

**WEST END INVESTMENT AND FINANCE CONSULTANCY PRIVATE LIMITED**

**INTERNAL GUIDELINES ON CORPORATE GOVERNANCE**

| <b>Name of the Policy/Documents</b>         | <b>Date of Approval/Review</b>   |
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| Internal Guidelines on Corporate Governance | 21 <sup>st</sup> May, 2018       |
|   | 13 <sup>th</sup> February, 2020  |
|   | 04 <sup>th</sup> September, 2023 |

## **1. INTRODUCTION**

West End Investment & Finance Consultancy Pvt. Ltd. (“WEIFCPL”, “the Company”) is a Non-Banking Financial Company (“NBFC”) having valid Certificate of Registration with Reserve Bank of India (“RBI”) vide registration no. 13.00066 dated 24<sup>th</sup> February, 1998 under current RBI classification as NBFC - Investment and Credit Company (“NBFC-ICC”) – Non Deposit taking Systemically Important (“ICC-ND-SI”).

## **2. PREFACE**

Corporate Governance is creation and enhancing long term sustainable value for the stakeholders through ethically driven business process. It promotes fairness, transparency, accountability, commitment to values, ethical business conduct and prioritizing all stakeholders’ interest while conducting business. Since corporate Governance also sets up a framework for attaining an organization’s objectives, it covers practically every facet of management, from internal controls & action plans to performance measurement & corporate disclosure. A transparent & agile corporate governance empowers a Company to make informed and ethical decisions that oust anything which is against the stakeholder’s interest.

‘Governance’ in general terms, means the application of best management practices, compliance of law in true letter and spirit, adherence to ethical standards, distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.

## **3. REGULATORY REQUIREMENT**

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has issued directions on Corporate Governance for NBFCs. In pursuance of the Master Circular- “Non- Banking Financial Companies- Corporate Governance (Reserve Bank) Directions, 2015, and Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time, the Company has framed the internal Guidelines on Corporate Governance.

Further company has adopted Prevention of Sexual Harassment (POSH) Policy in accordance with the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder.

## **4. ABOUT THE GUIDELINES**

The objective of this document is to assist Company with the establishment and administration of a corporate governance structure in line with the Company’s policies, Articles of Association (AOA) and in compliance with the Companies Act, 2013 (“Act”) and Rules made thereunder and Master Directions, notification and circulars issued by Reserve Bank of India (“RBI”) from time to time, wherever applicable (herein collectively referred as “Applicable Law”).

These Guidelines are issued and monitored by the Board of Directors (“Board”) of the Company. The Company implements all applicable policies that are relevant to the Company subject to any variation required by applicable laws, regulations and guidance issued by relevant regulators.

The Company ensures good governance through its Board and Committees.

## **5. GOVERNANCE STRUCTURE**

The Company is a distinct legal entity registered under the erstwhile Companies Act, 1956 (now amended to Companies Act, 2013). The Corporate affairs of the Company are governed in the manner as described in this Guideline.

Key elements of Company's corporate governance:

- i) Compliance with all applicable laws, rules and regulations within prescribed time and spirit;
- ii) The Company's Board is composed of directors from diverse backgrounds and substantial experience, who are able to provide appropriate guidance to the executive management as required;
- iii) The Board comprises of independent directors with outstanding track record and reputation;
- iv) There are separate meetings of independent directors without presence of non-independent directors or executive management;
- v) There is a confidential Board evaluation process where each Board member evaluates the performance of every Director, Committees of the Board, the Chairperson of the Board and the Board itself; and
- vi) Complete and detailed information provided to Board members in advance to enable them to evaluate matters carefully for meaningful discussions.

## **6. GUIDELINES ON CORPORATE GOVERNANCE**

### **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 is in conformity with the provisions of Applicable Laws and having diverse experience and expertise in their respective areas.

**Maximum of Directorship:**

None of the Directors on the Board shall hold directorship in more than Twenty (20) Companies at the same time out of which directorship in Public Limited Companies shall not exceed more than Ten (10).

Within the permissible limits in terms of Companies Act, 2013, an independent director shall not be on the Board of more than three NBFCs (NBFCs-ML or NBFCs-UL) at the same time. There shall be no restriction to directorship on the Boards of NBFCs-BL, subject to provisions of Companies Act, 2013.

