

PRODIGEE FINANCE LIMITED

Updated as on 01.04.2022

CORPORATE GOVERNANCE POLICY

(As per RBI Guidelines and w.r.t. applicable Rules under The Companies Act, 2013, this policy is not mandatory for our entity, yet we are complying with the same from FY2021-2022)



Introduction

Corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled. Corporate governance essentially involves balancing the interests of a company's stakeholders such as shareholders, senior management executives, customers, suppliers, financiers, the government, and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

Prodigee Finance Limited's policy on Corporate Governance

Corporate Governance is a process that aims to meet Stakeholder's aspirations. It is not a discipline imposed by a Regulator, but is a culture that guides the Board, Management and Employees to function towards best interest of Stakeholders.

At Prodigee, the Corporate Governance philosophy stems from the belief that Corporate Governance is a key element in improving efficiency and growth as well as enhancing customer confidence. The purpose of this policy is to frame internal guidelines on Corporate Governance. This policy lays down the detailed procedures for the implementation of the said guidelines in order to comply with the directions issued by the Reserve Bank of India from time to time in this regard.

The Policy on Corporate Governance will be reviewed as and when deemed fit and necessary by the Board in the context of changing regulation and emerging best practices with a view to enhancing the Company's governance.

Governance Structure

1. Board of Directors

The Board of Directors along with its various Committees shall provide leadership and strategic guidance for the Company's operations. The Company's operations shall be carried out in accordance with the supervision, control and directions by the Board of Directors of the Company.

The Board of Directors play a vital role in matters relating to formulation of various policies, its implementation and strategic issues which are crucial for the long term development of the Company.

Composition - The Composition of the Board of Directors shall be governed by the Articles of Association of the Company read with the applicable provisions of Companies Act, 2013 and the rules framed thereunder. In terms of the Articles of Association, PFL's Board of Director's strength is required to be a minimum of two Directors and a maximum of twelve Directors. The Directors shall act in accordance with the responsibilities and duties as provided under the Companies Act and the Rules framed therein. Meetings of the Board of Director shall be held at least four times a year, such

that not more than one hundred and twenty days shall intervene between two consecutive Board of Director meetings.

Board members should be and remain qualified, individually and collectively, for their positions. They should understand their oversight and corporate governance role and be able to exercise sound, objective judgment about the affairs of the Company. The Board of Directors comprises the following persons:

Pinan Chawla – Whole time Director

Amit Goel – Managing Director

Madhu Chawla – Director

Dolly Chawla – Director

2. 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 the meetings of all Committees of the Board shall be placed before the Board for noting in subsequent meeting.

Audit Committee



In terms of the Para 3 (1) of the Non - Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015, PFL is required to constitute an Audit Committee consisting of not less than three members of its Board of Directors. Such Audit Committee constituted shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013.

Chairman - The members of the Committee shall elect one of them as the Chairman of the Committee.

Composition - The Audit Committee shall consist of a minimum of three members or as may be decided by the Board.

Meetings and Quorum - The Audit Committee shall meet as and when required, but shall meet at least three times in a year. Ad-hoc meetings may be held from time to time. The quorum shall be either two members or one third of the members of the Committee whichever is higher. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

The terms of reference of the Audit Committee, shall include the following:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;

- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the Company, if any, with related parties;
- Scrutiny of inter-corporate loans and investments, if any;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds if raised through public offers and related matters.
- 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.
- Review of Frauds – on a quarterly basis
- Perform such other act, including the acts and functions stipulated by the Board of Directors, Companies Act, the Reserve Bank of India and any other regulatory authority, as prescribed from time to time.

The Audit Committee shall meet in person. However, in case of extraordinary circumstances, the Committee may meet through video conferencing or other audio visual means. The minutes of the meetings of the Audit Committee shall be duly recorded and maintained properly. The Audit Committee may invite non-members and such other persons as it may deem appropriate to be present at its meetings.

Nomination and Remuneration Committee



In terms of the Para 3 (2) of the Non - Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015, DFS India is required to constitute a Nomination Committee. Such Nomination Committee constituted shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013.

Chairman - The members of the Committee shall elect one of them as the Chairman of the Committee.

Composition - The Nomination Committee shall consist of a minimum of three members or as may be decided by the Board.

Meetings and Quorum - The Committee shall meet as and when required, but shall meet at least once in a year. Ad-hoc meetings may be held from time to time. The quorum shall be either two members or one third of the members of the Committee whichever is higher. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

The terms of reference of the Nomination and Remuneration Committee shall include the following:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director;

- Identify and recommend to the Board of Directors, the appointment of persons considered capable and fit for the role of a director based on the criteria so formulated;
- Evaluation of Directors' performance;
- 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
- Such other tasks as may be entrusted to it by the Board of Directors from time to time.
- To ensure 'fit and proper' status and credentials of proposed/ existing directors.
- Perform such other act, including the acts and functions stipulated by the Board of Directors, Companies Act, the Reserve Bank of India and any other regulatory authority, as prescribed from time to time.

