

(AN ISO 9001:2015 CERTIFIED COMPANY)
CIN : L65993DL1994PLC060154

Regd. Office: 209, Bhanot Plaza - II
3, D.B. Gupta Road, Paharganj
New Delhi - 110055

CERTIFIED TRUE COPY OF THE BOARD RESOLUTION PASSED IN THE MEETING OF BOARD OF DIRECTORS OF SUNSHINE CAPITAL LIMITED HELD ON 15TH JULY, 2022 AT 11.00 PM AT THE REGISTERED OFFICE OF THE COMPANY AT 209 BHANOT PLAZA -II 3 D.B GUPTA ROAD, NEW DELHI-110055

BOARD RESOLUTION:

FOR ADOPTION OF INTERNAL GUIDELINES ON CORPORATE GOVERNANCE POLICY.

WHEREAS THE COMPANY is a Non-Banking Financial Institution - Non Deposit accepting - Systemically Important (NBFI-ND-SI) registered with Reserve Bank of India (RBI). In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, vide master direction RBI/2015-16/12 DNBR (PD) CC.No.053/03.10.119/2015-16, dated **July 01, 2015** (as updated from time to time) advised all the Non-Banking Financial Companies with asset size of Rs. 500 crores and above (NBFC-ND-SI) to frame 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 below guidelines for the information of various stakeholders.

"RESOLVEED THAT as per the latest Master Direction of the Reserve Bank of India (RBI) in order to enable NBFCs to adopt best practices and greater transparency in their operations, consent of the board be and is hereby given to adopt the Policies in compliance of the above said directions applicable to the company. In compliance of the aforesaid directions issued by the RBI, the internal Guidelines on Corporate Governance have been formed by the Board of Directors.

RESOLVED FURTHER THAT any Director of the company be and is hereby authorized to submit all the necessary documents to the Reserve Bank of India office, New Delhi and to do all such acts, deeds and things that are necessary to give effect to the said Resolution."

CERTIFIED TRUE COPY

FOR SUNSHINE CAPITAL LIMITED



ANIL PRAKASH *
DIRECTOR
DIN: 05187809

**INTERNAL GUIDELINES
ON CORPORATE
GOVERNANCE
POLICY
SUNSHINE CAPITAL
LIMITED
POLICY GOVERNANCE**

FREQUENCY OF REVIEW	ANNUAL
FRAMED & LAST REVIEWED ON AMENDED ON	15/07/2022
APPROVED BY	BOARD OF DIRECTORS



COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

SUNSHINE CAPITAL LIMITED ('the Company'/SCL) 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, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices.

In pursuing its Mission of "providing a full range of financial services to the economically active poor, to build a better life", "SCL" been balancing its dual objectives of "social" and "financial goals since its inception. "Responsible financing", "ethical values" and "transparency in all its dealings with its customers, lenders, investor's and employee's" have been the cornerstone of its operations. Transparency in the decision making process has been providing comfort to all stakeholders, particularly the lenders and investors.

RBI GUIDELINES ON CORPORATE GOVERNANCE: The Company is a Non-Banking Financial Institution - Non Deposit accepting - Systemically Important (NBFI-ND-SI) registered with Reserve Bank of India (RBI). In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, vide its Notification No. DNBR.019/CGM (CDS)-2015 dated April 10, 2015 (as updated from time to time) advised all the Non-Banking Financial Companies with asset size of Rs. 500 crores and above (NBFC-ND-SI) to frame internal guidelines on Corporate Governance. Pursuant to the said circular the following internal guidelines have been laid down:-

Governance Issue's

The Company shall require prior written permission of the Bank for the following:

- (a) any takeover or acquisition of control of the Company, which may or may not result in change of management;
- (b) any change in the shareholding of the Company, including progressive increases over time, which results in acquisition / transfer of shareholding of 26 per cent or more of the paid up equity capital of the company.