**Board Meeting:**

Meeting of the Board shall be held at least Four Time in a year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meeting of the Board.

The minutes of all meetings of the Board and the Committees shall be circulated to the Board within respective timelines in accordance with the Secretarial Standard on Meetings of the Board of Directors (SS-1) issued by the Institute of Company Secretaries of India and other Applicable Laws.

**Monitoring the Board performance:**

The performance of Board, its Committees, Chairperson and individual Directors are evaluated by the Nomination and Remuneration Committee on the basis of the criteria specified in the Nomination and Remuneration Policy of the Company, with the aim to improve the effectiveness and efficiency of the Board and Committees.

**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.

As per the Master Direction-Non Banking Financial Company-Systemically Important-Non Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016, (“Master Direction”) the Board has constituted the following committees along with their Compositions and term of references:

- a) Audit Committee
- b) Nomination and Remuneration Committee
- c) Corporate Social Responsibility Committee
- d) Risk Management Committee
- e) Assets & Liability Management Committee
- f) IT Strategy Committee
- g) IT Steering Committee

The Board of the Company may, from time to time, constitute such other committees as may be required under the extant of the Company's policies, applicable regulations or for the purpose of ease of governance.

a) **AUDIT COMMITTEE**

The Audit Committee of the Company has constituted in line with the provisions of Section 177 of the Companies Act 2013 ('Act') and circulars, directions and guidelines issued by Reserve Bank of India ('Guidelines').

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| <b>Chairman</b>           | The Committee shall appoint an Independent Director as the Chairman of the Committee.  |
| <b>Composition</b>        | The constitution of the Committee shall be in accordance with the Applicable Law   |
| <b>Quorum</b>             | The quorum shall be in accordance with the Applicable Law  |
| <b>Meetings</b>           | The Audit Committee shall meet as and when required  |
| <b>Terms of reference</b> | <p>The terms of reference of the Audit Committee, inter-alia, shall include the following:</p> <ul style="list-style-type: none"> <li>➤ recommendation for appointment, remuneration and terms of appointment of auditors of the Company;</li> <li>➤ review and monitor the auditor's independence and performance and effectiveness of audit process;</li> <li>➤ Reviewing, with the management, the financial statements before submission to the board along with examination of auditor's report thereon and also ensure reliability of financial statements for preparation of other related records linked to the financial statements</li> <li>➤ approval or any subsequent modification of transactions of the Company, if any, with related parties;</li> <li>➤ scrutiny of inter-corporate loans and investments, if any;</li> <li>➤ valuation of undertakings or assets of the company, wherever necessary;</li> <li>➤ evaluation of internal financial controls and risk management systems;</li> <li>➤ To review the functioning of the vigil mechanism;</li> <li>➤ Monitoring the end use of funds, if raised through public offers and related matters;</li> <li>➤ Reviewing with the management, performance of Statutory and internal auditors, the scope of internal audit, adequacy of internal control systems and ensure adherence thereto and any other related issues;</li> </ul> |

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|  | <ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ Have the same powers, functions and duties as laid down in Section 177 of the Act; and</li> </ul> <p>To carry out any other function as is mandated by the Board from time to time and/ or enforced by any statutory notification, amendment, or modification, as may be applicable.</p> |
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**b) NOMINATION AND REMUNERATION COMMITTEE**

The Board has constituted the Nomination and Remuneration Committee (NRC) in line with the provisions of Section 178 of the Companies Act, 2013 (“Act”) and circulars, directions and guidelines issued by Reserve Bank of India (“Guidelines”).

