

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

VERSION CONTROL

Version	Date of adoption/renewal	Reason for adoption/change	Approving Authority
1	November 29, 2018	Pursuant to RBI guidelines on Corporate Governance	Board of Directors
2	March 17, 2020	Annual Review	Board of Directors

1. Introduction:

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI vide its Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (Updated as on May 31, 2018) (“RBI circular”) directed NBFCs to frame internal guidelines on corporate governance (“the guidelines”) which is to be approved by its Board of Directors. In view of the same, Innoven Capital India Private Limited (“Company”) has adopted the said guidelines. The Company has ensured that the guidelines are formulated in line with the said RBI Circular.

2. Objective of the guidelines:

The objective of the guidelines is to ensure compliance with legal requirements and set standards for Corporate Governance.

3. Board of Directors:

The Board of Directors (“the Board”) 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 directors in compliance with the Companies Act, 2013 and other regulatory guidelines, if any.

4. Committees of the Board:

The Board function through various committees to oversee specific areas. The Committees functions within the defined framework as per the applicable laws and approved by the Board.

The Committees constituted by the Board are as follows:

A. Audit Committee

The Audit Committee is constituted under the provisions of Section 177 of the Companies Act, 2013 and in terms of applicable RBI guidelines in this regard. The Audit Committee shall have the powers and duties conferred upon it in compliance with the provisions of Section 177 of the Act, RBI guidelines and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

The Audit Committee shall consist of a minimum of three directors. The Committee shall meet as and when required.

B. Nomination & Compensation Committee

The Nomination & Compensation Committee is constituted under the provisions of Section 178 of the Companies Act, 2013 and in terms of applicable RBI guidelines in this regard. The Committee shall ensure the 'fit and proper' status of proposed/ existing directors and shall have the powers and duties conferred upon it in compliance with the provisions of Section 178 of the Act and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

The Nomination & Compensation Committee shall consist of a minimum of three directors. The Committee shall meet as and when required.

C. Risk Oversight and ALCO Committee

Risk Oversight and ALCO Committee is constituted in accordance with the RBI guidelines in this regard. The Committee shall be responsible for evaluating the overall risks faced by the Company including liquidity risk. The Committee shall also be responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the Company. The role of the Committee with respect to liquidity risk should include, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of all branches.

The Committee shall meet once in a quarter. The CEO/MD or Executive Director shall head the Committee. The Chiefs of Investment, Credit, Resources Management or Planning, Funds Management/ Treasury, International Business and Economic Research can be members of the Committee.

D. Other Committees

In addition to the aforesaid Committees, the Company has constituted below Committees:

- IT Strategy Committee
- CSR Committee

5. Fit and Proper Criteria:

The Company has in place a Board approved policy on 'Fit and Proper Criteria for Directors' ("the Policy"). Pursuant to the Policy, the Company obtains necessary declarations/undertakings from Directors from time to time. Further, as required under the aforesaid RBI circular, the Company shall ensure to furnish to the RBI on a quarterly basis, statement on change of directors and a certificate confirming that fit and proper criteria in selection of the directors has been followed. The same should be submitted to the Regional Office of RBI within 15 days of the close of the respective quarter and the statement for the quarter ending March 31, should be certified by the auditors.

6. Disclosure and Transparency:

The Company shall update the Board of Directors on annual basis or such other frequency as decided by the Board, the following:

- The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
- Conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

a) The following shall be disclosed in the Company's Annual Financial Statements:

- registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators;
- ratings assigned by credit rating agencies and migration of ratings during the year; or penalties, if any, levied by any regulator;
- penalties, if any, levied by any regulator;
- information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries and
- asset-liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products



issued by the Company as also securitization/ assignment transactions and other disclosures, as may be prescribed by RBI from time to time.

7. Statutory Auditors:

The appointment of the Statutory Auditor and the partner conducting the Statutory Audit of the Company shall be in compliance with the Companies Act, 2013 and the in accordance with the applicable RBI guidelines.