



Corporate Governance Policy



Board of Directors and Senior Management

Corporate Governance Policy

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BACKGROUND

The Corporate Governance Policy ('Policy') provides the framework under which the Board of Directors operate. It includes Company's corporate structure, culture, policies and the manner in which it deals with various stakeholders.

The Policy has been aligned with the Companies Act, 2013 ('Act') read with Rules made thereunder and the provisions of Corporate Governance guidelines as stipulated by the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued by RBI vide its Circular No. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 as amended and Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025 issued by RBI vide its Circular No. RBI/DOR/2025-26/344 DOR.GOV.REC.No.263/18-10-013/2025-26.

DEFINITIONS –

'Company' means a company registered under Section 3 of the Companies Act, 1956 or the corresponding provision under the Companies Act, 2013

'Director' means a director appointed on the Board of BACL

'Independent Director' shall be as defined in Section 149(6) of the Companies Act, 2013.

'Key Managerial Personnel' shall have the meaning assigned to it under clause 51 of Section 2 of the Companies Act, 2013.

'Senior Management' shall have the meaning as assigned to it in 'Explanation' to Section 178 of the Companies Act, 2013

A. POLICY-

BACL shall have the Board approved policies in place for the following –

- a policy for ascertaining the 'fit and proper' status of the directors at the time of appointment, and on a continuing basis as detailed in paragraph E. FIT & PROPER CRITERIA
- a policy laying down the role and responsibilities of the Chief Compliance Officer (CCO) with the objective of promoting a good compliance culture in the organization
- a compensation policy to address issues arising out of excessive risk taking caused by misaligned compensation packages

Review of these policies to be placed before the Board of BACL

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A. BOARD OF DIRECTORS

The Board is responsible to act in the best interests of the Company and its shareholders. In discharging their duties, the Directors shall comply with the Code of Conduct as adopted by the Board.

At least one of the directors of BACL shall have relevant experience of having worked in a bank or an NBFC.

Change in Directors and / or Management -

BACL shall obtain prior written permission of RBI for any change in the management of the NBFC, which would result in change in more than 30 percent of the directors, excluding independent directors. Application in this regard shall be submitted to RBI through PRAVAAH portal.

Prior approval would not be required in case of directors who get re-elected on retirement by rotation.

The Company shall furnish to RBI, a quarterly statement on change of directors, and a certificate that fit and proper criteria in selection of the directors has been followed. The statement must reach the Regional Office of the Department of Supervision of the Bank where the company is registered, 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

B. BOARD MEETINGS

Meetings of the Board of Directors shall be held at least four times a year, with a maximum time gap of not more than one hundred and twenty days between any two consecutive meetings.

C. COMMITTEES OF THE BOARD

The committees shall be constituted by the Board as follows:

1. Audit Committee

As per 177(1) of The Companies Act, 2013 and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025 the Board of Directors of such other class or classes of companies, as may be prescribed, shall constitute an Audit Committee.

Committee shall have at least three members of its Board of Directors.

The Audit Committee constituted shall have the same powers, functions and duties as

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laid down in Section 177 of the Companies Act, 2013.

The committee shall ensure that an Information System Audit of internal systems and processes is conducted periodically.

2. Nomination and Remuneration Committee

As per 178(1) of The Companies Act, 2013 and Master Direction – Reserve Bank of India (Non- Banking Financial Company – Scale Based Regulation) Directions, 2023 and Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025 the Board of Directors of such other class or classes of companies, as may be prescribed shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive Directors out of which not less than one-half shall be independent directors.

3. Risk Management Committee

As per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, in order that the Board is able to focus on risk management, NBFCs shall constitute a Risk Management Committee (RMC) either at the Board or executive level. The RMC shall be responsible for evaluating the overall risks faced by the NBFC including liquidity risk and shall report to the Board.

4. Stakeholders Relationship Committee

As per the provisions of Companies Act, 2013 the Company has constituted a Stakeholders Relationship Committee (SRC).

5. Corporate Social Responsibility Committee

The Committee shall be constituted as and when the amount required to be spent by a company on CSR activities exceeds fifty lakh rupees.

6. IT Strategy Committee

The Company shall constitute an IT Strategy Committee, as required under the Master Direction - Information Technology Framework for the NBFC Sector. The chairperson of the Committee shall be an independent director and the Committee shall meet at an appropriate frequency as prescribed.

7. Special Committee for Monitoring and Follow up of cases of Frauds (SCBMF)

As per Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies) issued by RBI vide RBI/DOS/2024-25/120 DOS.CO. FMG.SEC. No.7/23.04.001/2024-25 dated 15 July 2024 NBFCs shall constitute a Committee of the Board to be known as 'Special Committee of the Board for Monitoring and Follow-up of cases of Frauds' (SCBMF). Applicable NBFCs categorised as Middle Layer and Base Layer for regulatory purposes, shall have the option of constituting a Committee of the Executives (CoE) with a minimum of three members, at least one of whom shall be a Whole-time director or equivalent rank Official for the purpose of performing the roles and responsibilities of SCBMF as required under these Directions. The SCBMF shall oversee the effectiveness of the fraud risk management in the NBFC.

