

Guidelines on Corporate Governance

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

| Document Control | |
|-------------------------|---|
| Title | Internal Guidelines on Corporate Governance |
| DOC ID/ Number | BCPL/2024-14 |
| Policy Owner | Compliance |
| Last date of update | 21/02/2024 |
| Version Number | 2024_V1 |
| Reviewed by | Whole Time Director |
| Approved by | Board of Directors |

| Version | Updates | Reviewed Date | Approved by |
|----------------|---|----------------------|--------------------|
| 2024_V1 | Internal Guidelines on Corporate Governance | 21/02/2024 | |
| | | | |

Review/Revision of policy:

This policy document will be reviewed and revised by the policy owner with approval of board of directors in response to changed circumstances, and in any event, at intervals of not more than one year or shorter review periods as may be stipulated by the board of directors.

Regulatory Reference:

RBI/DoR/2023-24/106, DoR.FIN.REC.No.45/03.10.119/2023-24 Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023.

1. OBJECTIVE

Corporate governance practice embodies the dual goals of protecting the interests of all stakeholders while respecting the duty of the Board and senior management to oversee the affairs of a company, ensure accountability, inculcate integrity and promote long-term growth and profitability. The spirit of good corporate governance cannot be codified but is rather a state of mind that translates into actual practice. BCPL, has framed the following “Internal Guidelines on Corporate Governance” (“the Guidelines”) with the intent of following corporate governance in spirit as also letter of law.

The objective of the Guidelines is to ensure that the structure, responsibilities and functions of Board of Directors and the senior management personnel of the Company fully recognize the expectations of all stakeholders as well as those of the Regulator(s). The Corporate Governance practices shall ensure that the interest of various stakeholders is considered in a balanced and transparent manner.

2. RBI GUIDELINES ON CORPORATE GOVERNANCE

The Company has framed the following internal Guidelines on Corporate Governance as per the requirements of Reserve Bank (RBI) vide its Master Direction RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 (as updated from time to time)

3. BOARD OF DIRECTORS

The Company has put in place an internal governance structure. The day to day management of the affairs of the Company is entrusted with the senior management personnel, headed by the Managing Director, who functions under the overall supervision, direction and control of the Board of Directors of the Company. The rights, roles, responsibilities, liabilities, obligations, functions and duties of the directors shall be as per the provisions of the Companies Act, 2013 (“the Act”) as amended from time to time. The Senior Management and employees of the Company shall also abide by all HR and other policies and Code of Conduct applicable to them.

All the Directors shall make the necessary annual disclosure regarding their directorships, shareholding and Committee positions and shall intimate changes as and when they take place. The Board shall inter-alia review the annual business plan and budget, approve and adopt quarterly/half yearly/annual financial results and major legal issues. The Company shall obtain annual declaration from Directors with respect to fit & proper criteria for directors of Non-banking financial companies as prescribed by RBI. In case there is no change in the information already furnished by Director in his/her last declaration a confirmation in this regard shall be sufficient. The Board shall satisfy itself that plans are in place for orderly succession planning of Directors and Key Managerial Personnel for continuity and smooth functioning of the Company.

4. COMPOSITION

The Composition of the Board of Directors shall be governed by the Articles of Association of the Company read with the applicable provisions of Companies Act, 2013 and the rules framed thereunder.

The Company’s Board is broad-based, having an optimum combination of Executive and Independent Directors.

5. BOARD COMMITTEES

With the objective of attaining accountability, transparency and fairness, the following Committees are specifically constituted by the Board of Directors for discharging below mentioned functions and to act in accordance with terms of reference specified by the Board of Directors:

5.1.Audit Committee

The Audit Committee constituted by the Company as required under Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and the Audit Committee thus constituted shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013.

The Audit Committee must ensure that an Information System (IS) Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the NBFCs.

5.2.Nomination and Remuneration Committee

The Company has constituted a Nomination and Remuneration Committee in accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. The Nomination Committee shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act, 2013.

5.3.Risk Management Committee

In accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, the Company have in place a Risk Management Committee responsible for evaluating the overall risks faced by the Company including liquidity risk.

5.4.Asset-Liability Management Committee

The Company has constituted an Asset-Liability Management Committee 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.

