

INVENT ASSETS SECURITISATION & RECONSTRUCTION PRIVATE LIMITED

Internal Guidelines on Corporate Governance

Adopted on	29 th June, 2023	
1 st modification	20 th December, 2023	Changes in the membership of the Committees

1. PREAMBLE:

Invent Assets Securitisation & Reconstruction Private Limited (“Company” of “Invent”) believes that sound corporate governance practices are critical for the functioning of the Company and to create a trustworthy, transparent, moral and ethical, both internally and externally, environment. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board of Directors of the Company (“Board”) or the by the Committees duly constituted by the Board, as the case may be.

As a good governance practice, it has been decided that the Company should frame internal guidelines on corporate governance with the approval of the Board and publish the same on the Company's website for the information of various stakeholders.

2. PURPOSE:

The purpose of establishing such a policy is to enable the adoption of best practices and greater transparency in the operations of the Company. In view of the RBI's directives, the Company has set out the following set of guidelines / corporate governance practices to create value for stakeholders such as the shareholders, employees, customers etc. The affairs of the Company shall be conducted with integrity, fairness, accountability, and transparency. All commitments in its dealings with stakeholders and regulatory authorities shall be met as set forth below.

3. DEFINITIONS:

- a. “Applicable Laws” means the RBI Directions, the Companies Act, 2013 and the rules/regulations issued thereunder, as amended from time to time, dealing with the constitution, meeting frequency, roles, responsibilities and functions of the Board and various Committees of the Company constituted by the Board as well as the roles, responsibilities and functions entrusted to the Senior Management as per the Applicable Laws.
- b. “Board” means Board of Directors of the Company.
- c. “Committee” means the committee duly constituted by the Board, either as per Applicable Laws or otherwise, to:
 - i. performs the functions and responsibilities as per Applicable Laws,
 - ii. perform the functions and responsibilities delegated by the Board for effective management and control of business operations of the Company from time to time,
 - iii. to advise and/ or make recommendations to the Board or key stakeholders.
- d. Key Managerial Personnel as defined in the Companies Act, 2013, as amended from time to time.
- e. Senior Management Personnel shall mean personnel of the Company who are Members of its core management team excluding Board of Directors and Chief Executive Officer (CEO) including all functional heads (team leaders of the rank of Vice President and above).

4. INTERNAL GUIDELINES ON CORPORATE GOVERNANCE:

a) BOARD OF DIRECTORS:

The Board shall consist of minimum three (03) directors. The Board shall have an optimum combination of non-executive and independent directors in line with the Applicable Laws and Articles of Association of the Company, as amended from time to time. All the directors shall make the necessary annual disclosures regarding their change in concern or interest in any company or bodies corporate, firms, or other association of individuals including shareholding, directorships and Committee positions and shall intimate changes as and when they take place. The Chair of the Board shall be an independent director. In the absence of the Chair of the Board, meetings of the Board shall be chaired by an independent director. The quorum for the Board meetings shall be one-third of the total strength of the Board or three directors, whichever is higher. Further, at least half of the directors attending the meetings of the Board shall be independent directors. The participation of the directors by video conferencing or by other audio-visual means shall also be reckoned for the purpose of quorum. The Quorum shall be present not only at the time of commencement of the Meeting but also while transacting business. The Interested Director may participate in the meeting after disclosing his / her interest pursuant to Section 184 of Companies Act, 2013 and may also be counted towards quorum for such meeting.

Roles & Responsibilities:

Each member of the Board shall adhere to the following so as to support the existence of a good Corporate Governance environment:

- i. Shall attend the meetings of Board and/or Committees (as required) regularly and participate in the deliberations and discussions effectively.
- ii. Shall review the agenda papers, notes and minutes of the Board and/or Committee meetings and enquire about the status update on any matter raised in previous meetings.
- iii. Review the minutes of the proceedings of the Committees to evaluate the functioning of the respective Committees and adherence to their respective policy.
- iv. Shall review and approve key policies of Invent.
- v. Shall ensure confidentiality of the Invent's agenda papers, notes and minutes.
- vi. shall ensure that employees are given adequate autonomy within a well-defined and controlled operational framework to discharge their responsibilities and perform their duties in a disciplined manner with utmost integrity and through good conduct.
- vii. Shall review the Compliance Certificate at every quarterly Board Meeting, which provides confirmation that all the Applicable Laws have been complied with as received from the Management.