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| <b>Chairman</b>           | The Committee shall appoint an Independent Directors as the Chairman of the Committee.<br>The Chairman of the Company shall not be appointed as the Chairman of this Committee but may be appointed as a member of this committee.   |
| <b>Composition</b>        | The constitution of the Committee shall be in accordance with the Applicable Law.  |
| <b>Quorum</b>             | The quorum shall be in accordance with the Applicable Law  |
| <b>Meetings</b>           | The Committee shall meet as and when required.   |
| <b>Terms of reference</b> | <p>The terms of reference of the Nomination and Remuneration Committee shall inter-alia include the following:</p> <ul style="list-style-type: none"> <li>➤ Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down in charter, recommend to the Board their appointment and removal;</li> <li>➤ Specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;</li> <li>➤ formulate the criteria for determining qualifications, positive attributes and independence of a director;</li> </ul> |

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|  | <ul style="list-style-type: none"> <li>➤ 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</li> <li>➤ Ensuring ‘fit and proper’ status of proposed / existing directors</li> <li>➤ Retain, motivate and promote talent and to ensure long term sustainability of talented Directors, KMPs and SMPs.</li> <li>➤ Have the same powers, functions and duties as laid down in Section 178 of the Act; and</li> </ul> <p>To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment, or modification, as may be applicable.</p> |
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**c) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Company has constituted Corporate Social Responsibility Committee (CSR Committee) in line with the provisions of Section 135 of the Companies Act, 2013 (“Act”) which has substantial roles and responsibilities in respect of projects to be recommended to the Board and for the monitoring of the CSR projects and reporting.

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| <b>Chairman</b>           | The Committee shall appoint one of its members as the Chairman of the Committee.   |
| <b>Composition</b>        | The constitution of the Committee shall be in accordance with the Applicable Law.  |
| <b>Quorum</b>             | The quorum shall be in accordance with the Applicable Law.   |
| <b>Meetings</b>           | The Committee shall meet as and when required.   |
| <b>Terms of reference</b> | <p>The terms of reference of the CSR Committee shall inter-alia include the following:</p> <ul style="list-style-type: none"> <li>➤ Formulate and recommend to the Board, a CSR policy, which shall indicate the activities to be undertaken by the Company as per Act and rules made thereunder;</li> <li>➤ Review and recommend the amount of expenditure to be incurred on CSR activities;</li> <li>➤ Monitor the CSR policy of the Company from time to time;</li> <li>➤ The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of the CSR policy of the Company; and</li> </ul> <p>To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory</p> |

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|  | notification, amendment, or modification, as may be applicable. |
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#### d) RISK MANAGEMENT COMMITTEE

The Risk Management Committee which reports to the Board shall be responsible for evaluating the overall risks faced by the Company including liquidity risk. The 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.

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| <b>Chairman</b>           | The Committee shall appoint one of its members as the Chairman of the Committee.   |
| <b>Composition</b>        | The constitution of the Committee shall be in accordance with the Applicable Law.  |
| <b>Quorum</b>             | The quorum shall be in accordance with the Applicable Law.   |
| <b>Meetings</b>           | The Committee shall meet as and when required  |
| <b>Terms of reference</b> | <p>The terms of reference of the Risk Management Committee shall inter-alia include the following:</p> <ul style="list-style-type: none"> <li>➤ to ensure that all the risk associated with the functioning of the Company are identified, controlled and mitigated;</li> <li>➤ To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;</li> <li>➤ overseeing its integrated risk measurement system;</li> <li>➤ to manage the integrated risk.</li> <li>➤ to frame a liquidity risk management framework to ensure maintenance of sufficient liquidity</li> <li>➤ evaluate the overall risks faced by the Company including liquidity risk</li> </ul> <p>To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.</p> |

#### e) ASSET LIABILITY MANAGEMENT COMMITTEE

The Company has constituted Asset Liability Management Committee (ALCO) in line with provisions of RBI Master Direction, and Asset Liability Management (ALM) System for NBFCs – Guidelines read with other circulars and guidelines issued by RBI ('Guidelines'). The Asset Liability Management Committee (ALCO) shall monitor the asset liability gap and strategize action to mitigate the risks associated with the business of the Company.

