

**Ambit Finvest Private Limited**

**Internal Guidelines on Corporate Governance**

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V1	19.09.2018	19.09.2018
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## (I) The Company

Ambit Finvest Private Limited (“Company” or “Ambit Finvest”) is a subsidiary of Ambit Private Limited.

The Company became Systemically Important NBFC (Non Banking Financial Company- Non Deposit taking-Systemically Important) effective from September 01, 2018. It is engaged primarily into Structure Finance and SME Financing activities.

## (II) Regulatory Framework and Background

The Reserve Bank of India (“RBI”) vide its Circular No. DNBR (PD) CC.No.029/ 03.10.001/ 2014-15 dated April 10, 2015 issued Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 (“RBI Circular”) which requires systemically important NBFCs to frame Internal Guidelines on Corporate Governance. The RBI Circular is also now covered in the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Corporate Governance is a continuous process at Ambit Finvest Private Limited.

## (III) Governance Structure

### (A) Board of Directors

The Board of Directors along with its various Committees shall provide leadership and strategic guidance to the Company's management. The Company's management shall act in accordance with the supervision, control and direction by the Board of Directors of the Company. The Board has a vital role to play, amongst other, in the matters relating to policy formulation, implementation and strategic issues which are crucial for the long term development of the Company.

The Company has Board of Directors in line with the Companies Act, 2013 and other applicable laws as amended from time to time. The Company's Board consists of the following Directors:

Sr. No	Name	Type
1.	Mr. Sanjay Sakhuja	Executive Chairman
2.	Mr. Vikrant Narang	Whole Time Director
3.	Mr. Sanjay Agarwal	Whole Time Director
4.	Mr. Sanjay Dhoka	Whole Time Director
5.	Ms. Shalini Kamath	Director (Independent, Non -Executive)
6.	Mr. Ameet Parikh	Director (Independent, Non -Executive)
7.	Mr. K M Jayarao	Director (Independent, Non –Executive)
8.	Mr. Sunil Gulati*	Non-Executive Director*

*\* The Board of Directors of the Company at their meeting held on December 10, 2018 has appointed Mr. Sunil Gulati as Non-Executive Director subject to and effective from the receipt of approval from RBI*

## **(B) Committees of the Board**

Following are the Committees of the Board at Ambit Finvest:

### **A. Audit Committee**

The Company has put in place the Audit Committee and pursuant to becoming NBFC-ND-SI effective from September 01, 2018, in terms of the RBI Circular, it shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013.

**Quorum for the Meeting:** At least two members;

**Frequency of the Meeting:** Quarterly

The Committee shall have same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013 and it includes:

- 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 or 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) Monitoring the end use of funds raised through public offers and related matters.

### **B. Nomination and Remuneration Committee:**

The Company has put in place the Nomination and Remuneration Committee and pursuant to becoming NBFC-ND-SI effective from September 01, 2018, in terms of the RBI Circular, it shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013.

**Quorum for the Meeting:** At least two members;

**Frequency of the Meeting:** As and when required

The Role, Responsibilities and Terms of Reference of the Nomination & Remuneration Committee are:

- 1) To ensure 'fit and proper' status of the proposed or existing Directors of the Company;
- 2) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- 3) To formulate, implement and administer the employee stock option scheme and any aspects related to the scheme as delegated by the Board of Directors from time to time including as part of such schemes;
- 4) To carry out such other functions as may be prescribed to be appropriate by the Board of Directors of the Company in this regard.

### **C. Risk Management Committee**

The Company has put in place the Risk Management Committee.

**Quorum for the Meeting:** At least two members;

**Frequency of the Meeting:** Half Yearly

Role, Responsibilities and Terms of Reference of the RMC:

1. To manage the integrated risk.
2. To ensure putting in place a progressive risk management system.
3. To put in place the risk management policy and strategy to be followed.
4. To ensure adherence to the limits set by the Board and in line with the budget and to decide risk management objectives thereto.
5. To report to the Board of Directors on the status of the Committee performance on periodic basis.
6. To carry out such other functions as may be prescribed by the Board of Directors of the Company in this regard.

### **D. Corporate Social Responsibility**

The Company has put in place the Corporate Social Responsibility Committee.

**Quorum for the Meeting:** At least two members

**Frequency of the Meeting:** Annually

The role and responsibility of the Corporate Social Responsibility Committee are:

- 1) Formulating and recommending to the Board of Directors the CSR policy and activities undertaken
- 2) Recommending the amount of the expenditure for the CSR activities
- 3) Monitoring CSR activities from time to time.

## **(C) Other Committees**

### **A. Loan Sanction Committee**

The Company has put in place the Loan Sanction Committee.

The Committee is authorized to approve and sanction any loan proposal received by the Company. The Committee shall meet as and when needed.