"Provided that prior approval from the RBI shall not be required in case of change in shareholding going beyond 26% due to buyback of shares / reduction in capital where it has an approval of a competent Court. The same is to be reported to the RBI not-later than one month from its occurrence;"

- (c) any change in the management of the CIC which results in change in more than 30% of the directors, excluding independent directors. Provided that, prior approval shall not be required in case of directors who get re-elected on retirement by rotation.
- (d) The Company shall continue to inform the Bank regarding any change in their directors / management not later than one month from the occurrence of any change.
- (e) The Company shall submit an application to the Regional Office of the DNBS, RBI, DELHI for obtaining prior approval of the RBI along with the documents as mentioned in the master directions.
- (f) Applications in this regard shall be submitted to the Regional Office of the Department of Non-Banking Supervision, DELHI in whose jurisdiction the Registered Office of the CIC is located.



I. INTRODUCTION

The Company is a registered Non-Deposit taking Systemically Important Non-Banking Financial Company ("NBFC-ND-SI") and has received a Certificate of Registration dated 25/09/1998 vide Registration No. B-14.01266 from the Reserve Bank of India. The Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices.

The Company recognizes its role as a corporate citizen and endeavors to adopt good practices and standards of corporate governance through transparency in business ethics, accountability to its customers, government and others.

The Company carries its activities in accordance with good corporate practices and is constantly striving to better them by adopting the best practices.

II. OBJECTIVE OF GUIDELINES ON CORPORATE GOVERNANCE

The Company is a Non-Banking Financial Company - Non Deposit accepting- Systemically Important (NBFC-ND-SI) registered with Reserve Bank of India (RBI).

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, vide its **RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 ((Updated as on February 22, 2019*)) issued directions on Corporate Governance known as Non-Banking Financial Companies Corporate Governance (Reserve Bank) Directions, 2015** and has required to every non-deposit accepting Non-Banking Financial Company with asset size of Rs.500 Crore and above (NBFCs-ND-SI), as per its last audited balance sheet, and all deposit accepting Non-Banking Financial Companies (NBFCs-D), henceforth called as Applicable NBFCs.

In pursuance of the aforesaid directions issued by the RBI, the internal Guidelines on Corporate Governance have been formed for consideration by the Board of Directors of the company.

III. GOVERNANCE STRUCTURE

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 shall be governed by the Articles of Association of the Company read with the applicable provisions of Companies Act, 2013 (the Act) and the rules framed there under.



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

1. AUDIT COMMITTEE

The Company shall have in place the Audit Committee in accordance with the provisions of Para 3 of the Non- Banking Financial Corporate Governance (Reserve Bank) Directions, 2015 and Section 177 of the Act and the Rules framed there under.

Chairman	The Committee shall appoint one of its members as the Chairman of the Committee. However, as a matter of good governance, one of the Independent Directors may be appointed as the Chairman of the Committee.
Composition	The Audit Committee shall consist of a minimum of three directors with independent directors forming a majority.
Meetings and Quorum	The Audit Committee shall meet as and when required, but shall meet at least four times in a year. The quorum shall be either two members or one third of the members of the Committee whichever is higher, provided that at least one Independent Director shall be present at the meeting.
Terms of reference	<p>The terms of reference of the Audit Committee, inter-alia, shall include the following:</p> <ul style="list-style-type: none"> - 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; - 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.



2. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee shall be constituted in accordance with the Corporate Governance guidelines promulgated by the Reserve Bank of India and the applicable provisions of the Act. The Committee shall be primarily responsible to assist the Board of Directors in fulfilling its responsibilities by recommending to the Board, criteria for Board membership, evaluation of directors, the committees and the Board as a whole.

Chairman	The Committee shall appoint one of its members as the Chairman of the Committee. However, as a matter of good governance, one of the Independent Directors may be appointed as the Chairman of the Committee. The Chairman of the Company shall not be appointed as the Chairman of this Committee.
Composition	The Committee shall consist of three or more Non-Executive Directors out of which not less than one-half shall be Independent Directors. Further, the composition shall be in accordance with the requirements specified in the Articles of Association of the Company.
Meetings and Quorum	The Committee shall meet as and when required, but shall meet at least once in a year. The quorum shall be either two members or one third of the members of the Committee whichever is higher, provided that at least one Independent Director shall be present at the meeting.
Terms of reference	The terms of reference of the Nomination and Remuneration Committee shall inter-alia include the following: <ul style="list-style-type: none"> - 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.

