

**DOCUMENT CONTROL**

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**CHANGES MADE IN THE CURRENT VERSION SINCE THE LAST APPROVED POLICY**

<b>Sl. No.</b>	<b>Change</b>	<b>Section</b>	<b>Reference Page No</b>
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## **1. INTRODUCTION:**

The philosophy of Corporate Governance is aimed at establishing a robust framework and institutionalizing the principles it embodies. The Company has always strived to excel through strong corporate governance and fair, transparent practices. The Board of Directors (the Board), together with its committees, provides leadership and strategic guidance to the Company's management, overseeing, directing, and controlling its activities.

Satin Finserv Limited (SFL) is committed to maintaining transparency in all its dealings, conducting business with integrity and fairness, and places high emphasis on business ethics.

## **2. LEGAL FRAMEWORK:**

To enable NBFCs to adopt best practices and greater transparency in their operations and pursuant to Reserve Bank of India Master Direction – Non-Banking Financial Company (Scale Based Regulation) Directions, 2023, as amended from time to time, the Company has framed the following internal guidelines on Corporate Governance. The code has been drafted bearing in mind the size of the Company's operations and the sector in which it operates.

## **3. OBJECTIVE OF INTERNAL GUIDELINE ON CORPORATE GOVERNANCE:**

- i. Adoption of best corporate practices to ensure transparency and fairness in dealing with all the stakeholders of the Company and to increase the confidence of investors and other stakeholders.
- ii. Ensure adherence with all the applicable statutory regulations relating to Corporate Governance.

## **4. COMMITTEES OF THE BOARD:**

To ensure focused attention on key areas and facilitate the efficient resolution of diverse matters, the Board of Directors shall constitute various Committees with clearly defined terms of reference and scope, in accordance with the Reserve Bank of India Master Direction – Non-Banking Financial Company (Scale Based Regulation) Directions, 2023, as amended from time to time.

These Committees shall function as duly empowered bodies of the Board and shall discharge their responsibilities in accordance with their respective charters and terms of reference.

In line with the aforesaid regulatory framework, the Company shall constitute, inter alia, the following Committees of the Board:

- Audit Committee
- Asset Liability Management Committee
- Risk Management Committee
- IT Strategy Committee
- Nomination and Remuneration Committee

The Board may also constitute such other Committees as it may deem necessary from time to time, in compliance with applicable regulatory requirements and to meet the evolving needs of the Company.

In compliance with the above cited provisions of the Act, RBI guidelines on Corporate Governance and in order to meet business exigencies, the Company has constituted the following Board committees:

### **AUDIT COMMITTEE:**

The Company has constituted an Audit Committee in compliance with the provisions of Section 177 of the Companies Act, 2013, as well as the applicable RBI guidelines on Corporate Governance, as amended from time to time. The composition of the Committee is in line with regulatory requirements, with a

majority of Independent Directors, and all members possess the requisite financial literacy and competence to effectively discharge their responsibilities.

The Audit Committee plays a critical role in assisting the Board in the oversight of financial reporting, ensuring the integrity and transparency of financial statements, and supervising the Company's financial and accounting processes. It is responsible for reviewing internal controls, audit processes, and compliance with applicable laws and regulations, thereby strengthening the overall governance framework and safeguarding the interests of stakeholders.

#### **ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO COMMITTEE)**

An Asset Liability Management Committee (ALCO) has been constituted by the Board of Directors of the Company in accordance with the requirements of RBI Master Directions, as may be stipulated from time to time. The scope and functions of the Asset Liability Management Committee (ALCO) shall include addressing concerns related to asset–liability mismatches and interest rate risk exposure, and making decisions on the desired maturity profile and the appropriate mix of incremental assets and liabilities. The Committee shall aim to achieve optimal returns on capital employed while maintaining acceptable levels of risk, including those relating to liquidity, market, and operational aspects, and ensure adherence to all relevant policies and regulations. It shall also be responsible for determining responsibilities and controls for managing liquidity risk and overseeing the liquidity positions of all branches. In addition, the Committee shall carry out such other functions as may be prescribed under applicable guidelines, directions, or circulars issued from time to time, as well as any responsibilities delegated by the Board of Directors of the Company.

