

<b>Internal Guidelines of Corporate Governance</b>	Date of approval: <b>08.06.2020</b> Effective Date of Implementation: <b>10.06.2020</b>	Version no. <b>CG- 01.2020-21</b>
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# **MONEYWISE FINANCIAL SERVICES PRIVATE LIMITED**

## **Internal Guidelines on Corporate Governance**

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## 1. BACKGROUND, OBJECTIVES AND SCOPE

### 1.1 Background

**Moneywise Financial Services Private Limited** (“the Company”), as a responsible corporate entity, endeavors to ensure that its activities are carried out in accordance with highest standards of corporate governance and best practices.

The Reserve Bank of India (“**RBI**”), vide the Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (“**RBI Directions**”), has issued directions on Corporate Governance.

### 1.2 Objective of the Guidelines

The objective of the **Internal Guidelines on Corporate Governance** (“Guidelines”) to adopt the best standards of Corporate Governance through transparency in business ethics, accountability & required disclosure to its customers, the government/ regulatory authorities and other stakeholders.

### 1.3 Approval and Review of the Policy

The Guidelines and any amendment therein shall be approved by the Board of Directors. The Policy shall be reviewed as and when required by the applicable rules and regulations.

## 2. BOARD OF DIRECTORS

The Board of Directors of the Company (“**Board**”) along with the Committees constituted by it shall provide leadership and guidance for management of the Company.

### 2.1 The Board’s major responsibilities will be as under:

- (a) Development of suitable strategies and business plans for the Company;
- (b) Designing and implementation of robust policies and procedures;
- (c) Delegation of Authority;
- (d) Oversight of the Financial Reporting Process, including Internal Controls;
- (e) Size, structure and expertise of the Board; and
- (f) Awareness about the latest developments in the areas such as corporate governance framework, financial reporting, industry and market conditions.

The Directors shall act in accordance with the duties as provided under the Companies Act, 2013 (hereinafter referred as the “CA, 2013” ) and the Independent Directors shall abide by the Code for Independent Directors under the CA, 2013. Further, the Board shall periodically review Compliance Reports of all laws applicable to the Company prepared by the Company as well as steps taken by the Company to rectify instances of non-compliance.

### 2.2 The Board’s strength shall be as per the constitutional documents of the Company. The Composition of the Board shall be in compliance with the applicable provisions of the Companies Act, 2013 & rules thereunder and the RBI Directions.

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- 2.3 Fit and Proper Policy-**The Company shall have a Fit and Proper Policy for ascertaining the fit and proper criteria of the Directors at the time of appointment, and on a continuing basis. Such Policy shall be in accordance with the RBI Directions.
- 2.4 Declaration and Undertaking from the Directors-** The Company shall obtain all the declaration(s) and undertaking(s) from all its directors giving information as per the CA, 2013 and the RBI Directions.
- 2.5 Deed of Covenant-** The Company shall get the Deed of Covenant signed with each of its Directors, as prescribed in the RBI Directions.
- 2.6 Meetings of the Board of Directors-** The Board meetings shall be held atleast 4 times in a year, such that not more than 120 days shall intervene between 2 consecutive meetings.
- 2.7 Quarterly Statement to the RBI-** The Company shall furnish a quarterly statement on change of directors, and a certificate from the Managing Director to the RBI confirming that fit and proper criteria in selection of the directors has been followed. The statement submitted by the Company for the quarter ending March 31, shall be certified by its Statutory Auditor also.

### **3. COMMITTEES CONSTITUTED BY THE BOARD**

Details of various committees to be constituted and maintained by the Board are as under:

- 3.1 Audit Committee of the Board-** The Audit Committee shall have minimum 3 directors as its Members, of which the majority shall be Independent Directors. Majority of members of the Audit Committee including its Chairperson shall be persons with ability to read and understand the financial statement.. The Members of the Audit Committee shall elect a Chairman from amongst themselves, who shall not necessarily be an Independent Director.

The Audit Committee shall meet at least 4 times in a year, such that not more than 120 days shall intervene between 2 consecutive meetings. One Meeting shall be held before the annual accounts and quarterly/ half yearly accounts are presented to the Board.

The Audit Committee constituted shall have the same powers, functions and duties as laid down in Section 177 of the CA, 2013. The Audit Committee will also ensure compliance with the audit related requirements by the RBI, including the following:

- (i) an Information System Audit of the internal systems and processes, at least once in two years, to assess operational risks faced by the Company;
- (ii) Internal Audit to assure compliance with the KYC and AML requirements.