8. Review Committee concerning Wilful Defaults

As per Master Direction on Treatment of Wilful Defaulters and Large Defaulters issued by RBI vide RBI/ DoR/ 2024-25/ 122 DoR.FIN.REC.No.31/ 20.16.003/2024-25 dated 30 July 2024 shall constitute Review Committee concerning Wilful Defaults consisting of the Whole-Time Director who is the MD & CEO/ CEO or equivalent official of the lender as chairperson and two independent directors or non-executive directors or equivalent officials as members.

9. Customer Service Committee

The Company has constituted a Customer Service Committee to oversee and guide implementation of service enhancement initiatives across the Company. It shall also review grievance redressal and issues bearing on the quality of services rendered by the Company to its customers, adherence to Fair Practices Code, Review of awards under Ombudsman scheme and implementation of internal ombudsman policy.

The Committee shall meet at an appropriate frequency as prescribed.

Appointment of Chief Risk Officer-

As per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025, An NBFC with an asset size of more than ₹5,000 crore shall appoint a Chief Risk Officer (CRO)

Role and responsibilities of CRO –

- The CRO shall be a senior official in the hierarchy of the company and shall possess adequate professional qualification / experience in risk management
- The CRO of the company shall function independently to ensure highest standards of risk

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- management and the Board shall put in place policies to safeguard such independence
- The CRO shall have direct reporting lines to the MD&CEO / Risk Management Committee of the Board (RMCB)
 - 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 and shall not be given any business targets
 - There shall not be any 'dual hatting' i.e., the CRO shall not be given any other responsibility.

The CRO of BACL shall be appointed for a fixed tenure with the approval of the Board and may be transferred / removed from their post before completion of the tenure only with the approval of the Board. Such premature transfer / removal shall be reported to the Department of Supervision of the Regional Office of RBI under whose jurisdiction the NBFC is registered. And to SEBI In case the BACL is listed.

The CRO of BACL shall be involved in the process of identification, measurement and mitigation of risks. All credit products (retail or wholesale) of BACL shall be vetted by its CRO from the angle of inherent and control risks. The CRO's role in deciding credit proposals shall be limited to being an advisor.

Appointment of Chief Compliance Officer (CCO) –

As per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025 , an NBFC shall,

1. appoint a Chief Compliance Officer (CCO), who should be sufficiently senior in the organization hierarchy; and
2. put in place a Board approved policy laying down the role and responsibilities of the CCO with the objective of promoting better compliance culture in the organization.

Key Managerial Personnel-

Except for directorship in a subsidiary, Key Managerial Personnel (KMP) of BACL shall not hold any office (including directorships) in any other NBFC.

Independent Director

An independent director shall not be on the Board of more than three NBFCs (NBFCs-ML or NBFCs-UL) at the same time.

The Board of BACL shall ensure that there is no conflict arising out of its independent director/s being on the Board of another NBFC at the same time.

Compensation of KMP and Senior Management-

BACL adheres to a Board-approved compensation policy to address issues arising out of excessive risk taking caused by misaligned compensation packages. NRC has been constituted to oversee the framing, review and implementation of its Board-approved compensation policy. Guidelines have been detailed in Board approved policy for Compensation of Key Managerial Personnel (KMP) and Senior Management and NRC policy

D. VIGIL MECHANISM

The Company shall formulate a vigil mechanism / whistle blower policy to enable directors and employees to report genuine concerns about unethical behaviour actual or suspected fraud or violation of Company's Code of Conduct. The vigil mechanism / whistle blower policy shall provide a mechanism for an individual to report violations without fear of victimisation. The policy shall be hosted on the website of the Company.

E. FIT & PROPER CRITERIA

The Company shall have in place a Board approved policy for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis. Further, an NBFC shall institute an internal process to conduct due diligence of directors to determine the suitability of a person for appointment / renewal of appointment as a director on the Board, based upon qualification, technical expertise, track record, integrity and other 'fit and proper' criteria on a continuing basis. The Company must obtain a declaration and undertaking from the directors giving additional information on the directors and a Deed of Covenant signed by the directors, in the format prescribed.. Further process has been detailed in Fit & Proper Policy

F. DISCLOSURE AND TRANSPARENCY

The Company shall put up to the Board of Directors or its Committees, at regular intervals ,as may be prescribed by the Board in this regard, the following:

- i. the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC;
- ii. 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.

The Company shall also disclose the following in their Annual Financial Statements:

- i. registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators;
- ii. ratings assigned by credit rating agencies and migration of ratings during the year;
- iii. Penalties, if any, levied by any regulator;

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- iv. information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries and
- v. Asset-Liability maturity, extent of financing of parent company products, credit impaired loans and movement of credit impaired loans, details of all off-balance sheet exposures, structured products issued by the Company as also securitization/ assignment transactions and other disclosures, as may be prescribed by Reserve Bank of India from time to time.

G. ROTATION OF THE STATUTORY AUDITORS AUDIT FIRM

The Company 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 the company continuously more than a period of three years. However, the partner so rotated will be eligible for conducting the audit of the Company after an interval of three years, if the Company, so decides. These terms shall be incorporated appropriately in the letter of appointment of the firm of auditors.

These provisions shall be read with the 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs)' dated 27 April 2021, issued by Reserve Bank of India and as amended from time to time.

The Company shall abide by the RBI's directions to Corporate Governance. The policy shall be subject to review by the Board from time to time.

Place: Pune

Date: 17 March 2026

**RAJIV BAJAJ
CHAIRMAN**
