

Bilakhia Holdings Private Limited

INTERNAL CORPORATE GOVERNANCE

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1. Introduction

Bilakhia Holdings Private Limited (hereinafter known as "The Company") is a Middle Layer Non-Banking Financials Company (NBFC) registered with Reserve Bank of India (RBI). The main objective of the Company is to make long term investments with an objective is to preserve the capital, by prudent investment in different financial assets as approved by Board of Directors.

The main focus to support subsidiaries by way of interest free unsecured loan, investment in company (equity/ preference) and Corporate Guarantee, so that subsidiary companies can grow fast in the competitive world which in turn will create value for the Company. Investment shall be made with the objective considering the probable safety of the capital as well as the probable income derived. The Company recognizes that no investment is totally free from the risk and occasional risk is inevitable in diversified portfolio. The investment shall be made with due care and intelligence and not for the speculation.

This policy is prepared in line with the requirements prescribed by Reserve Bank of India in Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 and various RBI notification/directions [“RBI Regulation”] issued in this regard.

2. Objective

- 2.1. Define a structured approach to governance through clearly constituted Board-level and functional committees.
- 2.2. Enable strategic supervision and control by outlining the roles, responsibilities, and authority of each committee.
- 2.3. Assign clear duties and expectations to each committee and its members to support transparent and accountable governance.
- 2.4. Set quorum and meeting requirements to ensure timely and efficient decision-making and policy implementation.
- 2.5. Facilitate proactive risk management and regulatory compliance through dedicated committee functions.
- 2.6. Assist the Board in fulfilling its fiduciary duties by delegating specialized responsibilities to expert committees.

3. Governance Structure:

3.1. Board of Directors:

The Board of Directors (“the Board”) along with its Committees shall provide leadership and guidance to the Company's management and direct, supervise and control the performance of the Company. The Board of the Company shall have an optimum combination of Executive and Non-Executive directors in compliance with the Companies Act, 2013 and other regulatory guidelines, if any.

- **Meetings and Quorum:**

The board of directors shall meet at least four times a year, with a maximum time gap of ninety days between any two meetings. One-third of the total strength of the Board, or two Directors, whichever is higher, shall form the quorum for a meeting.

▪ **Fit and Proper Criteria:**

The policy on the fit and proper criteria, on the lines of the Guidelines issued by RBI (as amended by RBI from time to time), would be applicable to ascertain the fit and proper criteria of the directors at the time of appointment and on a continuing basis. NRC shall be responsible to evaluate the Fit and Proper Criteria of Directors

▪ **Roles and Responsibilities:**

The Company shall put up to the Board of Directors, at regular intervals, the following:

- a. Provide direction and approve the company's overall business strategy, including risk appetite and growth plans.
- b. Ensure adherence to all applicable RBI regulations, circulars, and directions specific to Middle Layer NBFCs
- c. Approve key internal policies and ensure implementation of the same.
- d. Oversee the implementation of a robust risk management framework and ensure effective monitoring of material risks.
- e. Approve appointments of key managerial personnel and statutory auditors.
- f. Constitute and oversee functioning of various committees like Audit Committee, Risk Management Committee, Nomination & Remuneration Committee, IT Strategy Committee etc.
- g. Periodically evaluate the performance of the Board, Committees, Independent Directors, and Key Management Personnel.
- h. Oversee the framework for fraud detection and reporting, and ensure timely review of significant fraud cases.
- i. Ensure adoption of sound corporate governance practices including transparency, accountability, and ethical standards.
- j. Approve and periodically review the Business Continuity Plan (BCP) and Disaster Recovery (DR) framework.
- k. Ensure effective IT governance and monitor cyber security preparedness of the
- l. Approve the Fair Practice Code and monitor grievance redressal mechanisms to protect customer interests.
- m. Ensure adequacy and effectiveness of internal control, audit functions, and compliance mechanisms.
- n. Oversee the Outsourcing arrangement and ensure compliance with the necessary guidelines.
- o. Further, the Board of Directors is expected to also comply with the regulations as stated in the Companies Act, 2013.

3.2. Audit Committee

The Board of Directors of the Company has constituted an Audit Committee, consisting of not less than three members of its Board of Directors.

The Audit Committee constituted under Master Directions shall have the same powers, functions and duties as laid down in section 177 of the Companies Act, 2013.

The Company has in existence of Audit Committee, composition of which is laid down below

Designation	Committee Role
Independent Director	Chairman
Independent Director	Member
Director	Member

▪ **Frequency and Quorum of Meetings**

A meeting of the Committee will be held at least 4 times in a year. Quorum for the proceedings of the audit Committee shall consist of any two members of the committee.

