

INDUSTRIAL INVESTMENT TRUST LIMITED

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

A. Corporate Governance Mission

Industrial Investment Trust Limited (IITL) has been upholding the core values in all facets of its corporate working, with due concern for the welfare of shareholders of the Company. The Management has consistently followed the principles of Corporate Governance, based on fairness, transparency, integrity, accountability and the compliance with laws in all corporate decisions.

B. Board of Directors (BOD)

1. Key Role

The primary responsibility of the BOD is to provide effective governance over the Company's affairs to increase the confidence of various stakeholders. In all actions taken by the BOD, the directors shall exercise their judgment and prudence. In discharging that obligation, directors may rely on the honesty and integrity of the Company's senior executives, external advisors and auditors.

2. Composition and Selection of BOD

The BOD shall comprise of 3 to 6 Directors, with flexibility to increase the number of members in order to accommodate the availability of an outstanding candidate or the BOD's changing needs and circumstances.

The Board in compliance with extant regulatory requirements, shall comprise of both Executive and Non-Executive Directors, one of whom must be a woman and at least a third of the total number of Directors being Independent Directors. All the Directors shall meet the 'fit and proper' criteria as prescribed under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI guidelines. The BOD shall elect one member as Chairman for each of its meeting.

All the Directors on the Board (except Independent Directors) are liable to retire by rotation and one third of such Directors shall retire at every Annual General Meeting of the Company. The Directors who are longest in the office shall retire in accordance with the provisions of applicable laws shall be eligible for re-appointment.

The Directors shall submit disclosures as required under the provisions of applicable laws and codes and policies adopted by the Company.

3. BOD Meetings

(a) Frequency

The BOD meetings of the Company shall be held at least four times a year, once every quarter and the gap between two board meetings shall not exceed one hundred and twenty days. The meetings shall be held at the Company's registered office unless otherwise decided by the BOD.

(b) Quorum

The quorum for a meeting of the Board of Directors of a company shall be one – third of its total strength or two directors, whichever is higher, and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum.

4. Role of Independent Directors

Independent Directors appointed on the Board of the Company shall fulfill the criteria of independence as set out under the provisions of Companies Act, 2013 and other applicable laws in this regard. They shall submit an annual declaration affirming compliance with the criteria of independence for every financial year and such declaration shall be submitted whenever there is any change in circumstance which may affect their independence.

An Independent Director shall hold office for a term of up to five consecutive years and shall be eligible for re-appointment for another term of upto five consecutive years on passing of a special resolution by the Company. Provided that an Independent Director, who completes two consecutive term(s) shall be eligible for appointment as Independent Director in the Company only after the expiration of three years of ceasing to be an Independent Director in the Company.

5. Fit and Proper Criteria

The Company has in place a policy of Fit and Proper Criteria for the Directors, as per the Guidelines laid down by Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and by Reserve Bank of India. These would be applicable to ascertain the fit and proper criteria of the directors at the time of appointment and on a continuing basis.

6. Board Compensation Review

The remuneration payable to Director(s) shall be determined by the Nomination and Remuneration Committee and shall be recommended to the Board for its consideration and approval. The remuneration payable shall be in accordance with the Board approved Remuneration Policy and applicable laws.

Presently, the Non-Executive Directors (Independent as well as Non-Independent) of the Company are paid remuneration by way of sitting fees for attending meetings of the Board and its Committees, in compliance with the applicable laws in this regard.

7. Committees

The Board has constituted Committees to deal with specific matters and for operational convenience, delegated powers for different functional areas to different Committees in accordance with the applicable laws. The Audit Committee, Committee for Investments / Loans and Risk Management, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Asset Liability Management Committee and Corporate Social Responsibility Committee have been constituted in accordance with the provisions of Companies Act, 2013 as applicable to the Company. The composition, terms of reference and functioning of Committee(s) shall be decided by the Board of Directors in accordance with the provisions of the applicable laws.

Minutes of meetings of Committees of the Board shall be placed before the Board for its perusal, discussion and noting. The decisions of the Committees shall be taken by simple majority of the members of the respective Committees and each member shall exercise one vote. Chairman of the Committee(s) shall not be entitled to a second or casting vote at any meetings of the Committee(s).

8. Performance Evaluation

- i) The Nomination and Remuneration Committee (NRC) of the Company shall evaluate the performance of the members of the Board, the Board as a whole and its Committees and provide necessary report to the Board for further evaluation.

9. Conflict of Interest

The Company expects its Directors, officers and other employees to act ethically at all times and to acknowledge their adherence to the policies and codes adopted by the Company.

10. Related Party Transactions

The Company has laid down a Related Party Transaction (RPT) Policy for purpose of identification and monitoring of such transactions. All transactions with related parties are on arm's length basis.

All Related Party Transactions are placed before the Audit Committee and also the Members / Board for their approval, wherever necessary.

11. Policy on Disclosure of Material Events and Information

This Policy has been formulated as per the applicable provisions of SEBI Listing Regulations, to determine the events and information which are material in nature and are required to be disclosed to the Stock Exchanges.

12. Auditors

Statutory Auditors: The Board and Audit Committee of the Company shall be responsible to appoint Statutory Auditors who demonstrate professional ability and independence. The Company shall review the independence and performance of the Statutory Auditors and effectiveness of the audit process periodically. A declaration shall be obtained from the Auditors affirming their eligibility for being appointed as the Statutory Auditors of the Company.

Internal Auditors: The Board and Audit Committee of the Company shall appoint Internal Auditors in accordance with the provisions of applicable laws and regulations who shall perform independent and objective assessment of the internal controls, processes and procedures instituted by the management and accordingly monitor its adequacy and effectiveness.

13. Secretarial Auditors

The Board shall appoint a Company Secretary in practice, in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder to conduct a secretarial audit of the Company for every financial year. The Secretarial Auditor shall provide its report in the form and manner prescribed under the applicable laws / regulations. The Secretarial Audit Report shall be placed before the Board for its noting and records and the same be annexed to the Directors' Report which shall be circulated to the Members of the Company in accordance with the applicable laws / regulations.

14. Codes and Policies of the Company

Code of Conduct for Directors and Employees

The Code for Directors and Employees provides for employees to conduct their business and affairs in compliance with applicable laws, rules and regulations of India. The Code is applicable to all employees of the Company, including Executive Director(s) and to the Non Executive Director(s) to the extent of their role and responsibilities in the Company.

15. Other Codes and Policies

The codes and policies approved by the Company inter-alia includes the following:

- Fair Practice Code
- Investment Policy
- ALCO Policy

- Whistle Blower Policy / Vigil Mechanism Policy
- Fit and Proper Criteria Policy
- Corporate Social Responsibility Policy
- Related Party Transaction Policy
- Policy for Determining Material Subsidiaries
- Policy for determination of materiality of any event / information
- Policy for preservation of documents – Archival Policy
- Nomination and Remuneration Policy
- Sexual Harrasment Policy

16. Disclosures

The Company is committed to make adequate disclosures based on the principles of transparency, timeliness, fairness and continuity.

17. Annual Report

The Annual Report of the Company contains a separate section on Corporate Governance detailing the measure / activities undertaken by the Company as part of its efforts towards good corporate governance.