



APAC FINANCIAL SERVICES PRIVATE LIMITED (“APAC FS” or (“the Company”)

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE (“CG Guidelines”)

Review Calendar:

- Scheduled Board review in January of each year, unless in the decision of the Managing Director or Policy Owner a review of the policy is needed sooner.

Approval Date: January 23, 2026

Owner: Company Secretary & Compliance Officer

Owner:			
Name	Designation	Date	Signature
Akhil Parikh	Company Secretary & Compliance Officer		

Reviewer:			
Name	Designation	Date	Signature
K Selvaraj	Chief Compliance Officer and General Counsel		
Vivekanand R	Chief Financial Officer		
Sanjay Sharma	Chief People Officer		
Sankar Sastri	Chief Executive Officer		

Approved by the Board of Directors on January 23, 2026			
Name	Designation	Date	Signature
Gunit Chadha	Managing Director		
Shankar Dey	Executive Director		

1. PREAMBLE

The Reserve Bank of India ("**RBI**") on November 28, 2025 issued Directions on Governance – Reserve Bank of India(Non-Banking Financial Companies - Governance) Directions, 2025 ("**Directions**") as amended from time to time,. As per the Master Direction, Non-Deposit accepting NBFC are required to frame "Internal guidelines on Corporate Governance". **PHILOSOPHY**

APAC Financial Services Private Limited ("**APAC FS**" or "**Company**") believes in maintaining high standards of corporate governance which is key to ensure its long-term success and is committed to protecting the interests of its stakeholders. The Company aims at achieving not only the highest possible standards of legal and regulatory compliances, but also of effective management through suitable policies/guidelines and procedures conforming to the applicable laws.

2. DEFINITIONS:

2.1. "Key Managerial Personnel", in relation to a company, means—

- (i) Managing Director / Promoter
- (ii) Executive Director
- (iii) Company Secretary
- (iv) Compliance Officer
- (v) Chief Financial Officer

2.2. Senior Management are personnel of the Company who are members of its core management team, excluding the Board of Directors and comprising of all members of management one level below the Managing Director or part of the Management Committee (MANCOM).

2.3. "Companies Act" refers to the Companies Act, 2013, together with all rules, regulations, notifications, and amendments made thereunder, as applicable to the company.

2.4. 'Managing Director' shall have the meaning assigned under Section 2(54) of the Companies Act, 2013."

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

3. BOARD OF DIRECTORS:

3.1. Composition: The Board shall have a minimum of three directors and a maximum of fifteen directors or such other limit as may be prescribed under the applicable provisions of the Companies Act, 2013 ("**the Act**") and Articles of Association of the Company. At least one of the directors of an NBFC shall have relevant experience of having worked in a bank or an NBFC. In the case of an independent director, the eligibility shall be in line with the requirements prescribed under the Companies Act, 2013 and the Directions. Further, within the permissible limits in terms of Companies Act, 2013, an independent director shall not be on the Board of more than three NBFCs (NBFCs-ML or NBFCs-UL) at the same time

3.2. Meetings: Meetings of the Board of Directors shall be held a minimum of four times a year in such a manner that not more than one hundred and twenty days shall lapse between two consecutive meetings of the Board. The Company shall observe secretarial standards with respect to General/Board Meetings and Committee Meetings specified by the Companies Act and Institute of Company Secretaries of India.

3.3. Appointment, Disclosures and Duties:

- (a) Director(s) shall be appointed as per the applicable provisions of the Act and rules made there under
- (b) A person proposed to be appointed as a Director shall be assessed on 'Fit and Proper' Criteria in compliance with the Directions. The person considered to be appointed as a Director should also possess relevant expertise which will help the person to act objectively and constructively;
- (c) The Director shall execute a Deed of Covenant with the Company as per the format prescribed under the 'Fit and Proper' Criteria for Directors formulated in compliance with the Directions;
- (d) The Company shall upon the appointment of an Independent Director, issue a formal letter of appointment outlining his/her terms of appointment, role, responsibilities, duties, etc.;
- (e) The appointment/re-appointment, if any, of the Director shall be reviewed by the Nomination and Remuneration Committee and recommended to the Board for approval;
- (f) The Independent Directors shall be paid sitting fees and other expenses incurred for attending the Board/ Committee Meetings;
- (g) The day-to-day operations of the Company will be looked after by the Managing Director under the overall superintendence, guidance, and control of the Board. He will be assisted by Senior Management with well-defined responsibilities.

