



GMR ENTERPRISES PRIVATE LIMITED

Internal Guidelines on Corporate Governance

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Internal Guidelines on Corporate Governance

1. OBJECTIVE

These Internal Guidelines on Corporate Governance ("Guidelines") draws reference to Chapter XI of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023.

As per the Directions, Non-Banking Financial Companies shall frame internal guidelines on Corporate Governance with the approval of the Board of Directors and it shall be published on the website of the Company, if any, for the information of various stakeholders.

These guidelines are to be read in conjugation with the Companies Act, 2013, Rules made thereunder and other statute, laws, standards or other governmental instructions, as applicable. relating to Corporate Governance.

2. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance is a combination of voluntary practices and compliance with laws and regulations leading to delegation of operational powers to experienced staff members, effective control oversight mechanism, strategies and policies which are constantly reviewed and strengthened to be in alignment with market realities and overall management of the organization. In ensuring that the desired levels of corporate governance practices are imbibed in the organisation and with a focus on its own fiduciary & trusteeship role, the Board of Directors of the Company seeks to evolve, strengthen and adopt structures and policies which would align and direct the actions of the organisation towards creating wealth and shareholders' value. The Board has adopted various codes and policies to carry out duties and functions in the most ethical and compliant manner and some of them are:

S. No.	Name of Policy
1.	Risk Management Policy
2.	Policy of Related Party Transactions
3.	Policy on Nomination & Remuneration
4.	Policy on preservation of documents and Archival
5.	Policy on Internal Guidelines on Corporate Governance
6.	Policy on Resource Planning
7.	Code of Conduct for Directors and Senior Management
8.	Code of Business Conduct and Ethics applicable to all employees
9.	Corporate Social Responsibility Policy
10.	Policy on Whistle Blower
11.	Compensation Policy
12.	Policy on Appointment of Statutory Auditors
13.	Risk Based Internal Audit (RBIA) Policy
14.	Risk Based Internal Audit Framework

15.	Policy on Fit and Proper Criteria
16.	Fair Practice Code
17.	Investment Policy
18.	Loan Policy
19.	Know Your Customer (KYC) Policy
20.	Information Technology (IT) Policies (22 Policies)
21.	Information Systems (IS) Audit Policy
22.	Policy on Asset Liability Management (ALM) and Liquidity Risk Management (LRM)
23.	Policy on appointment of Chief Risk Officer (CRO)
24.	Compensation Policy
25.	Compliance Policy and Manual on Compliance Function
26.	Policy & Procedure for secure usage of DAKSH
27.	Policy against sexual harassment
28.	Anti Bribery and Anti corruption policy
29.	Expected Credit Loss Policy
30.	Internal Capital Adequacy Assessment Process Policy (ICAAP)
31.	Policy on Fraud Risk Management
32.	Policy on Treatment of Wilful Defaulters and Large Defaulters

3. GUIDELINES ON CORPORATE GOVERNANCE

In pursuance of the Directions issued by the Reserve Bank of India, the Company has framed the Internal Guidelines on Corporate Governance.

4. BOARD OF DIRECTORS

The Company shall maintain an optimum combination of the Board pursuant to the applicable statutory provisions/ regulatory guidelines. Eminent persons, who can effectively contribute to the Company's business and policy decisions, should be considered by the Nomination & Remuneration Committee for appointment as Directors on the Board. The number of directorships and memberships held in other companies by such persons should also be considered. The Board should consider the recommendations of the Nomination & Remuneration Committee and take appropriate decisions with regards to the continuance of and induction of new members on the Board of the Company, after ascertaining the 'fit and proper' status.

The Board shall review and approve business strategy and oversee the actions and results of the management to ensure that the long-term objectives of enhancing stakeholders' value are achieved.

Composition

The Composition of the Board shall be governed by the Articles of Association of the Company read with the applicable provisions of the Companies Act, 2013 (the Act), the Rules framed thereunder and RBI Master Directions, as applicable.

Meetings of the Board

At least four meetings shall be held during a year and the time interval between two



consecutive meetings shall not be more than 120 days. The facility to participate in the meeting through video conferencing or other audio-visual means shall be made available to the Directors travelling abroad or present at any locations as per applicable provisions of Law.

5. BOARD COMMITTEES

The Board shall constitute a set of Committees with specific terms of reference/ mandate, as to effectively focus on the issues falling under their jurisdiction. Minutes of proceedings of the Committee meetings shall be placed before the Board at their meetings held immediately after minutes of such meeting entered in the Minutes Book, for noting.

Pursuant to the extent statutory provisions/ regulatory guidelines and business requirements, the Board may constitute the following Committees:

I. Audit Committee

The Board may constitute a qualified Audit Committee. The Audit Committee shall comprise of minimum three directors possessing considerable experience and expertise in accounting and financial management.

The composition and terms of reference of the Audit Committee should be in accordance with Section 177 of the Companies Act, 2013 and requirements prescribed by RBI, to the extent applicable.

