



**INTERNAL GUIDELINES ON CORPORATE GOVERNANCE
OF
BRANCH INTERNATIONAL FINANCIAL SERVICES PRIVATE LIMITED**

Version Control

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1. PREAMBLE

As per RBI's "Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023", Company is required to frame its internal guidelines on corporate governance with the approval of the Board of Directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the guidelines in Chapter XI of RBI's Master Direction and it shall be published on the company's website for the information of various stakeholders. Accordingly, with reference to the aforesaid RBI's Master Direction, Branch International Financial Services Private Limited ("Company") has formulated the internal guidelines on Corporate Governance.

The Company believes that sound corporate governance practices are critical for the functioning of the Company and to create a trustworthy, transparent, moral & ethical (both internal and external) environment. The Company ensures good governance through the implementation of effective policies and procedures, which are mandated and regularly reviewed by the Board of Directors of the Company ("Board") or by the Committees duly constituted by the Board, as the case may be.

2. DEFINITIONS

- a. **"Applicable Laws"** means the RBI Directions, the Companies Act, 2013 and the rules/regulations issued thereunder.
- b. **"Board"** means Board of Directors of the Company.
- c. **"Committee"** means the committee duly constituted by the Board, either as per Applicable Laws or otherwise, to:
 - i. performs the functions and responsibilities as per Applicable Laws,
 - ii. perform the functions and responsibilities delegated by the Board for effective management and control of the business operations of the Company from time to time,
 - iii. To advise and/ or make recommendations to the Board or key stakeholders.
- d. **"Senior Management"** means personnel of the Company who are members of the core management/Leadership team, excluding Board of Directors, comprising all members of management one level below the executive directors, including the functional heads.
- e. **"Interested Director"** means a director who is in any way, whether by himself or through any of his relatives or firm, body corporate or other association of individuals in which he or any of his relatives is a partner, director or a member, interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into by or on behalf of a company

3. BOARD OF DIRECTORS

The Board will provide leadership and strategic guidance to the Company's management and will play a crucial role in matters relating to the formulation/approval/review of various policies. The Board will act honestly, in good faith, and in the best interests of the Company. The Board is



responsible for establishing vision, mission and values for determining the goals of the Company from time to time, setting strategy and structure and deciding the means to support and implement them, determining monitoring criteria to be used, ensuring the effectiveness of internal controls and exercising accountability to shareholders.

Constitution:

The composition of the Board will be governed by the Articles of Association of the Company read with the applicable provisions of the Companies Act, 2013 in conjunction with the RBI Master Directions, Scale Based Regulations and sub-circulars issued thereunder. It shall have an optimum combination of executive, non-executive and independent directors in line with the Applicable Laws and Articles of Association of the Company, as amended from time to time. All the directors shall make the necessary annual disclosures in the first Board meeting in every financial year regarding their concern or interest in any company or bodies corporate, firms, or other association of individuals including shareholding and directorship positions. Further, the director shall at the first meeting of the Board in which he participates as a director and whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest by giving a notice in writing in Form MBP-1.

Roles & Responsibilities:

The Board is responsible for overseeing compliance with all relevant policies and procedures by which the Company operates and ensuring that the Company operates in compliance with all applicable laws and regulations, adhering to the highest ethical and moral standards. The Board shall monitor the “Financial Performance” of the Company and shall ensure that the financial results are prepared in accordance with the applicable laws and reported to shareholders and regulators on time. Each member of the Board shall adhere to the following to support the existence of a good Corporate Governance environment:

- i. Shall attend the meetings of Board and/or Committees as required regularly and participate in the deliberations and discussions effectively.
- ii. Shall review the agenda papers, notes and minutes of the Board and/or Committee meetings.
- iii. Shall review and approve key policies of the Company.
- iv. Shall ensure confidentiality of the Company’s agenda papers, notes and minutes. Shall ensure that employees are given adequate autonomy within a well-defined and controlled operational framework to discharge their responsibilities and perform their duties in a disciplined manner with utmost integrity and through good conduct
- v. Shall review the Compliance Certificate as and when presented at the Board Meeting as received from the Management/Compliance Officer.

