

THE SWASTIK SAFE DEPOSIT AND INVESTMENTS LTD

Policy:	Internal Guidelines on Corporate Governance
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Internal Guidelines on Corporate Governance

I. RBI GUIDELINES ON CORPORATE GOVERNANCE

In order to adopt best practices and greater transparency in the operations of the Company and in compliance with the Guidelines on the Corporate Governance issued by the Reserve Bank of India (RBI) vide Circular no.RBI/2014-15/552DNBR (PD) CC.No.029/ 03.10.001/ 2014-15 dated April 10, 2015 the Company has framed the following internal Guidelines on Corporate Governance.

II. BOARD OF DIRECTORS

The Company's Board has a primary role of trusteeship to protect and enhance stakeholders' value through supervision and strategic inputs. The Board of Directors along with the Committee of Directors shall provide leadership and guidance to the Company's management and direct, supervise and control the performance of the Company.

The Board shall have a suitable combination of executive and non-executive Directors and all the Directors shall meet the "fit and proper" criteria as prescribed by the RBI. The Directors bring to the Board a wide range of experience and skills, and have a vital role to play in the matters relating to policy formulation, implementation and strategic issues which are crucial for the long term development of the organization.

As per the statutory requirements under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors shall have an optimum combination of executive / non-executive / Independent directors with at least one woman director. At present, the Board comprises of 3 (Three) Independent Directors and 3 (Three) Non- Executive Directors including 1 (One) Woman director.

Independent Directors are expected to play key role in the decision making process of the Board by participating in the process of framing the overall strategy of the Company. Independent Directors appointed on the Board of the Company shall fulfill the criteria of independence as set out under the provisions of the Companies Act, 2013 and other applicable provisions in this regard. They shall submit an annual declaration affirming compliance with the criteria of independence every financial year and such declaration shall be submitted whenever there is any change in circumstances which may affect their independence.

The Board shall meet at least four (4) times in a year, with a maximum time-gap between any two consecutive meetings of the Board does not exceed 120 days. The minimum information to be statutorily made available to the Board shall be furnished to the Directors before the Meeting.

The remuneration, when payable to the Director(s) shall be determined by the Nomination and Remuneration Committee and shall be recommended to the Board for its consideration and approval.

III. COMMITTEES OF THE BOARD

In compliance with the applicable provisions of the Companies Act, 2013, RBI guidelines on Corporate Governance and in order to meet business exigencies, the Company has in addition to other committees constituted the following committees of the Board:

- 1) Audit Committee
- 2) Nomination and Remuneration Committee
- 3) Risk Management Committee

The terms of reference, roles and responsibilities of the aforesaid Committees will be further aligned based on the changes in the regulations and business requirements with the approval of Board. Minutes of the meetings of the Board Committees shall be placed before the Board for its perusal and noting.

Company complies with the above requirements of committee constitution and have the following committees of the Board:

i. Audit Committee

Constitution:

Audit Committee constituted under the Companies Act, 2013 shall be the Audit Committee as constituted under the RBI regulation. Audit Committee shall comprise of at least 3 Directors with Independent Directors forming majority. All members of Audit Committee shall be financially literate and at least one member shall have accounting or relevant financial management expertise. Chairman shall be an independent Director. Company Secretary shall act as the Secretary to the Committee.

Meetings:

The Committee shall meet as often as it may decide/desire but atleast four times in a year.

The quorum shall be either two members or one third of the total strength of the members of the Committee, whichever is greater with atleast two independent directors.

Role & Responsibilities:

The terms of reference of Audit Committee are as follows:

1. To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. To recommend appointment, remuneration and terms of appointment of Auditors of the Company and to approve payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
3. To review the annual financial statements and Auditor's Report thereon before submission to the Board for approval, particularly relating to:

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013 and Management Discussion and Analysis of Financial Statements;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications, if any, in the draft Audit Report;
4. To review the quarterly financial statements before submission to the Board for approval;
 5. To review the statement of uses / application of funds, in respect of monies raised through an issue (public issue, rights issue, preferential issue, etc.) , if any, and the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 6. To review and monitor the Auditor's independence and performance, and effectiveness of audit process;
 7. To approve transactions of the Company with related parties or any subsequent modification to such transactions ;
 8. To Scrutinise of inter-corporate loans and investments
 9. To review the statement of significant related party transactions;
 10. Valuation of undertakings or assets of the Company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. To review the performance of statutory and internal auditors and adequacy of the internal control systems;
 13. To review the adequacy of internal audit function, if any, 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;

14. To discuss and review with Internal Auditors any suspected fraud or irregularity or a failure of internal control systems of a material nature or any significant findings and follow up there on and to report the same to the Board;
15. To discuss with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
16. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
17. To review the functioning of the Whistle Blower mechanism;
18. To carry out any other function or any other role / responsibility as may be assigned by the Board from time to time”

ii. Risk Management Committee

Constitution:

The risk management Committee shall comprise of atleast Two Directors, as may be identified by the Board from time to time.