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| <b>Chairman</b> | The Committee shall appoint one of its members as the Chairman of the Committee. |
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| <b>Composition</b>        | The constitution of the Committee shall be in accordance with the Applicable Law.  |
| <b>Quorum</b>             | The quorum shall be in accordance with the Applicable Law.   |
| <b>Meetings</b>           | The Committee shall meet as and when required.   |
| <b>Terms of reference</b> | <p>The terms of reference of the ALCO Committee shall inter-alia include the following:</p> <ul style="list-style-type: none"> <li>➤ Analysis of the balance sheet of the Company;</li> <li>➤ Review of the asset-liability profile of the Company with a view to manage the market exposure assumed by the Company;</li> <li>➤ Safeguarding the recovery positions at any point of time;</li> <li>➤ Review of risk monitoring system, ensure payment of liability on its due dates, liquidity risk management, funding and capital planning, profit planning and growth projections, forecasting and analyzing different scenarios and preparation of contingency plans;</li> <li>➤ ensure adherence to the risk tolerance/limits set by the Board;</li> <li>➤ implement the liquidity risk management strategy of the Company;</li> <li>➤ decide on desired maturity profile and mix of incremental assets and liabilities;</li> <li>➤ decide on sale of assets as a source of funding;</li> <li>➤ oversee the liquidity position of the Company</li> </ul> <p>To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.</p> |

#### **f) IT STRATEGY COMMITTEE**

The Board has constituted the IT Strategy Committee in compliance with the provisions of the Master Direction - Information Technology Framework for the NBFC Sector RBI/DNBS/2016-17/53 Master Direction DNBS.PPD. No.04/66.15.001/2016-17 dated June 08, 2017 issued by the Reserve Bank of India specifying the Information Technology framework to be adopted for the NBFC sector ('IT Master Direction').

IT strategy committee shall carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.

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| <b>Chairman</b>           | The Committee shall appoint an Independent Director as the Chairman of the Committee.   |
| <b>Composition</b>        | The constitution of the Committee shall be in accordance with the Applicable Law  |
| <b>Quorum</b>             | The quorum shall be in accordance with the Applicable Law   |
| <b>Meetings</b>           | The IT Strategy Committee should meet at an appropriate frequency but not more than six months should elapse between two meetings.  |
| <b>Terms of reference</b> | <p>The terms of reference of the IT Strategy Committee shall inter-alia include the following:</p> <ul style="list-style-type: none"> <li>➤ To approve IT strategy and policy documents.</li> <li>➤ To ensure an effective strategic planning process is in place.</li> <li>➤ To ascertain implementation of processes and practices that ensure that the IT delivers value to the business.</li> <li>➤ To ensure that IT strategy is aligned with business strategy.</li> <li>➤ To ensure that investments in Information Technology represent a balance of risks and benefits for sustaining Company's growth and that it is within the acceptable budget.</li> <li>➤ To monitor the method used to determine IT resources needed to achieve strategic goals and to provide high-level direction for sourcing and use of IT resources</li> <li>➤ To ensure proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls.</li> <li>➤ To oversee implementation of processes and practices and ensuring that maximum value is delivered to business.</li> <li>➤ To ensure that all critical projects have a component for 'project risk management' from IT perspective (by defining project success measures and following up progress on IT projects).</li> <li>➤ to institute an effective governance mechanism and risk management process for all IT outsourced operations.</li> </ul> <p>- Role of IT Strategy committee in respect of outsourced operations shall include:</p> <ul style="list-style-type: none"> <li>▪ Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure,</li> </ul> |

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|  | <p>monitor and control risks associated with outsourcing in an end to end manner;</p> <ul style="list-style-type: none"> <li>▪ Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;</li> <li>▪ Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;</li> <li>▪ Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;</li> <li>▪ Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board;</li> <li>▪ Periodically reviewing the effectiveness of policies and procedures;</li> <li>▪ Communicating significant risks in outsourcing to WEIFCPL Board on a periodic basis;</li> <li>▪ Ensuring an independent review and audit in accordance with approved policies and procedures;</li> <li>▪ Ensuring that contingency plans have been developed and tested adequately;</li> </ul> <p>➤ To define and ensure effective implementation of standards of IT Governance, Business Continuity and Data Governance.</p> <p>➤ To ensure that there is an appropriate framework of information security risk assessment within the Company.</p> <p>➤ Perform such other allied functions as may be required from time to time</p> |
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**g) INFORMATION TECHNOLOGY (IT) STEERING COMMITTEE**

The Board has constituted the IT Steering Committee in compliance with the provisions of the Master Direction - Information Technology Framework for the NBFC Sector RBI/DNBS/2016-17/53 Master Direction DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 issued by the Reserve Bank of India specifying the Information Technology framework to be adopted for the NBFC sector ('IT Master Direction').

