

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">• Oversight of Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.• Recommend to the Board, the appointment, re-appointment, remuneration and terms of appointment of auditors of the Company and, if required, their replacement or removal.• Approve payment to statutory auditors for any other services rendered by them.• Review, with the management, the quarterly and annual financial statements and auditors report thereon before submission to the Board for approval.• Approve appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.• Review and monitor the auditor's independence, performance and effectiveness of audit process.• Review the adequacy of internal audit function, including the structure of internal audit department, if any, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit, etc. and all other matters as may be required to be referred to the Audit Committee under various regulations.

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">• Recommend to the Board the compensation package of the Executive Directors, Key Managerial Personnel and other Senior Management Personnel.• Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to remuneration of the Directors, Key Managerial Personnel and other employees.• Formulate the criteria for evaluation of performance of the Board of Directors.• Devise a policy on diversity of Board of Directors.• Identify 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.• Decide on whether to extend or continue the term of appointment of Independent Directors, on the basis of the performance evaluation report of Independent Directors; and all other matters as may be required to be referred to the Nomination and Remuneration Committee under various regulations.

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	The Committee shall appoint one of its members as the Chairman of the Committee.
Composition	The Committee shall consist of such number of members as may be determined by the Board.
Meetings and Quorum	The Committee shall meet as and when required, but shall meet at least twice in a year. The quorum shall be at least two members.
Terms of Reference	The terms of reference of the Risk Management Committee shall, inter-alia, include the following: <ul style="list-style-type: none"> • Review of the Risk Management policy, framework and procedures. • Monitor, review and approve the Risk Matrix. • Review of the Business Continuity Plan. • Review of the Company's cyber security and data framework; and all other matters as may be required to be referred to the Risk Management Committee under various regulations.

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	The ALCO shall meet as and when required, but shall meet at least twice in a year. The quorum shall be at least two members.
Terms of Reference	The terms of reference of the Asset Liability Committee shall, inter-alia, include the following: <ul style="list-style-type: none"> • The Committee is empowered to analyze and periodically review returns and short term dynamic liquidity. • The Committee also oversees liquidity position of the Company and liquidity risk management; and all other matters as may be required to be referred to the Asset - Liability Committee under various regulations.

IV. 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.
