



**CORPORATE GOVERNANCE POLICY
OF
CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED**

Document Metadata	
Version No.	CGP/4.0/2023-24
Originally adopted Date of Policy	10 th June 2015
Amended/Modified Dates of Policy	February 13, 2024
Policy owner	Anand Rao
Approved by	Board of Directors

A. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency and fairness in all transactions in the widest sense and meet the stakeholder's aspirations and social expectations. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target

Chaitanya India Fin Credit Private Limited ('the Company' / Chaitanya) recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices.

In pursuing its Mission of "Improve lives of low-income families through financial services ensuring sustainable shareholder returns", Chaitanya has been balancing its dual objectives of "social" and "financial goals, since its inception. "Responsible financing", "ethical values" and "transparency in all its dealings with its customers, lenders, investors and employees" have been the cornerstone of its operations. Transparency in the decision-making process has been providing comfort to all stakeholders, particularly the lenders and investors.

B. RBI GUIDELINES ON CORPORATE GOVERNANCE

The Reserve Bank of India ("RBI") has issued the Master Circular – "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015" dated July 1, 2015 and bearing reference number DNBR (PD) CC.No.053/03.10.119/2015-16 ("Master Circular") which applies inter alia to every non-deposit accepting Non-Banking Financial Company with an asset size of INR 500 Crore and above (NBFC-ND-SI), as per its last audited balance sheet and the Master Direction– Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 ("Master Direction"). The Company is registered with the RBI as a non-deposit accepting Non-Banking Financial Company ("NBFC"). The Company has become a systemically important NBFC and accordingly the Master Circular is applicable to the Company. Further, in terms of the Master Circular and the Master Direction, the Company is required to frame internal guidelines on corporate governance with the approval of the board of directors of the Company and accordingly the Company has put in place this policy on Corporate Governance ("Corporate Governance Policy").

The need for adoption of good corporate governance practices continues to engage the regulator and stakeholder attention. In this connection and in continuation to its earlier circulars, RBI has made further amendments to the corporate governance guidelines by its circular dated November 10, 2014.

C. BOARD OF DIRECTORS

The Board of Directors along with its Committees shall provide leadership and guidance to the Company's management and direct, supervise and control the performance of the Company.

As per the Company's Articles of Association, the Board's strength is required to be a minimum of two directors and a maximum of fifteen directors. The Board shall meet a minimum of four (4) times in a year, at least once in each quarter in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.

The Board has 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.

In Compliance with Section 165 of the Companies Act, 2013 ('the Act'), a Director shall not hold the office of a director in more than 20 companies. Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed 10.

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 noncompliance.

D. DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

In accordance with the provisions of Section 166 of the Companies Act, 2013 and RBI Regulations and as a matter of corporate governance, the Directors of the Company have the following duties: -

1. The Director shall disclose to the Board the nature of his/ her interest, direct or indirect, if he / she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the company and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he / she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement.
2. The Director shall disclose by general notice to the Board his / her other directorships, his / her memberships of bodies corporate, his / her interest in other entities and his / her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.
3. The Director shall provide to the company a list of his / her relatives as defined in the Companies Act, 2013 and to the extent the director is aware of directorships and interests of such relatives in other bodies corporate, firms and other entities.
4. The Director shall in carrying on his / her duties as director of the company:
 - a. use such degree of skill as may be reasonable to expect from a person with his / her knowledge or experience;
 - b. in the performance of his / her duties take such care as he / she might be reasonably expected to take on his / her own behalf and exercise any power vested in him / her in good faith and in the interests of the company;
 - c. shall keep himself / herself informed about the business, activities and financial status of the company to the extent disclosed to him / her;

- d. attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his / her obligations as director of the Company;
 - e. shall not seek to influence any decision of the Board for any consideration other than in the interests of the Company;
 - f. shall bring independent judgment to bear on all matters affecting the Company brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
 - g. shall in exercise of his / her judgement in matters brought before the Board or entrusted to him / her by the Board be free from any business or other relationship which could materially interfere with the exercise of his / her independent judgement; and
 - h. shall express his / her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his / her independent judgement;
5. The Director shall have:
- a. fiduciary duty to act in good faith and in the interests of the NBFC and not for any collateral purpose;
 - b. duty to act only within the powers as laid down by the Company's Memorandum and Articles of Association and by applicable laws and regulations; and
 - c. duty to acquire proper understanding of the business of the Company.
6. The Director shall:
- a. not evade responsibility in regard to matters entrusted to him / her by the Board;
 - b. not interfere in the performance of their duties by the whole-time directors and other officers of the Company and wherever the director has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board; and
 - c. not make improper use of information disclosed to him / her as a member of the Board for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by the Company in his / her capacity as director of the Company only for the purposes of performance of his / her duties as a director and not for any other purpose.