Also, the Board has authorized certain officials to approve and sanction certain products of the Company i.e. loan against securities and margin trade finance upto the prescribed amount. The Board has also authorised certain officials to approve and sanction loans in relation to the SME Finance activities of the Company within a prescribed amount.

### **B. Asset Liability Management Committee**

The Company has put in place Asset Liability Management Committee and the powers, functions and duties are as given in RBI and other regulations applicable to the Company as amended from time to time.

The Role and Responsibilities of the Committee are as follows:

- a) Balance sheet planning from risk-return perspective including the strategic management of interest rate and liquidity risks;
- b) Set the tone and influence the culture of ALM risk management within AFPL.
- c) Determine the appropriate ALM risk appetite or level of exposure for the AFPL.
- d) Deliberate on product pricing methods / strategies adopted / followed by the Company for advances made by it and review the Interest Rate Policy of the Company.
- e) Approve major decisions affecting ALM risk (product pricing, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for the similar services/product, etc).
- f) View on future direction of interest rate movements and decide on funding mixes between fixed vs floating rate funds, wholesale vs retail deposits, money market vs capital market funding, domestic vs foreign currency funding, etc
- g) Identify ALM risks, measure their impact and monitor the management of fundamental risks to reduce the likelihood of unwelcome surprises.
- h) Satisfy it that the less fundamental risks are being actively managed, with the appropriate controls in place and working effectively.
- i) Review the results of and progress in implementation of the decisions in its meetings.
- j) Articulate the current interest rate review and formulate future business strategy on this view.
- k) Its responsibility would be to decide, with inputs from business origination and credit teams on source and mix of liabilities or sale of assets for giving out loans.

**Frequency of the Meeting:** As and when required

The quorum for the Committee is 3 and decision is to be taken with the approval of all the members present in persons or through any electronic mode.

### **C. IT Strategy Committee**

The Company has put in place the IT Strategy Committee and the powers, functions and duties of the Committee are as given in RBI and other regulations applicable to the Company as amended from time to time.

**Quorum for the Meeting:** At least two members;

**Frequency of the Meeting:** Once in six months

The Roles and Responsibilities of IT Strategy Committee include:

- 1) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- 2) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- 3) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- 4) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- 5) Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

The Role of IT Strategy committee in respect of outsourced operations shall include:

- 1) Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner;
- 2) Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;
- 3) Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;
- 4) Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;
- 5) Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board;

- 6) Periodically reviewing the effectiveness of policies and procedures;
- 7) Communicating significant risks in outsourcing to the NBFC's Board on a periodic basis;
- 8) Ensuring an independent review and audit in accordance with approved policies and procedures;
- 9) Ensuring that contingency plans have been developed and tested adequately;
- 10) Company should ensure that their business continuity preparedness is not adversely compromised on account of outsourcing. Company are expected to adopt sound business continuity management practices as issued by RBI and seek proactive assurance that the outsourced service provider maintains readiness and preparedness for business continuity on an ongoing basis.

#### **D. Operations Committee**

The Committee is authorized to take / carry out all administrative and operational decisions / activities as may be required for the Company's business/operations including the authority to delegate powers to officials, persons, etc. for business/operational matters.

**Quorum for the Meeting:** At least two members;

**Frequency of the Meeting:** As and when required

#### **E. Allotment and Transfer Committee**

The Committee is authorized to facilitate the administrative and operational activities related to allotment, transfer, transmission of shares, handling of shareholder complaints, grievances, etc. and also dematerialization of shares of the Company.

**The Committee shall meet as and when required.**

The Scope and Functions of the Committee are:

1. To approve the allotment of shares of the Company
2. To issue share certificates, review and approval all requests pertaining to sub-division of share certificates, consolidation of share certificates, transfer, transmission, split, issuance of duplicate share certificates
3. To consider and approve admission of shares of the Company in a dematerialized form and provide an option to the shareholders to hold the shares in the dematerialized form
4. To review and approve requests pertaining to dematerialization or rematerialization of shares
5. To seek and obtain external legal and professional advice and assistance and also to secure the attendance of external advisors, if considered necessary
6. To handle the queries and complaints/grievances of the shareholders
7. To investigate any activity within the terms of references of the Committee



8. To do all such acts, deeds and things as may be necessary in relation to any of the activities covered within the scope of the Committee.

**(IV) Rotation of partners of the Statutory Auditors /Audit Firm**

Rotation of partners of the Statutory Auditor/Audit Firm will be done in accordance with the provisions of the Companies Act, 2013 as applicable, RBI Circular and other applicable laws from time to time.

**(V) Disclosures and Transparency**

The Company shall disclose all information required by RBI in its financial statements and on website as required by RBI and under other applicable laws.

**(VI) Review**

This policy shall be reviewed and updated periodically for any changes including any changes in the Board or Committee members and may be amended in consultation with/approval from the Chairman of the Board.