The Nomination Committee shall meet in person. However, in case of extraordinary circumstances, the Committee may meet through video conferencing or other audio visual means. The minutes of the meetings of the Nomination Committee shall be duly recorded and maintained properly. The Nomination Committee may invite non-members and such other persons as it may deem appropriate to be present at its meetings.

Risk Management Committee

The PFL Risk Management Committee (RM Committee) shall be constituted by the Board at the executive level called as the Executive Level Risk Management Committee (RMC). The RMC shall ensure to look into identifying, assessing and prioritizing the major risks faced by the Company and developing strategies to minimize, monitor, and control the probable and/or impact of unfortunate events.

Chairman - The Chairman of the Committee shall be the Managing Director & CEO of the company and the service chairman shall be any other director of the company.

Composition - The Executive Level Risk Management Committee shall consist of such members as may be determined by the Board. One of the members of the Executive Level Risk Management shall be a Board Member or Executive having worked in Banks or NBFC at the Executive Level.

Meetings and Quorum - The Committee shall meet as and when necessary to review and monitor the risk associated with business of the Company. The quorum shall have at least three members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

The terms of reference of the Risk Management Committee shall include the following:

- Identification, monitoring and measurement of the risk profile of the Company (including market risk, operational risk and transactional risk);
- Overseeing its integrated risk measurement system;
- Review the minutes of meetings of the Asset Liability Committee;

- Perform such other act, including the acts and functions stipulated by the Board of Directors, Companies Act, the Reserve Bank of India and any other regulatory authority, as prescribed from time to time.
- Monitoring digital transactions -Ongoing monitoring is an important aspect of any risk management process. For electronic banking and electronic money activities, monitoring is particularly important mainly in areas of-
 - ❖ Operational Risk –Unauthorised system access, employee fraud, counterfeiting of electronic money, service provider risk, obsolescence of systems, out-dated staff and management expertise, inadequate customer security practices.
 - ❖ Reputational Risk – Significant widespread system efficiencies, significant breach of security.
 - ❖ Legal Risk – Money laundering, failure to protect customer privacy.
 - ❖ Credit Risk – Default of an electronic money issuer.

The Risk Management Committee shall meet in person. However, in case of extraordinary circumstances, the Committee may meet through video conferencing or other audio visual means. The minutes of the meetings of the Risk Management Committee shall be duly recorded and maintained properly. The Risk Management Committee may invite non-members and such other persons as it may deem appropriate to be present at its meetings.

Asset Liability Management Committee

Prodigee's Asset Liability Management Committee (ALM Committee) shall monitor the asset liability gap and strategize action to mitigate the risks associated with the business of the Company.

Chairman - The members of the Committee shall elect one of them as the Chairman of the Committee.

Composition - The Committee shall consist of such number of members as may be determined by the Board and can nominate executives of the company having expertise and experience in different financial verticals.

Meetings and Quorum - The Committee shall meet as and when required. The quorum shall be atleast two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

The terms of reference of the ALM Committee shall include the following:

- Management of the balance sheet of the Company;
- Review of the asset-liability profile of the Company with a view to manage the market exposure assumed by the Company;
- Safeguarding the recovery positions at any point of time;
- Over viewing the Company's financial positions and the requirements of the fund;

- Deciding the amounts to be borrowed by issuing Debentures/Inter Corporate Deposits of varied maturities
- Deciding to avail loan/credit lines from Banks/FI or to securitize its pool of advances or avail refinances from the various refinancing institutions.
- 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; and
- Perform such other act, including the acts and functions stipulated by the Board of Directors, Companies Act, the Reserve Bank of India and any other regulatory authority, as prescribed from time to time.
- Review the impact of issuance of Non – Convertible debentures and interest payments thereon on the Liability side with respect to financial ratios.

The Asset Liability Management Committee shall meet in person. However, in case of extraordinary circumstances, the Committee may meet through video conferencing or other audio visual means. The minutes of the meetings of the Asset Liability Management Committee shall be duly recorded and maintained properly. The Asset Liability Management Committee may invite non-members and such other persons as it may deem appropriate to be present at its meetings.

Credit Committee

PFL has constituted the Credit Committee of the Board in accordance with the directions of the Government of India, Ministry of Finance. Other guidelines covering scope for the Committee is as per Credit Sanctioning Powers adopted in the Board approved Policy. The Credit Committee performs the critical function and exercises the powers of the Board.