E. MINIMUM INFORMATION TO BE PLACED BEFORE THE BOARD

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the entity and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board of directors.
5. The recommendation on recruitment of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices, which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the entity, or substantial non-payments.

9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the entity or taken an adverse view regarding another enterprise that may have negative implications on the entity.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant HR matters and proposed interventions and suggestions. Overall Remuneration policy / philosophy and significant changes and initiatives therein during the year.
13. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
16. The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
17. Conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

F. COMPLIANCE OFFICER

The Company Secretary shall be the Compliance Officer of the Company.

G. COMMITTEES OF THE BOARD

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board constitutes a set of Committees with specific terms of reference / scope. The Committees shall operate as empowered agents of the Board as per their Charter / terms of reference.

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.

Chaitanya complies with the above requirements of committee and have the following committees.

1. AUDIT COMMITTEE

The Company has in place the Audit Committee in accordance with the provisions of Section 177 of the Companies Act, 2013 and RBI guidelines on Corporate Governance.

Composition	The Audit Committee shall consist of a minimum of three directors with not less than 2/3 rd members being independent directors. The Chairman of the Audit Committee shall be an Independent Director and who is elected by the members of the Audit Committee
-------------	--

	<p>All members of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.</p> <p>The Audit Committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the Committee, but on occasions it may also meet without the presence of any executives of the Company.</p> <p>The Chief Financial Officer, Finance Director, Head of Internal Audit and a representative of the Statutory Auditor may be present as invitees for the meetings of the Audit Committee.</p>
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee.
Meetings and Quorum	<p>The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.</p> <p>The quorum for audit committee meeting shall either be two members or one third of the members of the audit committee, whichever is greater.</p>
Terms of reference	<p>The Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include:</p> <ol style="list-style-type: none"> 1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible; 2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company; 3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors; 4. Reviewing the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to: <ol style="list-style-type: none"> 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; 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 legal requirements relating to financial statements; f) disclosure of any related party transactions; g) modified opinion(s) in the draft audit report; 5. Reviewing the Yearly financial statements before submission to the board for approval;

	<ol style="list-style-type: none"> 6. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process; 7. approval or any subsequent modification of transactions of the Company with related parties; 8. scrutiny of inter-corporate loans and investments; 9. evaluation of internal financial controls; 10. Reviewing performance of statutory and internal auditors, adequacy of the internal control systems; 11. Reviewing of internal audit function, reporting structure coverage and frequency of internal audit; 12. Discussion with internal auditors of any significant findings and follow up there on; 13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board; 14. Discussion 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; 15. To review the functioning of the whistle blower mechanism and Vigil Mechanism; 16. Recommendation of appointment of Chief Financial Officer, Finance Head, Internal Audit Head after assessing the qualifications, experience and background, etc. of the candidate to the Board; 17. The Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company. 18. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
--	--

2. RISK MANAGEMENT COMMITTEE

The Company has in place the Risk Management Committee for the purpose of monitoring the risk and to make suitable strategies to control it.

Composition	The Risk Management Committee shall consist of a minimum of three directors.
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee.
Meetings and Quorum	The Committee shall meet as and when necessary to review and monitor the risk associated with business of the Company. The quorum shall be at least two Directors.
Terms of reference	The Risk Management Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include:

	<ol style="list-style-type: none"> 1. To periodically assess risks to the effective execution of business strategy and review key leading indicators in this regard.; 2. To review and approve the Risk Management Framework of the Company. 3. To periodically review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities. 4. To review operational risk, information technology risk and integrity risk; 5. To review credit risk management processes. 6. The risk management committee shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner 7. To appraise the Board of Directors at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy; 8. To make regular reports to the Board, including with respect to risk management and minimization procedures. 9. The role and responsibilities of the risk management committee shall include such other items as may be prescribed by applicable law or the Board in compliance with applicable law, from time to time. 10. Have access to any internal information necessary to fulfill its oversight role and the authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
--	---

3. 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 guidelines on Corporate Governance.

