

LENDINGKART FINANCE LIMITED
(Formerly Aadri Infin Limited)

**INTERNAL GUIDELINES
ON CORPORATE GOVERNANCE**

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I. INTRODUCTION

Lendingkart Finance Limited (formerly Aadri Infin Limited) (the “**Company**”) is a Non-Banking Financial Company. In terms of the RBI Master Direction – Non Banking Financial Company–Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 on Corporate Governance dated September 01, 2016 (“**Directions**”), every Non-Banking Financial Company (NBFCs-ND-SI) with asset size of Rs.500 crore and above (“**NBFCs-ND-SI**”), as per its last audited balance sheet should frame internal guidelines on corporate governance with the approval of the Board of Directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the Directions and it shall be published on the company's website, if any, for the information of various stakeholders. Lendingkart Finance Limited being an NBFC–ND-SI, is accordingly covered by the Directions.

The Company is committed to adopt good practices and standards of corporate governance. The principles of corporate governance standards of the company place strong emphasis on transparency, accountability and integrity.

II. OBJECTIVE

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, vide its Notification No. DNBR 019/CGM (CDS)-2015 dated April 10, 2015 and vide Master Circular No. DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 1, 2015 issued directions on Corporate Governance known as “Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015” and has required all applicable NBFCs to frame internal guidelines on Corporate Governance.

In pursuance of the aforesaid directions issued by the RBI, the Company has framed these Internal Guidelines on Corporate Governance (“**Guidelines**”).

III. GOVERNANCE STRUCTURE

A. BOARD OF DIRECTORS

The Company’s management shall act in accordance with the supervision, control and direction by the Board of Directors of the Company (“**Board**”). The Board has a vital role to play in the matters relating to policy formulation, implementation and strategic issues. The Board shall be responsible for overall compliance with the corporate governance of the Company and oversee the business affairs, in doing so the Board must act honestly, in good faith and in the best interests of the Company.

Composition:

The Board's strength shall be minimum 3 and the maximum number of directors be as per the limit specified in the Companies Act, 2013 (“Act”).

The Board shall have an optimum combination of Executive, Non-Executive and Independent Directors in line with the requirements of the provisions of the Act and the Articles of Association of the Company.

B. COMMITTEES OF THE BOARD

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board shall constitute a set of committees with specific terms of reference/scope.

The committees shall operate as per the terms of reference approved by the Board.

The minutes of the meetings of all committees of the Board shall be placed before the Board for noting in subsequent Board meeting.

1. AUDIT COMMITTEE

The Company shall have in place the Audit Committee in accordance with the provisions of Para 3 of the Non- Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015 and Section 177 of the Act and the Rules framed thereunder.

Chairman	The Chairman of the Committee shall be a Non-Executive director.
Composition	The Committee shall consist of a minimum of three directors with independent directors forming a majority. The Company Secretary shall act as the secretary to the Committee.
Meetings and Quorum	The Committee shall meet periodically, as it may deem fit. The quorum for the Committee meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher

<p>Terms of reference</p>	<p>The terms of reference of the Committee shall include the following:</p> <ol style="list-style-type: none"> 1) The recommendation for appointment, remuneration and terms of appointment of auditors of the company; 2) Review and monitor the auditor's independence and performance, and effectiveness of audit process; 3) Examination of the financial statement and the auditors' report thereon, 4) Approval of any subsequent modification of transactions of the company with related parties; 5) Scrutiny of inter-corporate loans and investments; 6) Valuation of undertakings or assets of the company, wherever it is necessary, 7) Evaluation of internal financial controls and risk management systems; 8) Ensure that an Information System Audit of the internal system and processes is being conducted at least once in two years to assess operation risks faced by the Company; and 9) Any other function as may be prescribed or required to be performed by the Board from time to time under any provision of Act or rules made there under, as amended from time to time, or any other statute as may be applicable. <p>The Board may at any time, by its own or on a recommendation of the Committee, modify the terms of reference of the Committee as it may consider necessary.</p>
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2. NOMINATION AND REMUNERATION COMMITTEE

The Company shall have in place Nomination and Remuneration Committee constituted in accordance with the guidelines issued by the Reserve Bank of India in this regard and the applicable provisions of the Act. The Committee shall be primarily responsible to assist the Board in fulfilling its responsibilities by

recommending to the Board, criteria for Board membership, evaluation of directors, the committees and the Board as a whole.