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| <b>Chairman</b>    | The Committee shall appoint an Independent Director as the Chairman of the Committee. |
| <b>Composition</b> | The constitution of the Committee shall be in accordance with the Applicable Law      |

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| <b>Quorum</b>             | The quorum shall be in accordance with the Applicable Law  |
| <b>Meetings</b>           | The Committee shall meet as and when required  |
| <b>Terms of reference</b> | <p>The terms of reference of the IT Steering Committee shall inter-alia include the following:</p> <ul style="list-style-type: none"> <li>➤ Operating at an executive level and focusing on priority setting, resource allocation and project tracking;</li> <li>➤ To provide oversight and monitoring of the progress of the project, including deliverables to be realized at each phase of the project and milestones to be reached according to the project timetable;</li> <li>➤ To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.</li> </ul> |

## **7. FIT AND PROPER CRITERIA**

The Company shall have a Board approved policy for ascertaining the fit and proper criteria of the directors at the time of appointment and on a continuing basis. The policy on the fit and proper criteria is as per RBI Circular. Further, the Company ensures compliance with the provisions laid down in the said Policy. The Board shall review the suitability of the members based on the Fit and Proper criteria on a regular basis.

## **8. BOARD EVALUATION**

The Company shall have a Board approved Policy to evaluate the performance of Director and Board. The Policy is framed as per the Companies Act, 2013.

## **9. SEPARATE MEETING OF INDEPENDENT DIRECTORS**

Independent Directors are required to evaluate the performance of Non Independent Directors, Chairman and Board as a whole. The Independent Directors shall hold at least one meeting in a financial year or on any other frequency as Board may decide or prescribed under the applicable laws, to review the performance of Non-Independent Directors, performance of the Chairperson and Board & Committees of the Board, as a whole.

The Independent Directors at their separate meetings shall:

- Review the performance of non-independent directors and the board as a whole;
- Review the performance of the chairperson of the Company
- Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Similarly, the Board other than the member being evaluated shall evaluate the Independent Directors. Nomination and Remuneration Committee shall co-ordinate the evaluation process.

## **10) POLICIES ADOPTED BY THE COMPANY**

- i. ALM Policy
- ii. Assignment Policy
- iii. Business Continuity Policy and Disaster Recovery Plan
- iv. Corporate Governance Policy
- v. Credit Policy
- vi. Corporate Social Responsibility Policy
- vii. Demand and Call Loan Policy
- viii. Documents Preservation Policy
- ix. Fair Practice Code
- x. Fit and Proper Criteria of Directors
- xi. Grievance Redressal Mechanism
- xii. HR Policy
- xiii. Information Technology Policy
- xiv. Interest Rate Model & Gradation of Risk
- xv. Investment Policy
- xvi. KYC Policy
- xvii. Loan to Employees
- xviii. Nomination and Remuneration Policy
- xix. Outsourcing Policy
- xx. Refund of Differential Interest Policy
- xxi. Resolution Framework for covid-19 related stress
- xxii. Resolution Framework 2.0
- xxiii. Resource Planning Policy
- xxiv. Risk Management Policy
- xxv. Sexual Harassment Policy
- xxvi. Whistle Blower Policy

## **11) 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:

- The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
- 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.;
- Disclosures in the Annual Financial Statements information as may be prescribed under the RBI Regulatory Framework from time to time.

## **12) 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 is subject to rotation and is required to rotate in every three years.
- Also, the Company shall not appoint the Statutory Auditor for a period of more than five consecutive years, if the Auditor is an individual and for a period of more than ten consecutive years if the Auditor is a Firm or Limited Liability Partnership.

**13) REVIEW**

The Company shall adopt such policies as may be required under the Companies Act, 2013, RBI and such other laws, regulations and Guidelines as may be applicable.

The Policies adopted by the company may be reviewed by the Board from time to time.

This Policy is based on the guidelines on Corporate Governance issued by RBI in Master Directions, in case of any changes in the provisions of these guidelines or any other regulations which makes any of the provisions of this policy inconsistent with the regulations or directions or circulars, the provisions of regulations or directions or circulars issued by the regulator would prevail over the policy and the provisions in this policy would be modified in the due course to make it consistent with the law, keeping in mind the business model of the Company.