▪ **Terms of Reference**

- a. Oversight financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- b. Recommendation for appointment, Remuneration and terms of appointment of auditors of the Company
- c. Reviewing, with the management, the quarterly/annual financial statements and auditors report thereon before submission to the Board for approval
- d. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process
- e. Approval or any subsequent modification of transactions of the company with related parties
- f. Scrutiny of inter-corporate loans and
- g. Investments Valuation of undertakings or assets of the Company, wherever it is necessary
- h. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- i. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting actual coverage and frequency of internal audit public
- j. Discussion with internal auditors of any significant findings and follow up there on
- k. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity of a failure of internal control systems of a material nature and reporting the matter to the board,
- l. To review the functioning of the whistle blower mechanism,
- m. Management letters / letters of internal control weaknesses issued by the statutory auditors,
- n. Internal audit reports relating to internal control weaknesses,
- o. Ensure that an Information System Audit of the internal systems and processes is conducted at least once in a year to assess operational risks faced by the Company,
- p. Evaluate the report presented for frauds, where individual quantum of frauds is more than INR 25 lakhs
- q. monitor and review all the frauds involving an amount of ₹ 1 crore and above (if any)
- r. evaluate and certify the rectification carried in the system and procedures after identifying cause-factors for the Fraud (when fraud is identified)
- s. Monitor and assess the independence of the Auditor and identify the conflict of interest, if any and review the performance of the appointed Statutory Auditors
- t. Address the concerns presented by the Statutory Auditors
- u. To submit the lapse or negligence in audit responsibilities to the RBI

- v. Ensure periodical review of the cases of wilful default with focus on focus on identifying root causes of wilful default and addressing deficiencies, if any, in the wilful defaulter classification process adopted by the lender.
- w. Ensure early detection of wilful defaulters shall occur through internal process or the appointed internal auditors
- x. Recommend steps to be taken to prevent wilful defaults

3.3. Nomination and Remuneration Committee

The Board of Directors of the Company has constituted a Nomination and Remuneration Committee.

The Nomination and Remuneration Committee (NRC) which shall have the constitution, powers, functions and duties as laid down in section 178 of the Companies Act, 2013.

The Company has an existence of Nomination and Remuneration Committee in existence, composition involves:

Designation	Committee Role
Independent Director	Chairman
Independent Director	Member
Director	Member

▪ *Frequency and Quorum of Meetings*

A meeting of the Committee will be held at least 4 times in a year. Quorum for the proceedings of the committee shall consist of any two members of the committee.

▪ *Terms of Reference*

- a. Guide the Board in relation to the appointment and removal of Directors.
- b. Formulate criteria for determining qualifications, positive attributes, and independence of a director, and recommend a policy on remuneration for Directors and Key Managerial Personnel (KMP).
- c. Develop criteria for evaluating the performance and ensure "Fit and Proper Criteria" of the Board of Directors, including Independent Directors.
- d. Recommend the remuneration structure for Directors, KMP, and Senior Management to the Board.
- e. Conduct due diligence during the appointment or reappointment of Directors on the Board.
- f. Scrutinize declarations received from proposed or existing Directors and recommend their appointment based on eligibility and fit and proper criteria.
- g. Ensure retention, motivation, and development of talented managerial personnel to support the company's long-term sustainability and competitive advantage.
- h. Support the Board in fulfilling its responsibilities relating to governance, appointments, and remuneration.

3.4. Risk Management Committee

To formulate the criteria for determining qualifications, positive attributes and independence of a director. The Board shall constitute a Risk Management Committee to manage the integrated Risk.

The Risk Management Committee shall be responsible for evaluating the overall risks faced by the NBFC including liquidity risk and shall report to the Board.

The Company has an existence of Risk Management Committee in existence, its composition involves:

Designation	Committee Role
Director	Chairman
Director	Member
Chief Financial Officer	Member

▪ **Frequency and Quorum of Meetings**

A meeting of the Committee will be held at least 4 times in a year. Quorum for the proceedings of the Risk Management Committee shall consist of any two members of the committee.

▪ **Terms of Reference**

- a. To formulate a detailed risk management policy and ensure the adherence of the same.
- b. To ensure that appropriate methodology, processes and systems are in place.
- c. To monitor and evaluate risks associated with the business of the Company.
- d. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- e. To periodically review the risk management policy, at least once in a year, including by considering the changing industry dynamics and evolving complexity.
- f. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- g. Periodically update the Board on the effectiveness of the risk management framework and process of risk management.
- h. Identification of Stress in Loan Accounts based on information provided by credit team.
- i. Recommend loan accounts for settlement as well write-offs.
- j. Determine risk faced by the company due to NPA / SMA and recommend changes in credit appraisal mechanism to the Board of Directors.
- k. Recommend the amount of Compromise Settlement to the board of Directors.
- l. Risk Categorization of the loan accounts classified as NPA / SMA.

3.5. Asset Liability Committee

The Company has in place the Asset-Liability Management Committee (“ALCO”) constituted in accordance with the RBI guidelines. The members of the ALCO Committee are as follows:

Designation	Committee Role
Executive Director	Chairman
Director	Member
Chief Financial Officer	Member

▪ **Frequency and Quorum of Meetings**

A meeting of the Committee will be held at least 2 times in a year. Quorum for the proceedings of the ALCO shall consist of any two members.