Meetings:

The Committee may meet as often as it may decide/desire.

The quorum shall be either two members or one third of the total strength of the members of the Committee, whichever is greater.

Role & Responsibilities:

The terms of reference of Credit Committee shall include consideration, evaluation and sanction of credit proposals subject to prevailing NBFC Norms.

iii. Asset Liability Management Committee (ALCO)

Constitution:

The Asset Liability Management Committee (ALCO) shall comprise of atleast Two Directors as may be identified by the Board from time to time.

Meetings:

The Committee may meet as often as it may decide/desire

Role & Responsibilities:

The terms of reference of ALCO are as below:

- a. Liquidity risk management
- b. Management of market risks
- c. Funding and capital planning
- d. Profit planning and growth projection
- e. Forecasting and analysing 'What if scenario' and preparation of contingency plans
- f. Things as may be prescribed by RBI from time to time and considered necessary or expedient by the Committee for discharging its duties and responsibilities.

iv. Nomination & Remuneration Committee (NRC) Constitution:**Constitution:**

Nomination and Remuneration Committee shall consist of three or more non-executive directors out of which not less than one-half shall be Independent Director.

Meetings:

The Committee may meet as often as it may decide/desire.

Role & Responsibilities:

The terms of reference of NRC are as below:

- 1) Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- 2) Recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;
- 3) Formulate the criteria for evaluation of Independent Directors and the Board;
- 4) Devise a policy on Board diversity;
- 5) Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

To do all acts and things as may be considered appropriate by the Committee in relation to aforesaid powers and such other powers, acts and things as may be prescribed by RBI for a NBFC from time to time and considered necessary or expedient by the Committee for discharging its duties and responsibilities.

In addition to above Committees, The Board has also constituted the following committees in compliance with Companies Act, 2013.

v. Corporate Social Responsibility (CSR) Committee

Constitution:

Corporate Social Responsibility Committee of the Board shall consist of three or more directors, out of which one director shall be independent Director.

Meetings:

The Committee may meet as often as it may decide/desire.

Role & Responsibilities:

- i. formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company;
- ii. recommend the amount of expenditure spent on CSR activities; and
- iii. monitor the CSR Policy of the Company from time to time

IV. PERFORMANCE EVALUATION

The Nomination and Remuneration Committee of the Company shall evaluate the performance of every director in accordance with the applicable law.

V. STATUTORY AUDITORS

The Board and the Audit Committee shall be responsible for the appointment of the Statutory Auditors who demonstrate professional ability and independence. Declaration to be obtained every year from the Statutory Auditors affirming their eligibility for being appointed as Statutory Auditors of the Company.

The Company shall appoint Chartered Accountant Firm for maximum period of 5 years. Further, in case of Partnership firm is appointed as Statutory Auditor, the Company shall rotate the partner(s) of the Chartered Accountant Firm conducting the statutory audit of the Company every three years so that the partner does not conduct audit of the Company continuously for more than a period of three years as per the requirements of Reserve Bank of India, Internal guidelines on Corporate Governance. However the partner so rotated shall be eligible for conducting the audit of the Company after an interval of three years.

VI. INTERNAL AUDITORS

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

VII. SECRETARIAL AUDITORS

The Board shall appoint independent Company Secretary in Practice, in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder to conduct the Secretarial Audit of the Company.

VIII. DISCLOSURES AND TRANSPARENCY

The Company is committed to make adequate disclosures based on the principals of transparency, timeliness, fairness and continuity. Necessary disclosures shall be made by the Board members and employees to the Company, Regulators, Statutory Authorities, Shareholders or other stakeholders as may be required by the applicable laws/ Policies of the Company.

The following information shall be put to the Board of Directors at regular intervals:

- i. Progress made in putting in place a progressive risk management system, and risk management policy and strategy followed.
- ii. Conformity with corporate governance standards viz; in composition of various committees, their role and functions, periodicity of the meetings and compliance.
- iii. Updates of the various committees meetings.

These guidelines are approved by Board of Directors.