Meetings of the Board:

At least four meetings of Board shall be held in a year. The maximum time gap between any two meetings shall not be more than one hundred and twenty days or as extended by regulator under Applicable Laws from time to time. The meetings of the Board can be convened either in person or through audio-video means as permitted under Applicable Laws.

b) CONSTITUTION OF VARIOUS COMMITTEES:

To have close supervision on areas/ activities that are critical from compliance or business perspective, expedite decision making, operational convenience and to ensure accountability, transparency and fairness, the Board has implemented an appropriate structure in the form of various Committees with defined terms of reference /scope and delegated requisite powers to respective Committees. The various Committee Constituted by Board along with its roles and responsibilities and frequency of meetings are enclosed herewith as Annexure A.

c) APPOINTMENT OF STATUTORY AUDITORS:

The Company shall appoint Statutory Auditors to conduct the statutory audit of the financial statements as per the Applicable Laws. The Company shall appoint Statutory Auditors for maximum periods as defined and applicable under the provisions of the Companies Act, 2013 and the directives issued by the Reserve Bank of India from time to time.

The appointment of the Statutory Auditors shall be approved by the members in the Annual General Meeting of the Company on the basis of the recommendations of the Board and Audit Committee.

The Company may remove Statutory Auditor before completion of term. The concerned office of RBI shall be informed about such termination along with reasons for the same, within a month of such a decision being taken.

The Company may rotate the partner/s of the Chartered Accountant firm conducting the Statutory Audit.

d) FIT AND PROPER CRITERIA:

Pursuant to RBI Master Directions, a Board approved policy on 'Fit and Proper Criteria for Directors' ("the Policy") should be in place. The Company shall obtain necessary disclosures, undertaking and declaration from the Directors at the time of appointment and on a continuing basis. Further, as a good governance measure, the Company shall ensure to furnish to RBI a quarterly statement on change of directors, and a certificate from the Managing Director/ CEO that fit and proper criteria in selection of the directors has been followed within 15 days of the close of the respective quarter. The statement submitted by the Company for the quarter ending March 31, shall be certified by the auditors.

e) DISCLOSURE AND TRANSPARENCY

The Company shall in addition to the requirements of Schedule III of the Companies Act, 2013, prepare the schedules as per the circulars/notifications issued by the RBI from time to time and annex them to its balance sheet.

f) REVIEW OF THE POLICY:

The Policy shall be amended or modified with approval of the Board. The Policy shall be reviewed by the Board on an annual basis. Consequent upon any amendments in Applicable Laws or any change in the position of the Company, necessary changes in this Policy shall be incorporated and approved by the Board. Notwithstanding anything contained in this Policy, in

case of any contradiction of the provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.

Details of the various Committees are as under:

1) Audit Committee

The Board of Directors of the Company should constitute an Audit Committee of the Board, which shall comprise of non-executive directors only. The Chair of the Board shall not be a member of the Audit Committee. The Audit Committee shall meet at least once in a quarter with a quorum of three members. The meetings of the Audit Committee shall be chaired by an independent director who shall not chair any other committee of the Board. Each of the members of the Audit Committee should have the ability to understand the financial statements as well as the notes/ reports attached thereto and at least one member should have requisite professional expertise/ qualification in financial accounting or financial management. The Audit Committee shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013. In addition, the Audit Committee shall periodically review and assess the effectiveness of internal control systems, especially with respect to the asset acquisition procedures and asset reconstruction measures followed by Invent and matters related thereto. The Audit Committee shall also ensure that accounting of management fee/ incentives/ expenses is in compliance with the applicable regulations.

Members: - The current constitution of the Audit Committee of the Board of Directors of the Company is: -

Name of members⁽¹⁾

Mr. Virendra Singh - Chairman of the Committee (Independent Director)

Mr. Rajiv Kumar Lal- Member of the Committee (Independent Director)

Mr. Arun Kanti Dasgupta- Member of the Committee (Independent Director)

Frequency of Meetings

The Audit Committee shall meet at least once in a quarter and on ad hoc basis, as required, with a quorum of three members.

