

## Corporate Governance Code

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*Approved by Board 21.04.2017*

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This Corporate Governance Code of the Company has been reviewed and approved by the Board of Directors on 21<sup>st</sup> April, 2017.

A. Samasta Microfinance Limited understands the importance of good corporate governance and is committed towards adopting the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board or the committees of the members of the Board. The Company functions under the able direction of the Board of directors and through the procedures and policies mandated by the Board

B. **RBI Guidelines on Corporate Governance:**

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, on May 8, 2007, issued guidelines on Corporate Governance. In pursuance of the aforesaid Guidelines, the Company has framed the following internal Guidelines on Corporate Governance. The Code has been drafted bearing in mind the size of the Company's operations and the sector in which it operates. The Code also complies with the existing Reserve Bank Governance guidelines for NBFCs (MFI), as last summarized by RBI in its Master Circular dated July 1, 2014. The need for adoption of good corporate governance practices continues to engage the regulator and stakeholder attention. In this connection and in continuation to its earlier circulars, RBI has made further amendments to the corporate governance guidelines by its circular dated November 10, 2014.

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 three directors and a maximum of fifteen 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.

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 non-compliance. The current Board of Samasta comprises of 8 (Eight) directors,

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including 4 (Four) independent directors, 1 (One) Executive Director, 1 (one) Managing Director, and 2 (Two) Non-Executive Directors.

**D. Duties and Responsibilities 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 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, diligence and shall exercise independent judgment.
3. A director of a company shall not involve 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.

**E. 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. 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. Samasta complies with the above requirements of committee and have the following committees.

**1. Audit Committee:-**

The Audit Committee has been constituted pursuant to the provisions of Companies Act, 2013.

The Audit Committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be at least two directors.

The Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include –

- (i) evaluation of internal financial controls and risk management systems;
- (ii) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (iii) review and monitor the auditors independence and performance, and effectiveness of audit process;
- (iv) examination of the financial statement and the auditor's report thereon;
- (v) approval or any subsequent modification of transactions of the company with related parties;
- (vi) scrutiny of inter-corporate loans and investments;
- (vii) valuation of undertakings or assets of the company, wherever it is necessary

## 2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been constituted pursuant to the provisions of Companies Act, 2013.

The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

The Nomination and Remuneration Committee shall, while formulating the policy on determining qualifications, positive attributes and independence of a director ensure that—

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

## 3. Resourcing and Business Committee

This Committee has been formed by the Board to take care of the day to day affairs of the Company.

It may meet on day, time or place as the Committee may deem fit.

It shall have the authority to transact those items to which the Board has delegated its powers to.

**F. Rotation of partners of the Statutory Auditors Audit Firm**

All applicable NBFCs shall rotate the partner/s of the Chartered Accountant firm conducting the audit, every three years so that same partner shall not conduct audit of the company continuously for more than a period of three years. However, the partner so rotated shall be eligible for conducting the audit of the applicable NBFC after an interval of three years, if the applicable NBFC, so decides