

**NIIF Infrastructure Finance Limited (NIIF IFL) – Internal Guidelines on Corporate Governance**

**Policy Owner:** Head – Legal and Compliance

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## NIIF IFL – Internal Guidelines on Corporate Governance

### Company Philosophy and Corporate Governance

The Reserve Bank of India ('RBI') vide its Circular No. DNBR (PD) CC.No.029/ 03.10.001/ 2014- 15 dated April 10, 2015 notified Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 ("RBI Circular") which requires NBFCs to frame Internal Guidelines on Corporate Governance.

Being a professionally run enterprise with National Investment and Infrastructure Fund II ("NIIF Fund II") holding controlling stake, effective board oversight and sound Corporate Governance practices are fundamental to the Company's quest of delivering long-term value to all its stakeholders.

Corporate Governance is a continuous process at NIIF Infrastructure Finance Limited. It is about commitment to values and ethical business conduct. Systems, policies and frameworks are regularly upgraded to meet the challenges of rapid growth in a dynamic external business environment.

### Company

The Company is NBFC-ND-SI (Non-Banking Financial Company- Non-Deposit taking- Systemically Important) categorized as an Infrastructure Debt Fund and is registered with Reserve Bank of India.

### Board

The Company's Board currently consists of 5 Directors, comprising three nominee Directors of NIIF Fund II, two Independent Directors.

The members of the Board are as follows:

Sr. No.	Name of Director	Designation
1.	Mr. Prakash Rao	Nominee Director of NIIF Fund II
2.	Mr. Rajiv Dhar	Nominee Director of NIIF Fund II
3.	Mr. A K T Chari	Nominee Director of NIIF Fund II
4.	Mr. Ashwani Kumar	Independent Director
5.	Ms. Ritu Anand	Independent Director

The Directors bring to the Board a wide range of experience and skills which include banking, global finance, law, accounting and economics.

### Committees

I. Following are the Board level Committees of the Company:

#### A. **Audit Committee**

The Company has in place the Audit Committee in accordance with the provisions of the Companies Act 2013 and RBI Guidelines as amended from time to time. The terms of reference of the Audit Committee are in accordance with the relevant provisions of the Companies Act, 2013.

The Audit Committee consists of:

Sr No	Particulars	Designation	Chairman/Member
1	Mr. Ashwani Kumar	Independent Director	Chairman
2	Ms. Ritu Anand	Independent Director	Member
3	Mr. Rajiv Dhar	Non Executive Director	Member

All the members are financially literate and at least one member has accounting or financial management expertise. The CFO and the representatives of the Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary of the Company acts as the Secretary to the Audit Committee. The Audit committee charter is in line with the Companies Act 2013.

#### B. Nomination and Remuneration Committee

The Company has in place, the Nomination and Remuneration committee of the Company. The

Nomination and Remuneration Committee consists of:

Sr No	Particulars	Designation	Chairman/Member
1	Mr. Ashwani Kumar	Independent Director	Chairman
2	Ms. Ritu Anand	Independent Director	Member
3	Mr. Prakash Rao	Nominee Director of NIIF Fund II	Member
4	Mr. Rajiv Dhar	Nominee Director of NIIF Fund II	Member

The Terms of Reference of the Nomination and Remuneration Committee are in accordance with the applicable provisions of the Companies Act, 2013. The Committee ensures formulation of the remuneration policy and sets out criteria for determining qualifications, positive attributes and independence of a director and recommends to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees; The Committee is responsible to ensure 'fit and proper' status of proposed/ existing directors. The Committee shall formulate the criteria for conducting the Board Evaluation process and the performance of Board, Committees, Chairman, and the Directors in accordance with Section 178 of the Companies Act, 2013

#### C. Risk Management Committee

The Board-level Risk Committee monitors risk management of the Company on a regular basis. The Risk Management Committee consists of:

Sr No	Particulars	Designation	Chairman/Member
1	Mr. Ashwani Kumar	Independent Director	Chairman
2	Mr. Rajiv Dhar	Nominee Director of NIIF Fund II	Member
3	Mr. A K T Chari	Nominee Director of NIIF Fund II	Member

The Risk Management Committee reviews and monitors risks across the organization: credit risk, market risk, operational risk and portfolio level risk. The Risk Management Committee meets on a quarterly basis and updates the Board on the various reviews made and risk management policy.

#### D. CSR Committee

NIIF Infrastructure Finance Limited believed that profitability must be complemented by a sense of responsibility towards all stakeholders. The CSR Committee, as mandated under Section 135 (3) of the Companies Act, 2013 formulated and recommended to the Board, a CSR Policy which indicates the activities to be undertaken by the Company as specified in Schedule VII of the Act and recommends the amount of expenditure to be incurred on the said activities.

The CSR Committee consists of:

Sr No	Particulars	Designation	Chairman/Member
1	Mr. Ashwani Kumar	Independent Director	Chairman
2	Ms. Ritu Anand	Independent Director	Member
3	Mr. Prakash Rao	Nominee Director of NIIF Fund II	Member

II. Following are the few important Executive/Management Committees of the Company from the pointview of compliance and governance:

#### A. Credit Committee

As specified in the Credit Policy, all financing proposals are submitted to the Credit Committee for its approval. The Credit Committee meets as may be required, to consider and approve proposals. In case of urgency, it takes up proposals for approval by circulation.

The Credit Committee consists of:

Sr No	Particulars	Designation	Chairman/Member
1	Mr. Prakash Rao	Director	Member
2	Mr. A K T Chari	Director	Member
3	Ms. Varsha Purandare	Independent external Member	Member
4	Mr. Sadashiv S. Rao	Chief Executive Officer	Member

The quorum of the Credit Committee Meeting is any three members present at the Meeting in person or by Video Conferencing or by any other allowable mode.