Terms of Reference

The Audit Committee constituted under this paragraph shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013, including the following –

- (i) to give recommendation for appointment, remuneration and terms of appointment of auditors of the company.
- (ii) to review and monitor the auditor's independence and performance, and effectiveness of audit process;

- (iii) to examine the financial statements and the auditors' report thereon;
- (iv) to give approval (including omnibus approval, subject to such conditions as may be prescribed under the provisions of Companies Act 2013) or any subsequent modification of transactions of the company with related party
- (v) to scrutinise the inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) to evaluate the internal financial controls (especially with respect to the asset acquisition procedures and asset reconstruction measures followed by the Company and matters related thereto) and risk management systems;
- (viii) to ensure that accounting of management fee/ incentives/ expenses is in compliance with the applicable regulations.
- (ix) to monitor the end use of funds raised through public offers and related matters.

2) Nomination, Remuneration & HR Committee

The Board of Directors of the Company should constitute a Nomination and Remuneration Committee of the Board, which shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013. In addition, the Committee shall ensure 'fit and proper' status of proposed/ existing directors and sponsors. The Company has a Nomination, Remuneration & HR Committee for this purpose.

Members: - The current constitution of the Nomination, Remuneration & HR Committee of the Board of Directors of the Company is: -

Name of members

Mr. M. N. Singh - Chairman of the Committee (Non- Executive Director)

Mr. Pankaj Kumar Gupta - Member of the Committee (Non- Executive Director)

Mr. Jagdish Capoor- Member of the Committee (Independent Director)

Mr. Virendra Singh- Member of the Committee (Independent Director)

Frequency of Meetings

The Nomination, Remuneration & HR Committee shall meet atleast once in a year and as and when any Director/KMP is appointed or for any other matter which may require the deliberation by the said Committee. The quorum for the Nomination, Remuneration & HR Committee meeting shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

Terms of Reference

- i) To define procedures for Selection and Recommendation of candidates suitable for appointment as Director and Identification of persons for induction into the Board,
- ii) to recommend removal of any Director,
- iii) to define qualification criteria for the Directors to ensure appropriate representation on the Board.,
- iv) to formulate Remuneration Policy and determine terms of appointment of Director, CEO & other Key functionaries,
- v) to design equity and non-equity-based performance plans.
- vi) to ensure 'fit and proper' status of proposed/ existing directors and sponsors.
- vii) To evaluate the performance of the KMPs and senior management officials.

Board Evaluation

The Companies Act, 2013 (the Act) mandate certain categories of companies to have in place a Performance Evaluation Mechanism of the Board and the Directors.

Identification of persons to act as Directors

The Nomination, Remuneration & HR Committee (NRHC) of the Board, while recommending the appointment of Directors may consider the desirable qualifications which may amongst other things include professional qualifications, skills sets, industry experience, background, value addition to the Company and the criteria of independence as prescribed under the Companies Act, 2013.

Independent Directors

The performance evaluation of Non-Executive Independent Director's ("NEID") shall be done by the entire Board of Directors, excluding the director being evaluated. Independent directors have key roles to perform namely in the areas of governance, guiding in strategy formulation, ensuring statutory compliances and such other key matters which could be of importance to the Company.

The performance indicators on which the Independent Directors may be evaluated inter-alia includes: -

- Attendance and participation of Directors in the Board Meetings and Committees thereof;
- Involvement/contribution by the Directors in guiding the management, extent and depth of discussions, sense of involvement in key projects, value addition etc.

The current Independent Directors of the Company are:

1. Mr. Jagdish Capoor
2. Mr. Arun Kanti Dasgupta ⁽²⁾
3. Mr. Rajiv Kumar Lal
4. Mr. Virendra Singh

3) Corporate Social Responsibility Committee (CSR)

The current constitution of the CSR Committee is as under:

Mr. Pankaj Kumar Gupta – Chairman

Mr. Rajiv Kumar Lal- Member of the Committee (Independent Director)

Mr. Virendra Singh - Member of the Committee (Independent Director)

Frequency of Meetings

The CSR Committee shall meet as and when required. The quorum for the Corporate Social Responsibility Committee meeting shall be two members.

Terms of reference

- i) To formulate and recommend to the Board, a Corporate Social Responsibility policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII and Company (Corporate Social Responsibility) Rules, 2014,
- ii) to recommend the amount of expenditure to be incurred on the activities as per the provisions of Section 135 of the Companies Act, 2013 and as mentioned in the Schedule VII,
- iii) to monitor the Corporate Social Responsibility of the Company time to time, to ensure that at least 2% of average net profits (average net profit shall be calculated in accordance with the provisions of Section 198 of the act) of the Company in the three immediately preceding financial years are spent in every applicable financial year on such activity.