Chairman - The members of the Committee shall elect one of them 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 meetings of the Committee may be convened as often as required. Two members shall be the quorum for a meeting and presence of MD is mandatory to constitute the quorum.

The terms of reference of the Credit Committee shall include the following:

- Scrutinizing the loan proposals including restructuring proposal and if satisfied put up the proposal for approval / sanction to the Board which falls within the Board power.
- Review the sanctions accorded by the Managing Director within his power.
- Review the credit dispensation system and status from time to time.
- Review the credit products from time to time and plan for new products as per customers need.

- Decide on the Co-lending or any such model as deem fit
- Review the lending to the sectors out of framework of existing loan products which are covered under CGTSME or any other such scheme framed by GOI or RBI and issue necessary directives if necessary.
- Review the credit monitoring system and the accounts which slips-in to SMA 02 Category.
- To coordinate with the Asset & Liability Committee (ALCO) on funding and adjustments of interest rates for corporate loans.
- Perform such other allied functions as may be required from time to time.
- Business Review - To review the regulatory calendar items and notes which are periodical in nature so as to enable the Board to concentrate mainly on Policy matters

The Committee shall report to the Board of Directors of the Bank. The minutes of the Committee encapsulating its actions and recommendations, if any, shall be placed before the Board, for information.

NPA Management committee

The role of this Committee is to monitor recovery and review of NPAs. The Committee to meet regularly and monitor stressed assets of the Company and its record of proceedings, to suggest, if required, a robust monitoring mechanism for recovery and recommendations be placed before the Board regularly.



Chairman - The members of the Committee shall elect one of them 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. The quorum shall be at least two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

The terms of reference of the NPA Management Committee shall include the following:

- Review and monitor recovery in NPA accounts and status of action being taken under the process of law and issue instructions for further action if required.
- Scrutinize the proposal of legal action or waiver of legal action and put up the same before the Board for approval which fall within the power of the Board.
- Scrutinize the proposal of Compromise settlement or write off partially or fully, prudentially or permanent and put up the same before the Board for approval which fall within the power of the Board.
- Review the status of approval granted by Managing Director in respect of legal action/waiver of legal action/compromise and write off within his power.

The Committee shall report to the Board of Directors of the Bank. The minutes of the Committee encapsulating its actions and recommendations, if any, shall be placed before the Board, for information.

Customer Service Committee

RBI guidelines vide letter Nos.D.O.DBOD.No.Leg.96/09.07.007/2004-05 dated 14.08.2004 and dated 17.08.2004 regarding constitution of Committee. This Committee is set up to review & monitor the customers' complaints and to provide necessary guidelines for strengthening deficiencies if any in customer service for improving the quality of customer service rendered.

Chairman - The members of the Committee shall elect one of them as the Chairman of the Committee.

Composition - The Committee shall consist of members as may be decided by the Board.

Meetings and Quorum - The Committee shall meet as and when required, but shall meet at least once in a quarter. Ad-hoc meetings may be held from time to time. Two members shall be the quorum for a meeting and presence of MD is mandatory to constitute the quorum. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

The terms of reference of Customer Service Committee shall include the following:

- Review the status of customer grievances and customer complaints and their timely redressal.
- Review the position of customer services being provided and to issue necessary directives to improve the customer service and customers satisfaction par excellence.

The Committee shall report to the Board of Directors of the Bank. The minutes of the Committee encapsulating its actions and recommendations, if any, shall be placed before the Board, for information.

Committee on human resources

The Committee will review the existing policies relating to recruitment, Training System, promotion in all cadres, transfer/placement and performance appraisal system, suggest improvements to the Board and to consider the HR related matters.

Chairman - The members of the Committee shall elect one of them 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. The quorum shall be at least two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

- Review of salary structures and other staff related matters and ensure compliance of HR policy in force.
- Review status of staff complaints and analyse the reasons for staff unrest/higher attrition rate etc. and take necessary action to avoid such situation. The efforts of the committee shall be to make the organization one of the best places to work for its employees among similar kind of organization.

The Committee shall report to the Board of Directors of the Bank. The minutes of the Committee encapsulating its actions and recommendations, if any, shall be placed before the Board, for information.

Committee on harassment of women at work place

PFL is committed to providing a safe environment for all its employees free from discrimination on any ground and from harassment at work including sexual harassment. Any person found to have sexually harassed another will face disciplinary action, up to and including dismissal from employment.

