

SIL INVESTMENTS LIMITED
INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

I. INTRODUCTION

SIL Investments Limited (“**Company**”) recognizes its role as a corporate citizen and endeavours to adopt good practices and standards of corporate governance through transparency in business ethics, accountability to its customers, government and others.

The Company carries its activities in accordance with good corporate practices and is constantly striving to better them by adopting the best practices.

II. OBJECTIVE OF GUIDELINES ON CORPORATE GOVERNANCE

The Company is a Non-Banking Financial Company - Non Deposit accepting - Systemically Important (NBFC-ND-SI) registered with Reserve Bank of India (RBI).

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 June 3, 2015 issued directions on Corporate Governance known as Non-Banking Financial Companies Corporate Governance (Reserve Bank) Directions, 2015 and has stipulated all NBFC-ND-SI companies to frame internal guidelines on Corporate Governance.

In pursuance of the aforesaid directions issued by the RBI, the internal Guidelines on Corporate Governance have been formed for consideration by the Board of Directors.

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 in the matters relating to policy formulation, implementation and strategic issues which are crucial for the long term development of the Company.

Composition

The Composition of the Board shall be governed by the Articles of Association of the Company read with the applicable provisions of Companies Act, 2013 (“**Act**”) and the rules framed thereunder.

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 meetings of all Committees of the Board shall be placed before the Board for noting in subsequent meeting.

1. AUDIT COMMITTEE

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

Chairman	The Committee shall appoint one of its members as the Chairman of the Committee. However, as a matter of good governance, one of the Independent Directors may be appointed as the Chairman of the Committee.
Composition	The Audit Committee shall consist of a minimum of three Directors.
Meetings and Quorum	<p>The Audit Committee shall meet as and when required, but shall meet at least four times in a year.</p> <p>The quorum shall be either two members or one third of the members of the Committee whichever is higher, provided that at least one Independent Director shall be present at the meeting.</p>
Terms of Reference	<p>The terms of reference of the Audit Committee, inter-alia, shall include the following:</p> <ul style="list-style-type: none">- recommendation for appointment, remuneration and terms of appointment of auditors of the Company;- review and monitor the auditor's independence and performance, and effectiveness of audit process;- examination of the financial statement and the auditors' report thereon;- approval or any subsequent modification of transactions of the Company, if any, with related parties;- scrutiny of inter-corporate loans and investments, if any;- valuation of undertakings or assets of the Company, wherever it is necessary;- evaluation of internal financial controls and risk management systems;- monitoring the end use of funds, if raised through public offers and related matters.- ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks, if any, faced by the Company.

2. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee shall be constituted in accordance with the Corporate Governance guidelines promulgated by the Reserve Bank of India and the applicable provisions of the Act. The Committee shall be primarily responsible to assist the Board of Directors 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	<p>The Committee shall appoint one of its members as the Chairman of the Committee. However, as a matter of good governance, one of the Independent Directors may be appointed as the Chairman of the Committee.</p> <p>The Chairman of the Company shall not be appointed as the Chairman of the Committee.</p>
Composition	<p>The Committee shall consist of three or more Non-Executive Directors out of which not less than one-half shall be Independent Directors.</p>
Meetings and Quorum	<p>The Committee shall meet as and when required, but shall meet at least once in a year.</p> <p>The quorum shall be either two members or one third of the members of the Committee whichever is higher, provided that at least one Independent Director shall be present at the meeting.</p>
Terms of Reference	<p>The terms of reference of the Nomination and Remuneration Committee shall, inter-alia, include the following:</p> <ul style="list-style-type: none">- formulate the criteria for determining qualifications, positive attributes and independence of a director;- identify and recommend to the Board of Directors, the appointment of persons considered capable and fit for the role of director based on the criteria so formulated;- evaluation of Directors' performance;- recommend to the Board of Directors a policy relating to the remuneration for the directors, key managerial personnel and other senior employees of the Company; and- such other tasks as may be entrusted to it by the Board of Directors from time to time.

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.

Chairman	<p>The Committee shall appoint one of its members as the Chairman of the Committee.</p>
Composition	<p>The Committee shall consist of such number of members as may be determined by the Board.</p>

Meetings and Quorum	<p>The Committee shall meet as and when required, but shall meet at least twice in a year.</p> <p>The quorum shall be at least two members.</p>
Terms of Reference	<p>The terms of reference of the Risk Management Committee shall, inter-alia, include the following:</p> <ul style="list-style-type: none"> - identification, monitoring and measurement of the risk profile of the Company (including market risk, operational risk and transactional risk); - overseeing its integrated risk measurement system; - review the minutes of meetings of the Asset Liability Committee; and - 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.

4. ASSET LIABILITY MANAGEMENT COMMITTEE

The Asset Liability Committee (ALCO) shall be a decision making body responsible for integrated balance sheet management from risk-return perspective and includes the strategic management of interest rate and liquidity risks.

Chairman	The Director-in-Charge of SIL Investments Limited shall be the Chairman of the ALCO.
Composition	The ALCO shall consist of such number of members as may be determined by the Board.
Meetings and Quorum	<p>The ALCO shall meet as and when required, but shall meet at least twice in a year.</p> <p>The quorum shall be at least two members.</p>
Terms of Reference	<p>The terms of reference of the Risk Management Committee shall, inter-alia, include the following:</p> <ul style="list-style-type: none"> - Monitoring the market-risk levels on the balance sheet across Treasury, Loan / Investment and Portfolio assets, and ensuring compliance with the risk limits prescribed by the Board; - 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. - Consider business issues that include Product pricing, desired maturity profile and mix of incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for similar services / product, etc. - Articulating the institutional view on interest rates as well as defining the future direction of interest rate movements. - Formulating the business strategy by taking a holistic view of both assets and liabilities, interest rates, risk tolerance and risk philosophy. - Reviewing the results of and progress in implementing the decisions made at previous ALCO meetings.

II. 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:

- a. The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
- b. 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.;
- c. Updates of the various committees meetings from time to time;
- d. Disclosures in the annual financial statements information as may be prescribed under the RBI Regulatory Framework from time to time.

III ROTATION OF STATUTORY AUDITORS/AUDIT PARTNER(S)

For the purpose of adopting best corporate practices and to strengthen the governance mechanism, the partner of the Statutory Auditors are subject to rotation and is required to rotate in every three years.