4) Risk Management Committee

The current Risk Management Committee constitutes of the following members:

Mr. Jagdish Capoor- Chairman of the Committee (Independent Director)

Mr. Virendra Singh - Member of the Committee (Independent Director)

Mr. Arun Kanti Dasgupta ⁽³⁾ - Member of the Committee (Independent Director)

Frequency of Meetings

The Risk Management Committee shall meet every quarter and on ad-hoc basis. The quorum for the Risk Management Committee meeting shall be two members.

Terms of reference

- i. To ensure that all the risk associated with the functioning of the Company are identified, evaluated, controlled and mitigated,
- ii. To lay down procedures regarding managing and mitigating the risk through Integrated Risk Management Systems, Strategies and Mechanisms,
- iii. To deal with issues relating to credit policies and procedure and manage the credit risk, operational risk, management of policies and processes for advances given for the revival of financial asset acquired by the Company
- iv. To identify, measure and monitor the various risk faced by the Company, assist in developing the policies and verifying the models that are used for risk measurement from time to time.
- v. To ensure that the risk management policy and other policies are properly implemented.
- vi. Frame, monitor & review operating procedures/operational manual periodically and effect changes, if so warranted.

5) Executive Committee

The current Executive Committee constitutes of the following members:

Mr. M. N. Singh - Chairman of the Committee (Non- Executive Director)

Mr. Pankaj Kumar Gupta - Member of the Committee (Non- Executive Director)

Mr. Virendra Singh - Member of the Committee (Independent Director)

Frequency of Meetings

The Executive Committee shall meet as and when required and the quorum for the Executive Committee meeting shall be two members.

Terms of reference

To take decision relating to operational matters, mainly, acquisition and resolution of financial matters related thereto and to monitor implementation of reconstruction and resolution approved.

6) Asset Liability Management Committee (ALCO)

The current Asset Liability Management Committee constitutes of the following members:

1. Ms. Sheetal Manhas- CEO
2. Ms. Priyanka Ranka- President
3. Chief Financial Officer ⁽⁴⁾

Frequency of Meetings

The Asset Liability Management Committee shall meet every quarter and as and when required and the quorum for the Asset Liability Management Committee meeting shall be two members.

Terms of reference

- i) Attend to aspects relating to Asset Liability Management such as availability of adequate funding for projected business plans.
- ii) Monitor the asset liability gap and strategize action to mitigate the risk associated.
- iii) Understanding fund-raising requirements and advising the best instruments to be used for the same.
- iv) Ensuring that the finance costs are managed in an efficient and effective manner.
- v) Advising on utilization of surplus funds available with the Company.
- vi) Review of macro-economic scenario, impact of industry & regulatory changes on balance sheets of banks and ARCs.

7) IT Strategy Committee

The IT Strategy Committee shall constitute of the following members:

1. Mr. Rajiv Kumar Lal- Chairman, Independent Director
2. Chief Technology Officer- Member
3. Chief Information Security Officer- Member

Frequency of Meetings

The IT Strategy Committee shall meet at least once in six months and the quorum for the IT Strategy Committee meeting shall be two members.

Terms of reference

- i) Approving IT strategy and policy documents.

- ii) Ascertaining that management has implemented processes and practices.
- iii) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
- iv) Monitoring the method of the IT resources needed to achieve strategic goals and provide high-level direction.
- v) Ensuring proper balance of IT investments for sustaining Company's growth and aware of IT risks and controls.

8) Internal Complaints/Anti Sexual Harassment Committee (IAC)

The current Internal Complaints/Anti Sexual Harassment Committee constitutes of the following members:

1. Ms. Priyanka Ranka (Presiding Officer)
2. Ms. Ruchi Sharma (Member)
3. Mr. Vivek Adari (Member) ^(s)
4. Mrs. Tasneem M. Hoosein (External Member)

Frequency of Meetings

As and when complaint is received. The quorum of the meeting shall be minimum 2 members.

Terms of reference

- i) Investigating every formal written complaint of sexual harassment.
- ii) Taking appropriate remedial measures to respond to any substantiated allegations of sexual harassment.
- iii) Discouraging and preventing employment-related sexual harassment.