#### B. ALCO Committee

The ALCO is 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.

The ALCO comprises of the following:

Sr. No	Particulars	Designation	Chairman/Member
1	Mr. Sadashiv S. Rao	Chief Executive Officer	Chairman
2	Mr. Sanjay Ajgaonkar	Chief Financial Officer	Member
3	Mr. Dhananjay Yellurkar	Chief Risk Officer	Member
4	Mr. Debabrata Mukherjee	Head – Business	Member
5	Mr. Amit Ruparelia	Director -Resources	Member

Director – IT will be invitee to the ALCO meetings. NIIF Representative will be invited as an observer to the ALCO Meetings. The quorum for ALCO will be 3 (three) members, which must include the CEO and CFO. The ALCO will meet at least six times during the year. The Chairman of the ALCO may convene an ALCO meeting on a more frequent basis.

ALCO has also constituted Asset Liability Management Support Group-which consist of operating staff from Risk, Accounts and Resources group, which analyse/monitor liquidity profile, limits & report to ALCO & RBI.

### **C. Investment Committee**

The Investment committee comprises of the following

- Chief Executive Officer
- Chief Financial Officer
- Chief Risk Officer

The scope of the Investment Committee is:

- Overall monitoring of the Treasury Activities
- Powers to fix and vary limits within the delegated powers of this Policy
- Set and review Strategies
- Review Treasury operations

The Investment Committee meets as and when need arises.

### **D. Finance Committee**

The Finance Committee comprises of the following:

- Sadashiv Rao- Chief Executive Officer
- Sanjay Ajgaonkar – Chief Financial Officer
- Dhananjay Yellurkar – Chief Risk Officer
- Debabrata Mukherjee- Head- Business

Finance Committee is authorized to negotiate and finalize the terms of all the borrowings and sign the relevant documents and other agreements and such other related documents with reference to the above borrowings.

### **E. Allotment Committee**

The Allotment Committee comprises of the following:

- Prakash Rao -Director
- Sanjay Ajgaonkar – Chief Financial Officer
- Dhananjay Yellurkar – Chief Risk Officer

Allotment Committee is authorized to perform all acts/actions in relation to the issuance and allotment of shares.

The quorum of the Credit Committee Meeting is any three members present at the Meeting in person or by Video Conferencing or by any other allowable mode. The Allotment Committee meets as and when need arises.

## **F. IT Strategy Committee**

The IT Strategy Committee comprises of

<b>Sr No</b>	<b>Particulars</b>	<b>Designation</b>	<b>Chairman/Member</b>
1	Ms. Ritu Anand	Independent Director	Chairperson
2	Mr. Rajiv Dhar	Nominee of NIIF Fund II	Member
3	Mr. Sadashiv S. Rao	Chief Executive Officer	Member
4	Mr. Madhusudan Warrier	Director – Information Technology	Member
5	Mr. Dhananjay Yellurkar	Chief Risk Officer	Member
6	Mr. Sanjay Ajgaonkar	Chief Financial Officer	Member

RBI vide it's Master Direction on June 08, 2017 Direction requiring NBFCs to comply with requirements relating to Information Technology Framework ("IT Framework").

The focus of the IT Framework is on IT Governance, IT Policy, Information & Cyber Security, IT Operations, IS Audit, Business Continuity Planning and IT Services Outsourcing. This committee shall review and amend the IT strategies in line with the corporate strategies, cyber security arrangements, approve annual IT budget, monitor IT services and any other matter related to IT Governance.

The quorum necessary for IT Strategy Committee meeting is any three members present, in person or by Video Conferencing or by any other allowable mode and one of whom shall be Chairperson. Committee should meet at an appropriate frequency but not more than six months should elapse between two meetings.

IT Strategy Committee has also constituted IT Steering Committee (Procurement Committee) which consists of CEO, CFO, CRO and Director – IT which focuses on priority setting, procurement, resource allocation and project tracking.

### **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 and the extant RBI Guidelines issued in this regard.

The auditors/audit firms, Entities will have to be appointed for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. While removing the Auditors before completion of three years tenure, the Company shall inform concerned Senior Supervisory Manager / Regional Office at RBI about it along with reasons/justification for the same, within a month of such a decision being taken.

### **Fair Practices Code:**

Pursuant to the guidelines on Fair Practices Code issued by Reserve Bank of India, the Company has adopted a policy on Fair Practices Code which is posted on the website of the Company. A regular review on the implementation of the same is conducted by Board of Directors.

### **Code of conduct**

The Company has adopted a code of conduct and Ethics of the Company and due care is taken that the same is being adhered to.

### **Whistle Blower Policy**

The Board of Directors of the Company approved the Vigil Mechanism and amended the existing Whistle Blower Policy of the Company to bring it in line with the provisions of the Companies Act, 2013. The Whistle Blower Policy is disclosed on the website of the Company [www.niiffl.in](http://www.niiffl.in). The vigil mechanism is designed for the directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

### **Disclosures and transparency**

The Board of the Company reviews, records and adopts the minutes of all the above-Board level committee meetings.

As part of the Corporate Governance, a compliance requirement has been put in place, wherein a quarterly report regarding compliance with all laws applicable to the Company is placed before the Board for their review.

### **Review**

These guidelines shall be reviewed periodically and may be amended as per the changes in the constitution or terms of reference of Committees and related matters as stated in the guidelines based on decisions taken by the Board or its Committees.