Duties and Responsibilities:

In accordance with the provisions of Section 166 of the Companies Act, 2013 and as a matter of corporate governance, the directors of the Company have the following duties: -



- i. A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of the environment.
- ii. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- iii. A director of a company shall not be involved 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.
- iv. A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, 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 that gain to the company.
- v. A director of a company shall not assign his office and any assignment so made shall be void.

Meetings of the Board:

At least four meetings of the Board shall be held in a year. The maximum time gap between any two meetings shall not be more than one hundred and twenty days or as extended by the regulator under Applicable Laws from time to time. The meetings of the Board can be convened either in person or through audio-video means as permitted under Applicable Laws.

Chairperson of the Meeting:

In every meeting, the members present shall elect one of themselves to chair and conduct the meeting.

Quorum:

The quorum for the meeting of the Board shall be one-third of the total strength of the Board or two directors, whichever is higher, and the participation of the directors by video conferencing or by other audio-visual means shall also be reckoned for the purpose of quorum.

The Quorum shall be present not only at the time of commencement of the Meeting but also while transacting business.

The Interested Director may participate in the meeting after disclosing his / her interest pursuant to Section 184 of the Companies Act, 2013 and may also be counted towards quorum for such meeting.



4. COMMITTEES OF THE COMPANY

To have close supervision on areas/ activities that are critical from compliance or business perspective, expedite decision making, operational convenience and to ensure accountability, transparency and fairness, the Board has implemented an appropriate structure in the form of various Committees with defined terms of reference /scope and delegated requisite powers to respective Committees. The terms of reference/charters, roles and responsibilities of the Committees will be further aligned based on the changes in the regulations and business requirements with the approval of the Board.

The Terms of Reference (TOR) of all the Board constituted Committees are as per the respective Committee charters which are duly approved by the Board of Directors.

5. CORPORATE GOVERNANCE GUIDELINES

A. Fit and Proper Criteria for the Directors

Pursuant to the RBI Master Directions, a policy on 'Fit and Proper Criteria for Directors' is approved by the Board. The Company shall, on the appointment of directors and on a continuing basis, ensure that the directors adhere to the standards of fit and proper criteria as outlined in the fit and proper criteria policy and obtain a declaration/undertaking from the directors seeking additional information and obtain a deed of covenant signed by the directors in the relevant format annexed to the said policy.

Further, as required under the above RBI Master Directions, the Company shall ensure to furnish to RBI a quarterly statement on change of directors, and a certificate from the Managing Director that fit and proper criteria in selection of the directors has been followed 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.

B. Key Managerial Personnel

Except for directorship in a subsidiary, Key Managerial Personnel shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL.

C. Independent Director

Within the permissible limits an independent director shall not be on the Board of more than three NBFCs (NBFCs-ML or NBFCs-UL) at the same time. Further, the Board of the NBFC shall ensure that there is no conflict arising out of its independent directors being on the Board of another NBFC at the same time.



D. Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs

The Company shall have a Board approved compensation policy in place which shall at the minimum include

- a. constitution of a Remuneration Committee,
- b. principles for fixed/variable pay structures, and
- c. malus/claw back provisions.

The Board of Company would delineate the role of various committees, including the Nomination and Remuneration Committee (NRC). Further, the Company shall comply with the guidelines furnished in Annex XXIV (Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs: Minimum Scope and coverage) of the RBI's Master Direction – Scale Based Regulations.

While formulating the compensation policy, it has to be ensured that all statutory mandates and the rules and directions issued under them are fully complied with.

6. Appointment of Statutory Auditors

The appointment of statutory auditors shall be in conformity with applicable Guidelines of RBI and other applicable regulatory / legal provisions, if any and to the extent applicable. The Board of Directors of the Company shall appoint the statutory auditors based on the recommendation of the Audit Committee of the Company. The Company shall appoint the statutory auditors for a period of three years (one tenure/term) or any other period as specified by the RBI for appointment of statutory auditor, subject to the Audit firm satisfying the eligibility norms each year.

7. REVIEW OF THE INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

The Policy shall be amended or modified with the approval of the Board. The Policy shall be reviewed by the Board periodically.