



**CORPORATE GOVERNANCE CODE
OF
UTKARSH COREINVEST LIMITED
AS ON SEPTEMBER 26, 2019**

A. Company's Philosophy on Corporate Governance

Utkarsh CoreInvest Limited ('the Company'/ Utkarsh) recognizes its role as a Corporate citizen and endeavours 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.

B. RBI Guidelines on Corporate Governance

The Company is a registered as Non-Banking Financial Company-Core Investment Company-Non Deposit taking-Systemically Important Institution ("NBFC-CIC-ND-SI") and has received a Certificate of Registration dated May 03, 2018 from the Reserve Bank of India.

In order to enable all NBFCs to adopt the best practice and greater transparency in their operations, RBI has vide its notification dated April 10, 2015 has issued the directions relating to corporate governance. Further, the RBI summarised the Corporate governance requirements in its master Circular dated July 01, 2015.

Further, the company being a NBFC- CIC- ND- SI will be guided by the RBI Master Direction - Core Investment Company (Reserve Bank) Directions, 2016 (hereinafter referred to as "Master Directions") and the compliances and directives mentioned therein.

The need for adoption of good corporate governance practices continues to engage the regulator and stakeholder's attention. This is also in compliance with SEBI (Listing Obligation and Disclosure Requirements) Regulations.

C. NBFC-CIC-ND-SI Major Compliances and Governance Requirements

(i) The major Compliances which the company as an NBFC-CIC-ND-SI needs to comply on continuous basis are as under:

Sr. No	Particulars	Compliance framework
1.	Systemically Important Core Investment Company (CIC-ND-SI) shall be having total assets of not less than ₹100 crore either individually or in aggregate along with other CICs in the group and which raises or holds public funds.	The Company's Compliance department would monitor the status of this compliances on a regular basis. The Compliance status would be placed to be Board at quarterly interval. Compliances breaches (if any) would be immediately reported to MD & CEO and Chairman for the necessary action.
2.	The Company holds not less than 90% of its net assests in the form of investments in equity shares, preference shares, bonds, debentures, debt or loan in group Companies:	
3.	The Company's investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitute not less than 60% of its net assests.	
4.	The company does not trade in its investments in shares, bonds debentures, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment.	
5.	It does not carry on any other financial activity referred to in section 45 (c) and 45 (f) of the Reserve Bank of India act 1934 except-	

	<p>(a) Investment in</p> <ul style="list-style-type: none"> • Bank deposits • Money market instruments including money market and liquid mutual fund schemes • Govt. Securities including T-Bills/CMB and State Development Loans • Bonds/Debentures issued by group companies • Loans to group companies • Issuance of guarantees on behalf of group companies 	
6.	Capital Requirements-Adjusted Net worth of the company shall at no point of time be less than 30% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off- balance sheet item as on date of the last audited balance sheet as at the end of financial year	
7.	Leverage Ratio-The outside liability of the Company shall at no point of time exceed 2.5 times its Adjusted Net Worth as on date of the last audited balance sheet as at the end of the financial year	
8.	The Company should file a quarterly statement on change of Directors certified by the auditors and a certificate from the Managing Director that fit and proper criteria in selection of Directors have been followed.	
9.	The Company is required to submit an annual certificate from its statutory auditors regarding compliance with the requirements of RBI extant CIC master directions within a period of one month from the date of finalisation of the balance sheet of the company	
10.	The Company need to submit the statutory auditors statement of Foreign Direct Investments of the Company twice on a half yearly basis.	

D. Governance Issues

The Company shall require prior written permission of Reserve Bank of India 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 increase over time, which results in acquisition/transfer of shareholding of 26 percent or more of the paid up equity capital of the CIC
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 percent of the Directors excluding Independent Directors.
Provided that prior approval shall not be required in case of directors who got re-elected on retirement by rotation.
- d. The Company shall continue to inform the Reserve Bank of India 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 Kanpur for obtaining prior approval of the RBI along with the documents as mentioned in the master directions.
- f. Application in this regard shall be submitted to the Regional Office of the department of Non-Banking Supervision, Kanpur in whose jurisdiction the registered office of the CIC is located

E. Raising Money through private placement of debentures etc. by CIC- NDSI

The Company shall follow the RBI guidelines on private placement of Non- Convertible Debentures (NCDs) for compliance. It may be noted that the provision of the Companies Act 2013 and rules issued there under shall be applicable wherever not contradictory.

F. Ratings

The Company can also issue financial products like Commercial Paper Debentures etc. to which rating is assigned by rating agencies. The rating assigned to such products may undergo changes for various reasons ascribed to by rating agencies. The Company shall furnish the information about downgrading/ upgrading of assigned rating of any of its financial products within 15 days of such a change in rating to the Kanpur Regional Office of RBI.

G. Board of Directors and Limit on Directorships and Committee Membership

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 Article of Association, the Board's strength is required to be a minimum of 3 Directors and maximum of 10 Directors. The Board shall meet at least once every quarter of each financial year and at least (4) four times every financial year.

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 20.

A Director shall not be a member in more than ten (10) committees or act as Chairman of more than five (5) committees across all companies in which he is a Director. Furthermore, every Director shall inform the company about the committee positions he occupies in other companies and notify changes as and when they take place. For the purpose of considering the limit, the companies under section 8 of the Companies Act, 2013 shall be excluded. For the purpose of reckoning the limit under this sub clause Chairmanship /Membership of the Audit Committee and the stakeholder's relationship committee alone shall be considered. A person shall not serve as an Independent Director in more than seven (7) listed entities.

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 instance of non-compliance.

The Current Board of Utkarsh Comprises of eight (8) Directors, including 3 (three) Independent Directors, one (1) Managing Director & CEO and four (4) Nominee Directors. The Chairperson of the Board is an Independent Director.

