

NEOGROWTH

Lending simplified. Growth amplified.

Corporate Governance Policy Of

NeoGrowth Credit Private Limited

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A. NEOGROWTH'S PHILOSOPHY ON CORPORATE GOVERNANCE

NeoGrowth recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its Customers, Regulators and all other Stakeholders. The activities of NeoGrowth are carried out in accordance with good corporate practices and the Company is constantly striving to improve them and adopt the best practices. The philosophy of NeoGrowth on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices.

The Corporate Governance philosophy has been strengthened with the implementation of the Code of Conduct applicable to the Company and its employees & Directors.

These Guidelines are based on NeoGrowth's deep belief in values, ethical conduct of business, commitment to social responsibility, respect for all stakeholders and sound corporate governance practices. The same is based on current and emerging best practices from within company and have been prepared keeping in view the provisions of the Companies Act, 2013 ("Act") and RBI Guidelines on Corporate Governance.

B. Guidelines on Corporate Governance

As per RBI's "Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023", Company is required to frame its Policy/internal guidelines on corporate governance with the approval of the Board of Directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the guidelines in Chapter XI (of RBI's Master Direction) and it shall be published on the company's website, if any, for the information of various stakeholders..

Accordingly, with reference to aforesaid RBI's Master Direction, the Company has formulated the Policy on Corporate Governance. Policy has been drafted bearing in mind the size of the Company's operations and the sector in which it operates.

C. BOARD OF DIRECTORS

The Board of Directors along with its Committees shall provide leadership and guidance to the Company's management and direct, supervise and control the performance of the Company.

As per the Company's Articles of Association, the Board's strength is required to be a minimum of two directors and a maximum of thirteen directors. The Board shall meet a minimum of four (4) times in a year, at least once in each quarter in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board].

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 organization.

In Compliance with Section 165 of the Companies Act, 2013 ('the Act'), a director shall not hold the office of a director in more than 20 companies. Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed 10.

The Board shall periodically review Compliance Reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of noncompliance.

D. DUTIES AND RESPONSIBILITES OF THE BOARD OF DIRECTORS

In accordance with the provisions of Section 166 of the Companies Act, 2013 and as a matter of corporate governance, the directors of the Company have the following duties: -

- (1) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- (2) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (3) A director of a company shall not be involved in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (4) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (5) A director of a company shall not assign his office and any assignment so made shall be void.

E. MINIMUM INFORMATION TO BE PLACED BEFORE THE BOARD

- (1) Annual operating plans and budgets and any updates.
- (2) Capital budgets and any updates.
- (3) Quarterly / Half-yearly results for the listed entity and its operating divisions or business segments.
- (4) Minutes of meetings of Audit committee and other committees of the Board of Directors.
- (5) The information on recruitment and remuneration of senior officers is just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- (6) Show cause, demand, prosecution notices and penalty notices, which are materially important.
- (7) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- (8) Any material default in financial obligations to and by the listed entity, or substantial nonpayment for services provided by the listed entity.
- (9) Any issue, which involves possible public, or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- (10) Details of any joint venture or collaboration agreement.
- (11) Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.

- (12) Significant HR matters and proposed interventions and suggestions. Overall Remuneration policy / philosophy and significant changes and initiatives therein during the year.
- (13) Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- (14) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- (15) Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- (16) The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company.
- (17) 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.

F. COMMITTEES OF THE BOARD

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board constitutes a set of Committees with specific terms of reference / scope. The Committees shall operate as empowered agents of the Board as per their Charter / terms of reference.

RBI Guidelines on Corporate Governance mandated setting up of an Audit Committee, Risk Management Committee and Remuneration and Nominations Committee, as required under the Companies Act, 2013.

In compliance with the applicable provisions of the Act, RBI guidelines on Corporate Governance and in order to meet business exigencies, the Company constituted its Board committees.

The terms of reference, roles and responsibilities of the aforesaid Committees will be further aligned based on the changes in the regulations and business requirements with the approval of Board. NeoGrowth complies with the above requirements of Committee's constitution and the same is updated periodically by the company.

The Terms of Reference (TOR) of all the Board constituted Committees are as per the respective Committee charters which are duly approved by the Board of Directors.

G. GOVERNANCE GUIDELINES:

1. Constitution of Committees of the Board

a) Audit Committee:

Company shall constitute an Audit Committee, consisting of not less than three members of its Board of Directors.

b) Nomination & Remuneration Committee:

Company shall form a Nomination and Remuneration Committee (NRC) which shall have the constitution, powers, functions and duties as laid down in section 178 of the Companies Act, 2013.

2. 'Fit and Proper Criteria' for the Directors

Company has made Policy of 'Fit and Proper Criteria' for the Directors at the time of Directors Appointment/re-appointment

3. Key Managerial Personnel:

Except for directorship in a subsidiary, Key Managerial Personnel shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL.

4. Independent Director:

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. Further, the Board of the NBFC shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time. A timeline of two years is provided with effect from October 01, 2022, to ensure compliance with these norms. There shall be no restriction to directorship on the Boards of NBFCs-BL, subject to provisions of Companies Act, 2013.

5. Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs

The Company shall have a Board approved compensation policy in place which shall at the minimum include

- (i) constitution of a Remuneration Committee,
- (ii) principles for fixed/variable pay structures, and
- (iii) malus/claw back provisions.

The Board of Company would delineate the role of various committees, including Nomination and Remuneration Committee (NRC). Further, the Company shall comply with the guidelines furnished in Annex XXIV (Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs: Minimum Scope and coverage) of the RBI's Master Direction – Scale Based Regulations.

While formulating the compensation policy, it has to be ensured that all statutory mandates and the rules and directions issued under them are fully complied with.

H. DISCLOSURE IN CORPORATE GOVERNANCE SECTION OF ANNUAL REPORT:

SEBI [Listing Obligations and Disclosure Requirements (LODR)] Regulations, 2015 (paragraph C of Schedule V - Annual Report) as amended from time to time, specifies disclosures to be made in the section on the corporate governance of the Annual Report. With respect to the corporate governance report, non-listed NBFCs should also endeavor to make full disclosure in accordance with the requirement of SEBI (LODR) Regulations, 2015. Non-listed NBFCs at the minimum should disclose following under the corporate governance section of the annual report.

The Disclosures to be made in the Annual Report of the company is given as **Annexure-A**

Annexure A

A) Composition of the Board

1.1 Composition of the Board

Sl. No.	Name of Director	Direct or Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings		No. of other Directorships	Remuneration			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation	Sitting Fee	Commission	

B) Composition of change in composition of Board during the current and previous financial year.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.			Chairperson			
2.						

C) Committees of the Board and their Composition

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.			Chairperson			
2.						

D) General Body Meetings

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed

E) Details of non-compliance with the requirements of Companies Act, 2013

F) Details of Penalties & strictures