- 3.2 Nomination and Remuneration Committee ("NRC")-**The NRC shall ensure fit & proper status of proposed/ existing Directors of the Company.

The NRC shall comprise of 3 or more Non-Executive Directors, out of which, not less than one-half shall be Independent Directors. The Chairman of the Board (whether Executive or

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Non-Executive) may be appointed as a Member of the Committee but shall not chair the Committee.

The NRC constituted under this paragraph shall have the same powers, functions and duties as laid down in section 178 of the Companies Act, 2013.

- 3.3 Risk Management Committee (“RMC”)-** The purpose of the RMC will be to assist the Board in managing overall integrated risk framework of the Company including oversight of various risks including credit, operational risks, market risk, liquidity risk etc.

The composition, terms of reference, authority, frequency of meeting of the RMC etc. will be decided by the Board from time to time, in order to manage overall integrated risk framework of the Company.

- 3.4 Asset Liability Management Committee (ALCO)-**The ALCO shall 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 ALCO 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 overall liquidity position of the Company.

With the above objectives, the composition, terms of reference, authority, frequency of meeting of the ALCO etc. will be decided by the Board of the Company.

- 3.5 IT Strategy Committee-** The Committee shall work in partnership with other Board committees and senior management of the Company to provide input to them. It will also carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.

The Chairman of the Committee shall be an Independent Director and CIO & CTO should be a part of the Committee. The Committee shall meet at an appropriate frequency but not more than 6 months should elapse between 2 meetings.

- 3.6 Screening Committee for Identification and Reporting of Non-Cooperative Borrowers-** The Screening Committee will approve the internal mechanism for identifying the non-operative borrowers and reporting of the same to the Central Repository of Information on Large Credits (CRILC).

The Screening Committee will screen whether any borrower should be classified as non-cooperative or not. Based on decision of the Committee, the Company will issue a Show Cause Notice to a prospective non-cooperative borrower. The Committee, after considering the reply, if any, of such borrower, may decide to issue an order recording the borrower to be non-cooperative and the reasons thereof. The Screening Committee shall be headed by the Chairman/ MD/ CEO of the Company and composition of rest of the Committee will be as decided by the Board.

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- 3.7 Review Committee for Identification and Reporting of Non-Cooperative Borrowers-** The Review Committee shall be headed by the Chairman/ MD/ CEO of the Company with two independent directors as its members.

The Committee will review the order of the Screening Committee and the order shall become final only after it is confirmed by the Committee.

- 3.8 Corporate Social Responsibility ("CSR") Committee-** The CSR Committee of the Board of the Company has been constituted and maintained in accordance with the applicable provisions of the CA, 2013.

- 3.9 Borrowing and Investment Committee-** The Borrowing and Investment Committee has been constituted by the Board to take decisions with respect to borrowings, raising of resources, making of investments etc. by the Company. The composition, terms of reference, authority, frequency of meeting of the Committee etc. shall be decided by the Board.

- 3.10 Management, Administration and Share Transfer ("MAST") Committee-** The MAST Committee has been constituted by the Board with objectives to deal with general management & administration of day to day business of the Company and transfer of shares as & when required. The composition, terms of reference, authority, frequency of meeting of the Committee etc. shall be decided by the Board.

- 3.11 Loan Committee-** The Loan Committee has been constituted and will be maintained by the Board with objectives to deal with lending business framework of the Company. The composition, terms of reference, authority, frequency of meeting of the Committee etc. will be decided by the Board.

#### **4. DISCLOSURE AND TRANSPARENCY**

- 4.1** The Company shall put up to the Board of Directors, at regular intervals, as may be prescribed by the Board in this regard, the following:

- (a) the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by it;
- (b) conformity with corporate governance standards.

- 4.2 The Company shall also disclose the following in their Annual Financial Statements:**

- (a) registration/ license/ authorization obtained from other financial sector regulators;
- (b) ratings assigned by credit rating agencies and migration of ratings during the year;
- (c) penalties, if any, levied by any regulator;
- (d) information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries; and
- (e) 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

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by them as also securitization/ assignment transactions and other disclosures, as per the format prescribed by the RBI.

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

Along with applicable provisions of the Companies Act, 2013 with respect to appointment of Statutory Auditor, the Board of Directors of the company and the Audit Committee thereof, shall ensure that the partner/s of the Chartered Accountant firm conducting the statutory audit is rotated in every three years so that same partner shall not conduct audit of the company continuously for more than a period of three years. However, the partner so rotated shall be eligible for conducting the audit of the company after an interval of three years, if the company, so decides. The company shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

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