5.5.Corporate Social Responsibility Committee

In terms of Section 135 of the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee. The Committee has the same powers, functions and duties as laid down in Section 135 of the Companies Act, 2013 and Rules made thereunder.

5.6.IT Strategy Committee

In terms of the RBI IT Directions, 2017, the Company has constituted an IT Strategy Committee. Such Committee shall be constituted and shall have the same powers, functions and duties as laid down under the said RBI Directions.

5.7.IT Steering Committee

In terms of the RBI IT Directions, 2017, the Company has constituted an IT Steering Committee. Such Committee shall be constituted and shall have the same powers, functions and duties as laid down under the said RBI Directions.

5.8.ESG Committee

As the Company is committed towards environmental, social, and governance issues, the Company has constituted an ESG Committee to act in accordance with the ESG policy of the Company. The committee is entrusted with the responsibility of implementing and administering ESG across the organization.

5.9. Credit Committee

The Company has constituted a Credit Committee responsible for evaluating and approving the proposals of lending / investing or guaranteeing in structures that are approved by the Board.

5.10. Internal Complaint Committee

The Company has constituted Internal Complaint Committee in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company is committed towards providing a safe working environment for its employees.

6. CODE OF CONDUCT:

The Company has put in place Code of Conduct for its Directors and senior management.

7. POLICIES ADOPTED BY THE COMPANY

The Company has adopted such policies, as may be required to be adopted under the Companies act, the RBI Guidelines applicable to the Company, and such other laws and regulations as may be applicable. The policies adopted may be reviewed and/or revised by the Board from time to time.

8. FIT & PROPER CRITERIA

The Company has in place a Board approved policy for ascertaining the “Fit and Proper Criteria” of Directors at the time of appointment and on continuing basis. Pursuant to the Policy, the Company obtains necessary disclosures from Directors from time to time. The Company ensures compliance with the provisions laid down in the said Policy.

The Company shall ensure to furnish to the RBI on a quarterly basis, statement on change of directors and a certificate confirming that fit and proper criteria in selection of the directors has been followed. The same should be submitted to the Regional Office of RBI within 15 days of the close of the respective quarter and the statement for the quarter ending March 31, should be certified by the auditors.

The Board shall evaluate performance of its own, performance of Chairperson and other directors individually and performance evaluation of various committees of the Board on an annual basis. The Board shall assess the quality, quantity and timeliness of flow of information between the Company management and the Board. All the Directors shall meet the fit and proper criteria as prescribed by the RBI.

9. DISCLOSURE AND TRANSPARENCY

BCPL is committed to make adequate disclosures based on the principles of transparency, timeliness, fairness and continuity. The Board of Directors and employees of BCPL shall ensure and make necessary disclosures to the Company, the Regulator(s) / Statutory Authorities, the Shareholders, Investors, Members or other stakeholders as may be required by the applicable laws and the codes / policies of BCPL.

The Board of Directors of BCPL or such other person authorized by the Board or any law / regulation, shall ensure that all the disclosures statutorily required to be made on behalf of BCPL are duly made to

the Regulatory / Statutory authorities or such other persons as maybe required under applicable laws / regulations.

10. DISCLOSURE IN ANNUAL FINANCIAL STATEMENTS

BCPL shall make following disclosure in its Annual Financial Statement:

- registration/ license/ authorisation, by whatever name called, obtained from other financial sector regulators;
- ratings assigned by credit rating agencies and migration of ratings during the year;
- penalties, if any, levied by any regulator;
- information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries and
- Asset-Liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them as also securitization/ assignment transactions and other disclosures, as may be prescribed.

11. ROTATION OF PARTNERS OF THE STATUTORY AUDITORS AUDIT FIRM

BCPL shall rotate the partner/s of the Chartered Accountant firm conducting the audit, every three years so that same partner does not conduct audit of BCPL continuously for more than a period of three years. However, the partner so rotated will be eligible for conducting the audit of BCPL after an interval of three years, if BCPL, so decides. BCPL shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

12. REVIEW OF POLICY

The Board or its Committee may review this Policy from time to time as may be required. Changes, if any, shall be effective only upon approval by the Board.