▪ **Terms of Reference**

- a. To decide on desired maturity profile and mix of incremental assets and liabilities.
- b. To ensure adherence to the limits set by the Board as well as for deciding the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives.
- c. To decide on sale of assets as a source of funding.
- d. To decide on structure, responsibilities and controls for managing liquidity risk.
- e. Overseeing liquidity position of the Company.
- f. ALM Support Group shall be responsible for analysing, monitoring and reporting the liquidity risk profile to the ALCO.
- g. ALM Support group should also prepare forecasts (simulations) showing the effects of various possible changes in market conditions related to the balance sheet and recommend the action needed to adhere to the Company's internal limits. .
- h. To review, recommend the MIS designed to provide liquidity position of the Company.
- i. To review the classification of various components of assets and liabilities into different time buckets for preparation of Gap reports.
- j. To review the return to be filed with RBI on timely basis.
- k. To ensure the adherence of the ALM Policy.
- l. Responsible for balance sheet planning from risk return perspective including the strategic management of interest rate and liquidity risks.

3.6. IT Strategy Committee

The company has duly formulated an IT Strategy Committee as per the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated 7th November, 2023 as below:

Designation	Committee Role
Independent Director	Chairman
Director	Member
Director	Member

▪ **Frequency and Quorum**

The Committee shall meet at least 4 times in a year. The quorum for meeting shall be 2 members of the total strength

▪ **Terms of Reference**

- a. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
- b. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
- c. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
- d. Ensuring that the company has appropriate processes for accessing and managing IT and Cybersecurity risk.

- e. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- f. Ensuring proper balance of IT investments for sustaining the Company's growth and becoming aware about exposure towards IT risks and controls.
- g. To review the adequacy of the Business Continuity Planning and Disaster Recovery Management of the Company.
- h. Any other matter as the Committee may deem fit after approval of the Board or as may be directed by the Board from time to time.

3.7. IT Steering Committee

The company has in place an IT Steering Committee as per the RBI Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated 7th November, 2023 as below

Designation	Committee Role
CFO	Chairman
Authorised Person	Member
CS & Compliance officer	Member

▪ **Frequency & Quorum**

The committee shall meet at least on a quarterly basis in a year. The quorum of the meeting shall be 2 members of the total strength.

▪ **Terms of Reference**

- a. Assist in strategic IT planning to align technology initiatives with business objectives and support IT performance monitoring.
- b. Oversee IT architecture to ensure robustness, scalability, and compliance with statutory and regulatory requirements.
- c. Monitor Business Continuity and Disaster Recovery (BCDR) frameworks to ensure readiness for operational disruptions.
- d. Support Senior Management in identifying, measuring, monitoring, and managing IT outsourcing risks within the organization.
- e. Ensure maintenance of a centralized database of all IT outsourcing arrangements for access by the Board, Senior Management, Auditors, and Supervisors.
- f. Supervise outsourced IT activities by monitoring vendor performance, coordinating due diligence, and escalating concerns to Senior Management as needed.
- g. Ensure proper contractual documentation is in place, including service level agreements, risk classification of vendors, and monitoring of key risk indicators.
- h. Periodically update the IT Strategy Committee (ITSC) and CEO on the Committee's activities, findings, and recommendations.

3.8. Others

Apart from the above committees, the Board shall constitute such other Committees as may be deemed fit by it, if required to support the functions of the Board and to oversee specific areas and/ or for the smooth functioning of business/ functional operations.

- Identification Committee
- Committee of Directors and Review Committee

- Committee of Executives for Monitoring and Follow up cases of fraud

4. Vigil Mechanism

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(9) of the Act, the Company has framed and adopted Vigil Mechanism Framework ("the framework") to enable directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct. The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls, or fraudulent reporting of financial information.

5. CSR Committee

The Company has constituted a 'Corporate Social Responsibility Committee' in compliance with the provisions of Section 134 of the Companies Act, 2013. The Committee discuss and recommend CSR projects, review monitoring mechanism for the implementation of the CSR Projects or programmed or activities undertaken, To, discuss and ensure the compliance with section 135 of the companies Act with regard to quantum of expenditure on CSR and to discuss and recommend the amount of expenditure to be incurred on CSR project Fit and Proper Criteria.

6. Exception Handling

The policy shall always be updated with extant regulatory provisions. However, in case of conflict between the Policy and regulations, the regulatory provisions shall always supersede the policy. The updated policy shall be adhered at all the times and exceptions if any to the policy shall be approved by the board of directors after recording a reason in writing.

7. Adoption, Effective Date and Review

This policy has been adopted vide resolution of the Board of Directors of the Company dated 6th September 2025. This policy shall be reviewed by the Board of Directors on at least an Annual basis.

For Bilakhia Holdings Private Limited


Company Secretary