3. RISK MANAGEMENT COMMITTEE

The Risk Management 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.



Chairman	The Committee shall appoint one of its members 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, but shall meet at least twice in a year. The quorum shall be at least two members.
Terms of reference	<p>The terms of reference of the Risk Management Committee shall inter-alia include the following:</p> <ul style="list-style-type: none"> - 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 Act, the Reserve Bank of India and any other regulatory authority, as prescribed from time to time.

4. ASSET LIABILITY MANAGEMENT COMMITTEE

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

Chairman	The Committee shall appoint one of its members 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, but shall meet at least twice in a year. The quorum shall be at least two members.
Terms of reference	<p>The terms of reference of the ALM Committee shall inter-alia include the following:</p> <ul style="list-style-type: none"> - 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; - 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

5. INVESTMENT AND CREDIT COMMITTEE

The Sponsorship and Credit Committee shall overview the Company's financial position and the requirements of the fund for lending to the clients, after analyzing the credit worthiness of the borrower while lending including their repayment capacity.



Chairman	The Committee shall appoint one of its members 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, but shall meet at least twice in a year. The quorum shall be at least two Directors.
Terms of reference	The terms of reference of the Sponsorship and Credit Committee shall inter-alia include the following: <ul style="list-style-type: none"> - Scrutinizing the loan proposals and if satisfied approving the sanction of the loan proposal; - 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. - Perform such other allied functions as may be required from time to time.

IV. DISCLOSURE AND TRANSPARENCY

In order to practice the policy of Disclosure and Transparency, the Company shall put up to the Board of Directors, at regular intervals, as may be prescribed by the Board in this regard, the following:

- a) Minutes of the meeting of the Risk Management Committee, comprising of three Directors, wherein the Committee reviews that the Credit & Investment is done within the norms prescribed by the Board, risk parameters associated and risk monitoring mechanism of the company.
- b) 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.
- c) The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
- d) Updates of the various committees meetings at from time to time;
- e) Disclosures in the Annual Financial Statements information as may be prescribed under the RBI Regulatory Framework from time to time.

The Company shall also disclose the following in its Annual Financial Statement, if applicable:

- a. registration/ licence/ authorization, by whatever name called, obtained from other financial sector regulators;



- b. ratings assigned by credit rating agencies and migration of ratings during the year, if any;
- c. penalties, if any, levied by any regulator;
- d. information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries, if any and
- e. Asset-Liability profile, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by it as also securitization/ assignment transactions and other disclosures, as given in the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

V. 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 are 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.

VI. FIT AND PROPER CRITERIA FOR DIRECTORS

The Company shall ensure to:

1. Follow fit and proper criteria in the lines of the Guidelines contained in the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
2. Obtain a declaration and undertaking from the directors giving additional information on the directors. The declaration and undertaking shall be on the lines of the format given in the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
3. Obtain a Deed of Covenant signed by the directors, which shall be in the format as given in the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
4. Furnish to the Reserve Bank a statement on change of directors, and a certificate from the Managing Director of the Company that fit and proper criteria in selection of the directors has been followed. The statement must reach the Regional Office of the Reserve Bank within 15 days of the close of the respective quarter. The statement submitted by applicable NBFC for the quarter ending March 31, shall be certified by the auditors.



VII. STATUTORY COMPLIANCE REPORT TO BOARD OF DIRECTORS

The respective Head of Departments (HoDs) of the Company shall give a quarterly Statutory Compliance Certificate to the Managing Director and based on the same, the Managing Director shall give a Statutory Compliance Certificate to Board of Directors.

VIII. COMPLIANCE WITH LAWS AND ETHICAL STANDARDS

The Company shall file such quarterly / half yearly / yearly reports / returns / statements on the on-line portal / by off-line communication as required from time to time. Presently, apart from submission of Annual Accounts and routine data related to change in directors, auditors and compliances related to them, the following returns / statements are required to be filed with RBI.

IX. 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 Guidelines as may be applicable. The policies adopted may be reviewed by the Board from time to time. 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, 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, keeping in mind the unique business model of the Company.

For SUNSHINE CAPITAL LIMITED

Director



THE END