Composition	The Committee shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors. The chairperson of the company may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee.
Meetings and Quorum	<p>The committee shall meet as and when necessary.</p> <p>The quorum shall be at least two Directors.</p> <p>Chairman of the Committee or in his absence, any other member of the Committee authorised by him shall attend the General Meetings of the Company.</p>

Terms of reference	<p>The Nomination and Remuneration Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include</p> <ol style="list-style-type: none"> 1. To formulate a criteria for determining qualifications, positive attributes and independence of a Director. 2. To ensure 'fit and proper' status of proposed/ existing Directors 3. Identifying 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 of directors their appointment and removal. 4. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors. 5. To recommend to the Board the appointment and removal of Senior Management. 6. To carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance. 7. To recommend to the Board on policy relating to remuneration for Directors including Executive Directors, Key Managerial Personnel and Senior Management. 8. To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract; 9. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks, 10. To devise a policy on Board diversity;
--------------------	--

4. FINANCE COMMITTEE

The Company has in place the Finance Committee to handle the day to day activities of the company

Composition	The Finance Committee shall consist of a minimum of Two Directors.
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee
Meetings and Quorum	The Committee shall meet as when necessary and the Quorum for the meeting is Two Directors
Terms of reference	<p>The Finance Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include:</p> <ol style="list-style-type: none"> 1. Clause (d) to (f) of section 179 of The Companies Act 2013: <ul style="list-style-type: none"> (d) To borrow monies; (e) To invest the funds of the Company;

	<p>(f) To grant loans or give guarantees or provide security in respect of loans.</p> <ol style="list-style-type: none"> 2. To authorise sell-out / buy out, assignment and securitisation transactions. 3. To accept appointment / empanelment as BC (Business Correspondent), Micro Insurance agent. 4. To effect change in interest rates charged on loans given to our customers as and when required to comply with RBI margin cap compliance. 5. To avail all banking facilities such as, opening of accounts, online / net banking, CMS, Trade finance, ECS, closing of accounts and any other such products offered by banks, on behalf of the Company and also authorized to sub- delegate the powers to any of the officers of the Company. 6. To appoint authorized signatories or remove signatories for operating the companies banking facilities (including online/ net banking). 7. Approval for allotment of securities. 8. Issue of Power of Attorney. 9. Approval for Split up of securities. 10. Redemption of Debentures. 11. Prepayment Loans and Non-convertible Debentures. 12. To avail call or put option for the Non-convertible Debentures. 13. To approve availment of any of the services provided with respect to collection, aggregation of funds such as collection account in whatsoever name, such as Cash management facilities, from any bank or financial service provider and all matters associated with the same. 14. To approve availment of any of the services provided by a bank with respect to disbursal / payment / transfer of funds such as Host to Host payment services, API (Automated Payment Interface) facilities from any bank or financial service provider and all matters associated with the same. 15. Placing of surplus funds of the Company in approved investments such as Fixed Deposits, Money Market Funds (both liquid funds and overnight funds) and redemption of such investments within limits as approved by Board from time to time. 16. Closing of any bank accounts and closing or terminating of any financial services availed in the past from any bank, financial institution or financial service providers." 17. Identifying the investors and to offer the Securities. 18. Investments in securities as per Treasury and Investment Policy. 19. To avail Demat & Trading Facilities or setting up any other facilities for trading for treasury operations and appoint or remove authorised signatories operating such facilities. 20. Appointment or Change of Registrar and Transfer Agent for the Company's Securities (Debentures, Equity shares and other
--	---

	securities) issued under the Companies Act 2013 and admission of such securities on Depositories.
--	---

5. ASSET LIABILITY COMMITTEE (ALCO):

The Company has in place an Asset Liability Committee in accordance with the RBI guidelines on Corporate Governance.