H. Duties and Responsibilities of the Board of Directors

In accordance with the provision of Section 166 of the Companies Act, 2013 and as a matter of corporate governance, the Directors of the company would have following duties: -

- (a) A Director of a company shall act in good faith in order to promote the object of the company for the benefit of its members as a whole, and in the best interest of the company, its employee, the stakeholders, the community for the protection of environment.
- (b) A Director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent director.
- (c) 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
- (d) A Director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relative 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 the gain to the company.
- (e) A Director of a company shall not assign his office and any assignment so made shall be void.

I. Code of Conduct

The Company has a code of conduct for all Board members and senior management of the company. The code of conduct has already been posted on the website of the company. All Board members and senior management personnel shall affirm compliance with code on annual basis.

J. Compliance Officer

The Company Secretary shall be the Compliance Officer of the company.

K. Committee of the Board

To focus effectively on the issue and ensure expedient resolution of diverse matters, the Board constitute a set of committees with specific term of reference/scope. The committee shall operate as empowered agents of the Board as per their charter/terms of reference.

The RBI guidelines mentioned earlier requires the setting up of the Audit Committee, Assests Liability Committee, Share Allotment Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee.

In compliance with the applicable provisions of the Act and SEBI regulations, the Company has constituted its Board Committees.

The Board Committees as follows:

Sl.	Name of the Committee	Statutory Requirement	Composition of the Committee
1.	Audit Committee of the Board	Required as per Companies Act, 2013	1. Ms. Ramni Nirula (Chairperson) 2. Mr. Atul 3. Mr. Vishal Mehta 4. Mr. Harjeet Toor
2.	Corporate Social Responsibility Committee	Required as per Companies Act, 2013	1. Mr. G. S. Sundararajan (Chairperson) 2. Mr. Aditya Parekh 3. Mr. Ashwani Kumar
3.	Nomination & Remuneration Committee	Required as per Companies Act, 2013	1. Mr. G.S. Sundararajan (Chairperson) 2. Ms. Ramni Nirula 3. Mr. Atul 4. Mr. Gaurav Malhotra
4.	Share Allotment Committee	Required as per Companies Act, 2013	1. Mr. Harjeet Toor 2. Mr. Aditya Parekh 3. Mr. Ashwani Kumar

The Committee would be nominated with the approval of the Board at Regular intervals. The Composition of the committee would change as per the approval of the Board.

a. Audit Committee of the Board

Members	The Audit Committee meets at quarterly intervals.	Ms. Ramni Nirula
		Mr. Atul
		Mr. Vishal Mehta
		Mr. Harjeet Toor
Major Responsibilities		<ul style="list-style-type: none"> the 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 with related parties; Scrutiny of inter-corporate loans and investments 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 raised through public offers and related matters.

b. Nomination & Remuneration Committee

Composition of committee and major responsibilities are presented below:

Members	The Nomination & Remuneration Committee meets minimum once in a year and as and when required	Mr. G. S. Sundararajan
		Mr. Atul
		Mr. Gaurav Malhotra
		Ms. Ramni Nirula
Major Responsibilities		<ul style="list-style-type: none"> Ensuring fit and proper status of proposed/existing Directors as per the RBI guidelines. Regular review the structure, size and composition of the Board (including skills, knowledge and experience) taking into account the current requirements and future development

		<p>of the Company, and make recommendations to the Board with regard to any adjustments that are deemed necessary.</p> <ul style="list-style-type: none"> • Identification, nomination and recommendation for the approval of the Board, candidates to fill Board vacancies as and when it arises; • Ensuring that on appointment, all non-executive Directors receive formal written terms of appointment; • Review the composition of Committees of the Board and identify and recommend to the Board, the Directors who can best serve as members of each Board Committee; • Recommendation to the Board, the compensation payable to the Chairperson of the Company.
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c. Share Allotment Committee

Composition of committee and major responsibilities are presented below:

Members	The Share Allotment Committee meets as and when required	Mr. Aditya Parekh
		Mr. Harjeet Toor
		Mr. Ashwani Kumar
Major Responsibilities		<ul style="list-style-type: none"> • Considering and resolving grievances of shareholder's, debenture holders and other security holders; • Allotment of Equity Shares, approval of transfer or transmission of Equity Shares, debentures or any other securities; • Issue of duplicate certificates and new certificates on split/consolidation/renewal etc.; • Overseeing requests for dematerialization and rematerialization of Securities; • Spreading awareness amongst security holders for protection of their rights and interest(s) and • Carrying out any other function as assigned by the Board from time to time related to security holders of the company.

d. Corporate Social Responsibility Committees

Composition of committee and major responsibilities are presented below:

Members	The Corporate Social Responsibility Committees meets minimum Half Yearly basis.	Mr. G. S. Sundararajan
		Mr. Aditya Parekh
		Mr. Ashwani Kumar
Terms of reference		<ul style="list-style-type: none"> • Formulation and recommendation to the Board, the Corporate Social Responsibility (CSR) strategy of the Company including the CSR Policy and its implementation. • Formulation and recommendation to the Board, the CSR activities to be undertaken by the Company either directly or through Utkarsh Welfare Foundation or through any other entity working for the welfare of society and determining the CSR projects / programmes which the Company plans to undertake during the year of implementation, specifying modalities of execution in the areas / sectors chosen and implementation schedules for the same. • Recommendation to the Board, the amount of expenditure to be incurred on the CSR activities every year • Review and monitoring the compliance of initiatives undertaken and evaluate performance of the activities against the agreed targets. • Conducting impact-assessment of the various initiatives undertaken in terms of the CSR Policy at periodic intervals.