- Review the status of complain and action taken in this regard by the competent authority.
- Ensure implementation of zero tolerance policy in the above matter at all offices of the company.
- All complaints of sexual harassment will be taken seriously and treated with respect and in confidence. No one will be victimized for making such a complaint.
- Implement the features of Vigil Mechanism and Whistle blower policy

Monitoring and evaluation can be done through different means, including questionnaires completed by employees, feedback from victims or those who work in the complaints procedure. This is important to review the effectiveness of the policy and the complaints procedure.

POWER OF CHAIRMAN OF ALL THE ABOVE COMMITTEES

The chairman/chair person is empowered to issue necessary directives/guidance/instructions with regard to subject matter/decision of respective committee to all the offices of the company. The decision to issue directives/instructions/guidance shall form the part of the minutes of the meeting and shall be put up to the Board of Directors.

Pillar of Corporate Governance

The company shall follow in true spirit the ethics behind the pillars of corporate governance.

- Accountability and Responsibility
- Integrity and Fairness
- Transparency and Disclosure
- Independence
- Compliances of rules/regulations/statutory requirements under companies Act or RBI guidelines or Govt. of India directives or any other law of land.

Fit & Proper Criteria

In terms of RBI circular reference no. RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014 and RBI Master Circular no. RBI/2015-16/12 DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 01, 2015, the Company has in place a Board approved policy on 'Fit and Proper Criteria for Directors' ("the Policy"). Pursuant to the Policy, the Company obtains necessary disclosures from Directors from time to time.

Prodigee Finance Limited is following the process of due diligence of directors to ascertain suitability for the post by way of qualifications, technical expertise, track record, integrity, etc., on a continuing basis. Further, in order to streamline and bring in uniformity in the process of due diligence, while appointing directors, PFL is ensuring that the procedures mentioned below are followed and minimum criteria fulfilled by the persons before they are appointed on the Boards:

(a) PFL has undertaken a process of due diligence to determine the suitability of the person for appointment/continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria. PFL obtains necessary information and declaration from the proposed/existing directors for the purpose.

(b) The process of due diligence is undertaken by PFL at the time of appointment/renewal of appointment.

(c) The boards of the PFL shall constitute a Nomination & Remuneration Committee to scrutinize the declarations.

(d) Based on the information provided in the signed declarations, Nomination Committee should decide on the acceptance or otherwise of the directors, wherever considered necessary.

(e) PFL obtains annually as on 31st March a declaration from the directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.

(f) The Board of the PFL ensures in public interest that the nominated/ elected directors execute the deeds of covenants in the format prescribed by the Reserve Bank of India.

Transparency and Disclosure

PFL shall make the disclosures required to be made under the Companies Act, 2013 and the Rules framed there under, the RBI Guidelines and such other laws and regulations as may be applicable to the Company from time to time.

The Board of Directors of the Company or such other person authorized by the Board or any law / regulation, shall ensure that all the disclosures statutorily required to be made on behalf of the Company are duly made to the Regulatory / Statutory authorities or such other persons as maybe required under applicable laws / regulations.

PFL has put up to the Board of Directors, at regular intervals, as may be prescribed by the Board in this regard, the following:

- i. the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
- ii. conformity with corporate governance standards to the extent applicable viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

Policies adopted by the Company



The Company shall adopt such policies, as may be required to adopt under the Companies Act, 2013, the RBI Guidelines and such other laws, regulations and Prodigee Guidelines as may be applicable. The policies adopted may be reviewed by the Board from time to time.

Rotation of partners of the Statutory Auditors Audit Firm

PFL for the purpose of adopting best corporate practices and to strengthen the governance mechanism, shall rotate the partner/s of the Chartered Accountant firm conducting the audit in compliance to the Section 139 of the Companies Act, 2013 read with other applicable regulations and rules made thereunder. As per the Act, 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.

However, the partner so rotated will be eligible for conducting the audit of the NBFC after an interval of the cooling period as specified under the Companies Act. Company shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

Framing of Internal Guidelines

The internal guidelines set the framework to achieve Company's goal by adopting best practices with emphasis to transparency, accountability and integrity. PFL shall frame their internal guidelines and make necessary amendment in the guidelines from time to time on corporate governance with the

approval of the Board of Directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines.

Review of the Policy

The internal guidelines and various policies encompassing corporate governance framework of PFL are reviewed periodically and amended with the permission of Management/Board of Directors as the case may be.

This policy is based on 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, then the provisions of regulations or directions or circulars issued by the Regulator would prevail over the policy and the provisions in the policy would be modified in the due course to make it consistent with the law.

Approved by the Board of Directors vide Resolution dated 1st April, 2022



Amit Goel
DIN: 06373510
Managing Director



Prodigee FinanceTM
DREAM IT | ACHIEVE IT

Date: 01.04.2022

Place: Bhopal