#### **RISK MANAGEMENT COMMITTEE**

The Company has in place the Risk Management Committee in accordance with RBI Master Direction besides the Asset Liability Management Committee. The scope and functions of the Risk Management Committee (RMC) shall include reviewing and assessing the type and nature of various risks—such as credit, liquidity, market, and operational risks—that may impact the Company. The Committee shall be responsible for reviewing, formulating, implementing, and maintaining a robust system of risk oversight, management, and internal control, as well as evaluating the quality, integrity, and effectiveness of such systems. It shall establish methodologies to identify, quantify, and analyze risk exposures, and ensure the identification, assessment, management, and monitoring of overall risks, including liquidity risk. The Committee shall also review and evaluate risks related to fraud and the business continuity plan and monitor external developments concerning corporate accountability practices and the reporting of associated and emerging risks. Additionally, it shall undertake any other functions or responsibilities as required under applicable laws, regulations, or policies from time to time.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Company has in place the Nomination and Remuneration Committee in accordance with the provisions of Section 178 of the Companies Act, 2013 and the rules made there under and in compliance with RBI Master Direction. The Nomination and Remuneration Committee comprises the requisite members as required under applicable laws.

The scope and functions of the Committee shall include identifying and recommending individuals for appointment as Directors, Key Managerial Personnel (KMP), and Senior Management Personnel (SMP) in line with prescribed criteria and overseeing their performance evaluation. It shall formulate criteria for determining qualifications, independence, and positive attributes of Directors, and ensure an appropriate balance in the composition of the Board, including Executive, Non-Executive, and Independent Directors. The Committee shall also guide the Board on appointments, removals, succession planning, and Directors liable to retire by rotation, while promoting effective corporate governance practices.

The Committee shall establish and recommend a fair and performance-linked remuneration framework for Directors, KMP, and SMP, ensuring alignment with the Company's short-term and long-term objectives and maintaining a balance between fixed and incentive pay. It shall evaluate performance from business and compliance perspectives, support talent retention and development, and ensure that rewards are linked to individual contribution and organizational success. Additionally, the Committee shall monitor and implement governance policies relating to nomination, remuneration, and board performance, and perform such other functions as may be required under applicable laws or delegated by the Board from time to time.

#### **IT STRATEGY COMMITTEE**

The Company has in place the IT Strategy Committee in accordance with RBI Master Directions as issued from time to time. The Committee shall periodically review and align the Company's IT strategy with overall business objectives, including oversight of IT governance, cybersecurity, and related policies, in accordance with guidelines issued by the Reserve Bank of India. It shall evaluate and recommend IT strategy and policy documents to the Board, ensuring that robust strategic planning and effective IT frameworks are in place.

The Committee shall also oversee that IT investments are balanced in terms of risks and returns, budgets are appropriate, and adequate IT resources are deployed to achieve business goals. It shall monitor the effectiveness of IT systems in delivering value, support sustainable growth, and ensure proper risk management and controls.

Further, the Committee shall review progress on key IT initiatives such as Core Financial Services Solutions and ensure compliance with applicable RBI directions on IT governance, risk, controls, and assurance, as amended from time to time, along with performing any other functions as may be prescribed under applicable regulations.

#### **5. DISCLOSURE AND TRANSPARENCY**

The Company shall place before the Board of Directors, at regular intervals, the following:

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

Required disclosures shall also be disclosed in Annual Financial Statements.

#### **ROTATION OF PARTNERS OF THE STATUTORY AUDITOR FIRM**

The Company ensures compliance with all applicable guidelines on Statutory Auditor rotation and any other directions issued by regulatory authorities in this regard. Appropriate terms shall be incorporated in the letter of appointment of the audit firm, and the Company shall ensure adherence to these terms.

#### **REVIEW**

The policy shall be reviewed annually or earlier if required by RBI regulatory or internal/external changes.