Composition	<p>The Asset Liability Committee shall consist of a minimum of three Members.</p> <p>The CEO/CMD or the ED to be the Chairperson of the Committee</p>
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee
Meetings and Quorum	<p>The committee shall meet on quarterly basis.</p> <p>The quorum for committee meeting shall be two members.</p>
Terms of reference	<ol style="list-style-type: none"> 1. Monitoring the market risk levels of the company by ensuring adherence to the various risk-limits set by the Board; 2. articulating the current interest rate view and a view on future direction of interest rate movement and base its decisions for future business strategy on this view as also on other parameters considered relevant. 3. Deciding the business strategy of the company, both - on the assets and liabilities sides, consistent with the Financial Institution's interest rate view, budget and pre-determined risk management objectives. This would, in turn, include: <ol style="list-style-type: none"> a. Determining the desired maturity profile and mix of the assets and liabilities; b. Product pricing for both - assets as well as liabilities side; c. Deciding the funding strategy d. Reviewing the results of and progress in implementation of the decisions made in the previous meetings

6. IT STRATEGY COMMITTEE

The Company has in place an IT Strategy Committee in accordance with the RBI guidelines on Corporate Governance.

Composition	<p>The IT Strategy Committee shall consist of a minimum of three Members. CIO & CTO should be a part of the committee.</p> <p>Company may designate a senior executive as the Chief Information Officer (CIO) or in-Charge of IT operations whose responsibility is to ensure implementation of IT Policy.</p>
-------------	--

	Independent Director to be the Chairperson of the Committee
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee
Meetings and Quorum	The committee shall meet at an appropriate frequency with maximum gap of 6 months between two meetings The quorum for committee meeting shall be two members.
Terms of reference	<ol style="list-style-type: none"> 1. Providing input to other Board committees and Senior Management 2. Carrying out review and amending the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance <ol style="list-style-type: none"> a. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place; b. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business; c. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable; d. 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; e. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

7. CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

The Company has in place a Corporate Social Responsibility Committee in accordance with the provisions of Section 135 of Companies Act, 2013.

Composition	<p>As per Section 135(1), three or more Directors including at least one Independent Director shall form CSR Committee.</p> <p>However, for the companies which are not required to have Independent Director shall constitute CSR Committee without Independent Director and the private companies having only two Directors shall constitute CSR Committee only with two such Directors as provided in Rule 5(1) of the Companies (CSR Policy) Rules, 2014.</p> <p>Independent Director to be the Chairperson of the Committee</p>
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee
Meetings and Quorum	<p>The Committee shall meet at an appropriate frequency with maximum gap of 6 months between two meetings</p> <p>The quorum for committee meeting shall be two members.</p>

Terms of reference	<ol style="list-style-type: none"> 1. To formulate and recommend to the board of directors, the CSR Policy which shall indicate the activities to be undertaken as specified in Schedule VII of the Act and the applicable rules; 2. To Recommend the areas of interest under which CSR activities can be undertaken by the Company in collaborating with Chaitanya affiliate companies or any other company or any other entity; 3. To recommend the amount of expenditure to be incurred on the CSR activities planned for the year; 4. To formulate the CSR Budget based on the CSR activities planned for the year; 5. To create an effective due diligence and monitoring mechanism for implementation of the approved CSR activities; 6. To submit reports to the Board of Directors in respect of the CSR activities undertaken by Chaitanya;
--------------------	--

8. STAKEHOLDER RELATIONSHIP COMMITTEE

The Company has in place a Stakeholder Relationship Committee in accordance with the provisions of Section 178 of Companies Act, 2013.

Composition	The Chairperson of the Board shall act as Chairperson of the Committee and the Committee shall comprise of minimum three directors as its members.
Secretary	The Company Secretary of the Company shall act as the Secretary to the Committee
Meetings and Quorum	The Committee shall meet at an appropriate frequency and the quorum for committee meeting shall be two directors.
Terms of reference	<ol style="list-style-type: none"> 1. To resolve the grievances of the security holders of the listed entity including complaints related to transfer/transmission of securities, non-receipt of annual report, non-receipt of declared dividend / interest amount / redemption payment etc. 2. To review measures taken for effective exercise of voting rights by security holders. 3. To review adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent.

H. DISCLOSURE AND TRANSPARENCY

In order to practice the policy of Disclosure and Transparency, the following information shall be put to the Board of Directors at regular intervals in this regard:

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

- iii. committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.;
- iv. Updates of the various committees meetings at from time to time;
- v. Disclosures in the Annual Financial Statements information as may be prescribed under the RBI Regulatory Framework from time to time