Chairman	The Chairman of the Committee shall be a Non-Executive director.
Composition	The Committee shall consist of a minimum of three directors with independent directors forming a majority. The Company Secretary shall act as the secretary to the Committee.
Meetings and Quorum	The Committee shall meet periodically, as it may deem fit. The quorum for the Committee meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.
Terms of reference	The terms of reference of the Committee shall include the following: <ol style="list-style-type: none"> 1) Prepare the remuneration policy of the Company for Directors, Key Managerial Personnel and other employees as per the provisions of the Act and rules made there under; 2) Identify persons who are qualified to become Directors and who may be appointed in the senior Management; 3) Recommend to the Board appointment of Directors and senior management and their removal; 4) Carry out evaluation of every Director's performance; 5) Any other function as may be prescribed or required to be performed under any provision of Act or rules made there under, as amended from time to time, or any other statute as may be applicable; and 6) Any other function as may be required by the Board. <p>The Board may at any time, by its own or on a recommendation of the Committee, modify the terms of reference of the Committee as it may consider necessary.</p>

3. RISK MANAGEMENT COMMITTEE

The Risk Management Committee shall ensure that the risks associated with the business/functioning of the Company are identified, controlled and mitigated and shall also lay down procedures regarding managing and mitigating the risks through integrated risk management systems, strategies and mechanisms. The Committee shall review and monitor mainly; credit risk, market risk, liquidity risk, operational risk, regulatory risk, reputational risks, compliance with the Fair Practices Code and Grievances Redressal mechanism. The Committee shall be vested with necessary powers, as defined in its Charter to achieve its objectives.

Chairman	The Committee shall appoint one of its members as the Chairman of the Committee.
Composition	The Committee shall comprise of at least three members, as appointed by the Board.
Meetings and Quorum	The Committee shall meet periodically, as it may deem fit. The quorum for the Committee meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.
Terms of reference	The terms of reference of the Committee shall include the following: <ul style="list-style-type: none"> 1) Identification, monitoring and measurement of the risk profile of the Company; 2) Overseeing development and implementation of risk measurement system; 3) Ensure that the Company has an appropriate and effective mechanism to identify, measure, control and monitor all applicable risks on a timely basis and as accurately as feasible; and 4) Perform such other act, including the acts and functions stipulated by the Act, the Reserve Bank of India and any other regulatory authority, as prescribed from time to time. <p>The Board may at any time, by its own or on a recommendation of the Committee, modify the terms of reference of the Committee as it may consider necessary.</p>

4. ASSET LIABILITY MANAGEMENT COMMITTEE

The Company shall have in place an Asset Liability Management Committee as required by the guidelines issued by the RBI. The constitution, functions and meetings of the Committee shall be in line with the requirements of the RBI guidelines and Asset Liability Management Policy of the Company.

IV. DISCLOSURE AND TRANSPARENCY

The Board shall be apprised with the following information at regular intervals as may be prescribed by the Board in this regard:

- 1) The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
- 2) Conformity with corporate governance standards viz., composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.; and
- 3) Disclosures in the annual financial statements, information as may be prescribed by RBI from time to time with regards to a NBFCs-ND-SI.

V. ROTATION OF STATUTORY AUDITORS/AUDIT PARTNER(S)

The Company shall appoint and rotate the auditors as per the requirements of the Act. Further., the Company shall rotate the audit partner(s) of the Chartered Accountant firm(s) conducting the audit, every three years as per the provisions of the RBI guidelines.

VI. FIT AND PROPER CRITERIA

The Company has a policy in place for ascertaining the 'fit and proper' criteria at the time of appointment of Directors and on a continuing basis. The Nomination and Remuneration Committee reviews the appointment/re-appointment of Directors considering their qualifications, expertise, track record, integrity and other 'fit and proper' criteria.

The Nomination and Remuneration Committee should obtain such declarations / undertakings, deed of covenant from the Directors and ensure furnishing such statement and certificates as may be prescribed for determining Fit and Proper Criteria in line with the Guidelines issued by the RBI for the time being in force. A quarterly statement on change of directors and a certificate by the Managing Director/Whole-time Director of the Company certifying that 'fit and proper' criteria in selection of Directors has been followed by the Company should be furnished to the Regional Office of the RBI within 15 days of the close of each quarter. Further, the statement for the quarter ending March 31 should also be certified by the auditors.