Further, the Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in 2 years to assess operational risks faced by the Company.

Meetings of the Audit Committee

The Committee shall meet at such intervals as may be required from time to time.

II. Nomination & Remuneration Committee (NRC)

The Board may constitute a NRC which shall comprise of at least three or more non-executive directors out of which not less than one-half shall comprise of Independent Directors, however, the Chairman of the Company may be member but should not chair NRC.

The Board of Directors of the Company shall adopt Nomination and Remuneration Policy *inter alia* to deal with the manner of selection of the Board of Directors, KMPs, Managing Director and Senior Management, their remuneration and shall lay down the criterion for selection & continuance on the Board of the Company. The NRC shall administer the Nomination & Remuneration Policy, Compensation Policy and the Employee's Stock Option Scheme as applicable.

NRC shall ensure that the Board comprises of a balanced combination of executive and Non-executive Directors as applicable and formulate 'fit and proper' criteria for



determining qualifications, positive attributes, independence of Independent Directors including code of conduct and make recommendations to the Board for appointment & remuneration of the Directors, KMPs and Senior Management. NRC shall carry Board evaluation of performance of the Board, its Committees and Directors.

The Composition and terms of reference of the NRC shall be in compliance with the provisions of Section 178 of the Companies Act, 2013, to the extent applicable read with Compensation Policy of the Company.

Meetings of the NRC

The NRC shall meet at such intervals as may be required during a year.

III. Risk Management Committee (RMC)

The Board may constitute a RMC at the Board or Executive level in compliance with RBI Master Directions for NBFCs / CICs.

The quorum for a meeting of RMC shall be either two members or one third of the members of the RMC, whichever is higher.

RMC shall be responsible for evaluating the overall risks faced by the Company including liquidity risk and shall respond to the Board. RMC will perform its roles as per terms of reference approved by the Board from time to time.

The Company has robust business risk management framework capable of identifying business risks, liquidity risks commensurate with its activities.

Meetings of the RMC

RMC shall meet at such intervals as per RMC Policy of the Company.

IV. Asset Liability Management Committee (ALCO)

The Board may constitute an Asset Liability Management Committee (ALCO), which shall be led by the Board of Directors of the Company, Chief Executive Officer or Managing Director or Executive Director (as applicable). The Chiefs of Investment, Credit, Resources Management or Planning, Funds Management / Treasury, International Business and Economic Research may be members of the Committee.

The ALCO shall be responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the Company. The CEO shall head the Committee. The Chiefs of Investment, Credit, Resource Management or Planning, Funds Management/ Treasury (forex and domestic), Economic Research (as applicable) may be members of the Committee. The role of the ALCO with respect to liquidity risk should include, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing

liquidity risk, and overseeing the liquidity positions of all branches. Minutes of proceedings of ALCO shall be placed before the Board at their meetings immediately held after minutes of such meetings entered in the Minutes Book, for noting.

The facility to participate in the meeting through video conferencing shall be made available to the Members of the Committee.

Meetings of the ALCO

ALCO may meet whenever required.

6. FIT AND PROPER CRITERIA

The Company shall ensure that a Policy is put in place with the approval of the Board of Directors for ascertaining the 'fit and proper' criteria of Directors at the time of appointment and on continuing basis as below:

- (a) The Company shall undertake 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. The Company shall obtain necessary information and declaration from the proposed / existing directors.
- (b) The process of due diligence shall be undertaken by the Company at the time of appointment / renewal of appointment.
- (c) NRC shall scrutinize the declarations and undertaking/s received from Directors, other Senior Officials as applicable.
- (d) Based on the information provided in the signed declaration, NRC/Board shall decide on the acceptance or otherwise of the directors, where considered necessary.
- (e) The Board shall obtain annually as on 31st March a simple 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 must ensure in public interest that the nominated/ elected directors execute the deeds of covenants in the format prescribed by RBI.
- (g) The Company furnishes to the RBI a quarterly 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 Department of Non-Banking Supervision of RBI where the company is registered, within 15 days of the close of the respective quarter. The statement submitted by the Company for the quarter ending March 31, shall be certified by the auditors.

7. INDEPENDENT DIRECTOR

- a) Within the permissible limits of the Companies Act, 2013, an Independent Director shall not be on the Board of more than 3 NBFCs (NBFCs – ML or NBFCs – UL) at the same time.
- b) The Board of the Company shall ensure that there is no conflict arising out of their

Independent Directors being on the Board of another NBFC at the same time.

- c) There is no restriction to directorship on the Board of NBFCs – BL, subject to provisions of the Companies Act, 2013.

8. KEY MANAGERIAL PERSONNEL (KMP)

KMP shall not hold any Office (including directorships) in any other NBFC – Middle Layer (ML) & NBFC- Upper Layer (UL). However, they can assume directorship in NBFC – Base Layer (BL).

