the Companies Act, 2013, SEBI Regulations and other applicable laws, if any.

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### ***Internal Auditors***

The Board and the Audit Committee of the Company shall appoint Internal Auditors in accordance with the provisions of applicable laws and regulations who shall perform independent and objective assessment of the internal controls, processes and procedures instituted by the management and accordingly monitor its adequacy and effectiveness.

### ***Secretarial Auditors***

The Board shall appoint an independent company secretary in practice, in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder to conduct a secretarial audit of the Company for every financial year. The Secretarial Auditor shall provide its report in the form and manner prescribed under the applicable laws / regulations. The Secretarial Audit Report shall be placed before the Board for its noting and records and the same be annexed to the Board's Report which shall be circulated to the members of the Company in accordance with the applicable laws / regulations.

## **E. CODE(S) AND POLICY(IES) OF THE COMPANY:**

### ***Code of Conduct for Directors and Senior Management:***

The Code of Conduct for Directors and Senior Management provides for conduct of business and affairs in compliance with applicable laws, rules and regulations of India. The Code is applicable to the Senior Management of the Company, including Executive Director(s) and to the Non-Executive Director(s) to the extent of their role and responsibilities in the Company.

### ***Whistle Blower Policy / Vigil Mechanism:***

The Whistle Blower Policy / Vigil Mechanism is formulated to provide a mechanism to anyone connected with the Company to approach and disclose unethical and improper practices or any other wrongful conduct in the Company and to prevent managerial personnel from taking any adverse action against person(s) reporting such matters.

### ***Related Party Transaction Policy:***

The Related Party Transactions Policy is adopted to ensure proper approval and reporting of transactions between the Company and its Related Parties. Any transaction with a Related Party shall be considered to be appropriate only if it is in the best interest of the Company and its Members. The Board or any of its Committees which are dealing with related party

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transaction(s), shall accord their approvals for such transactions in compliance with the applicable laws and the Related Party Transaction Policy of the Company.

### ***Code under the SEBI (Prohibition of Insider Trading) Regulations, 2015:***

The Company has adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, in order to *inter alia* ensure uniform dissemination of unpublished price sensitive information. In compliance with the said Regulations, the Company has also adopted a Code of Conduct for Prohibition of Insider Trading and Internal Procedures in order to regulate, monitor and report trading by Designated Employees to maintain the highest ethical standards whilst dealing with securities of the Company, including securities specified in the restricted list / the grey list maintained in accordance with the applicable laws / regulations.

### ***Other Code(s) and Policy(ies):***

In accordance with the applicable provisions of the Companies Act, 2013, the directions / guidelines issued by the Reserve Bank of India and applicable to the Company as a Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Company, the SEBI, for internal requirements and operational convenience, the Company has framed and adopted the following policy(ies) and code(s) which shall be updated / revised as and when required under the applicable laws or due to change in the functioning or the structure of the Company:

- ✓ Fair Practice Code
- ✓ Investment Policy
- ✓ Record Retention Policy
- ✓ Care & Dignity Policy

## **F. DISCLOSURES:**

The Company is committed to make adequate disclosures based on the principles of transparency, timeliness, fairness and continuity. The Board of Directors and employees of the Company shall ensure and make necessary disclosures to the Company, the Regulator(s) / Statutory Authorities, the Shareholders, Investors, Members or other stakeholders as may be required by the applicable laws and the codes / policies of the Company. The Board of Directors of the Company or such other person authorized by the Board or any law / regulation, shall ensure that all the disclosures statutorily required to be made on behalf of the

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Company are duly made to the Regulatory / Statutory authorities or such other persons as maybe required under applicable laws / regulations.

### **G. ANNUAL REPORT:**

The Annual Report of the Company shall contain a separate section on Corporate Governance detailing the measures / activities undertaken by the Company as a part of its efforts towards good corporate governance.

### **H. COMPLIANCE OFFICER:**

The Company Secretary shall be the Compliance Officer of the Company.

### **I. APPLICABILITY:**

These guidelines are being adopted by the Board of Directors on 7<sup>th</sup> February 2018, and shall come into force with immediate effect.

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