9. APPOINTMENT OF CHIEF RISK OFFICER (CRO)

The Company shall appoint CRO to augment risk management practices with clearly specified roles and responsibilities as below:

- (a) The Board may appoint Chief Risk Officer (CRO) who shall be a senior official in the hierarchy of the Company and shall possess adequate professional qualification/ experience in the area of risk management.
- (b) The CRO is required to function independently so as to ensure highest standards of risk management.
- (c) The CRO shall be appointed for a fixed tenure with the approval of the Board. The CRO can be transferred/ removed from his post before completion of the tenure only with the approval of the Board and such premature transfer/ removal shall be reported to the Department of Non-Banking Supervision of the Regional Office of the RBI under whose jurisdiction the Company is registered.
- (d) The CRO shall directly report to the MD & CEO/ Risk Management Committee (RMC) of the Board. In case the CRO reports to the MD & CEO, the RMC/ Board shall meet the CRO without the presence of the MD & CEO, at least on a quarterly basis. The CRO shall not have any reporting relationship with the business verticals of the Company and shall not be given any business targets. Further, there shall not be any 'dual hatting' i.e. the CRO shall not be given any other responsibility.
- (e) The Board should have Policy to safeguard the independence of CRO.
- (f) The CRO shall be involved in the process of identification, measurement and mitigation of risks as per the Policy.

10. APPOINTMENT OF CHIEF COMPLIANCE OFFICER (CCO)

- (a) As per RBI Circular dated April 11, 2022 read with Revised Regulatory Framework for NBFCs' Circular dated October 22, 2021, the Company being NBFC-ML is required, to have an independent Compliance Function, appoint Chief Compliance Officer (CCO) and have Board approved Compliance Policy.
- (b) The CCO shall be the nodal point of contact between the Company and the regulators/ supervisors and shall necessarily be a participant in the structured or other regular discussions held with RBI. Further, compliances to RBI inspection reports shall be communicated to RBI necessarily through the office of the Compliance Function.

- (c) The terms of appointment and tenure of Chief Compliance officer as prescribed in said guidelines is enumerated below:
 - (i) The CCO shall be appointed for a minimum fixed tenure of not less than 3 years. However, in exceptional cases, the Board Committee may relax the minimum tenure by one year, provided appropriate succession planning is put in place;
 - (ii) The CCO shall be transferred / removed before completion of the tenure only in exceptional circumstances, with the explicit prior approval of the Board / Board Committee, after following a well-defined and transparent internal administrative procedure;
 - (iii) The CCO shall be a senior executive of the Company with a position not below one level from the CEO of the Company being NBFCs-ML. If the Company considers necessary, the CCO can also be recruited from the market;
 - (iv) The CCO shall have a good understanding of the industry and risk management practices, knowledge of regulations, legal requirements, and sensitivity to Supervisory expectations;
 - (v) The CCO shall have the ability to exercise judgment independently and have the freedom and authority to interact with regulators / supervisors directly and ensure compliance;
 - (vi) CCO shall have a clean track record and unquestionable integrity.
 - (vii) The CCO shall have direct reporting lines to the MD & CEO and / or Board / Board Committee. In case the CCO reports to the MD & CEO, the Board / Board Committee shall meet the CCO at quarterly intervals on a one-to-one basis, without the presence of the senior management, including MD & CEO. The CCO shall not have any reporting relationship with the business verticals. Further, the performance appraisal of the CCO shall be reviewed by the Board / Board Committee.
- (d) The Company is required to have Board-approved Compliance Policy clearly spelling out its Compliance philosophy, expectations on Compliance culture, structure and role of the Compliance function, the role of CCO, processes for identifying, assessing, monitoring, managing, and reporting on Compliance risk.

11. GUIDELINES ON COMPENSATION OF KMPs AND SENIOR MANAGEMENT

- a) The Company is required to have a Board approved Compensation Policy to address misalignment of compensation packages.
- b) The Policy shall include:
 - i. Constitution of Remuneration Committee;
 - ii. Principles for fixed/variable pay structure; and
 - iii. Malus / Clawback provisions

12. ROTATION OF STATUTORY AUDITORS/AUDIT PARTNER(S)

The appointment of the statutory auditors shall be made in compliance of the provisions of the Companies Act, 2013, Rules made thereunder read with RBI Circular No. RBI/2021-22/25 dated April 27, 2021 and other applicable provisions. The Company to appoint the Auditors for a continuous period of three years, subject to the firms satisfying the eligibility norms each year.

13. RELATED PARTY TRANSACTIONS

The Board shall formulate a Policy on “Related Party Transactions” (RPT). All Related Party Transactions shall be reported to the Audit Committee for its approval except those falling under exemption category as per applicable law.

The Audit Committee may provide omnibus approval for related party transactions proposed to be entered into by the Company subject to the conditions as may be prescribed in the Companies Act, 2013 read with the Rules made thereunder and the policy laid down in this regard.

Version 1 – Approved by the Board on March 23, 2017;
Version 2 – Approved by the Board on June 24, 2019;
Version 3 – Approved by the Board on May 30, 2023;
Version 4 – Approved by the Board on September 8, 2025.