4. COMMITTEES:

The Board shall have various Board level committees to deal with specific matters for different functional areas. The Risk Management Committee, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, IT Strategy Committee and Willful Defaulter Committee. Additionally the Board has also constituted of various management level committee viz Material Outsourcing Committee, Material IT Outsourcing Committee Asset Liability Management and Resource Planning Committee, IT Steering Committee, Information Security Committee, Committee on Classification of Fraud, **Committee of Executive Monitoring of Fraud, Identification Committee of Willful Defaulter, APAC Credit Committee, Operational Risk Management Committee (ORMC)** etc. in accordance with the provision of the Companies Act, 2013, Directions and other directions issued by RBI as applicable to the Company. The composition, terms of reference and functioning of the Board and Management Level Committee(s) shall be decided by the Board of Directors in accordance with the provisions of the applicable laws. The minutes of the Board level Committee(s) will be placed before the Board for its perusal, discussion, and noting.

The Terms of Board Level Committees are given below:

4.1. Risk Management Committee:

The Risk Management Committee is constituted as required in the Directions. The Risk Management Committee shall meet at least quarterly during any financial year.

The terms of reference of the Risk Management Committee are as under:

- a) To review and recommend any amendment in Risk Management policy to the Board
- b) Review various risks as stipulated in the Risk Management policy along with macroeconomic risks, industry risks and other related external risks and recommend corrective actions including changes in policy, products, customer strategies etc.
- c) Periodically review the portfolio and the stressed accounts and thereby suggest corrective actions as required.
- d) Review collection policy in line with portfolio performance and recommend amendments as required
- e) Review stress testing scenarios and recommend corrective actions as required.
- f) To consider and recommend appointment and Remuneration of Chief Risk Officer.
- g) To work in close coordination with Nomination and Remuneration Committee (NRC) of the company to achieve effective alignment between compensation and risks.

- h) To review and assess adequacy of risk management policies and frameworks in identifying, measuring, monitoring and controlling risk and the extent to which these policies are operating effectively;
- i) To review grant of loans to directors, senior officers and relatives of directors and to entities where directors or their relatives have major shareholding
- j) Periodic review of the Product Programs, Credit Policy, Collateral policy & processes
- k) To review and recommend to the Board Internal Capital Adequacy Assessment Process
- l) One on one Meeting of Chief Risk Officer with Risk Management Committee
- m) To place minutes of APAC Credit Committeemeetings and Asset Liability Management and Resource Planning Committee
- n) Review of cyber security risks/ arrangements/ preparedness of the company atleast on a quarterly basis.
- o) Annually Review IT related risks, including the Cyber Security related risks in consultation with IT Strategy Committee
- p) To perform any other functions or duties as stipulated by the Companies Act, Reserve Bank of India, and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

4.2. Audit Committee:

The Audit Committee is constituted as per the provisions of the Companies Act 2013 and as per the Master Direction. The Audit Committee shall meet at least quarterly during any financial year. The terms of reference of the Audit Committee are as under:

- (a) To recommend to the Board approval of appointment of Statutory Audit Policy
- (b) To recommend to the Board approval of Compliance Policy
- (c) recommendation for appointment, remuneration and terms of appointment of Statutory auditors of the Company;
- (d) approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate
- (e) review and monitor the auditor's independence, annual performance, and effectiveness of audit process;
- (f) examination of the financial statement and the auditors' report thereon;
- (g) approval or any subsequent modification of transactions of the company with related parties;
- (h) disclosure of any related party transactions;
- (i) review of inter-corporate loans and investments;
- (j) valuation of undertakings or assets of the Company, wherever it is necessary;
- (k) evaluation of internal financial controls and risk management systems;
- (l) review of accounting policy of the Company.
- (m) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013
- (n) To review all cases of frauds and attempted frauds
- (o) To recommend appointment and Remuneration of Internal Audit Head
- (p) To verify fit and proper criteria and recommend appointment/re-appointment, Remuneration and performance appraisal of Chief Compliance Officer to the Board
- (q) To Review of internal audit reports relating to internal control weaknesses
- (r) To review and approve the Internal Audit Policy and amendments thereto
- (s) To review and approve the Internal Audit Plan and amendments thereto
- (t) To review Breaches in terms of covenants in respect of loans availed or debt securities issued including incidence/s of default.

- (u) Divergence in asset classification and provisioning above a certain threshold to be decided by the Reserve Bank
- (v) establish a vigil mechanism for Directors and employees to report genuine concerns
- (w) to place before Audit Committee Annual compliance review
- (x) to review and recommend to the Board IS Audit Policy
- (y) quarterly one on one meeting of Chief Compliance Officer with Committee
- (z) Quarterly one on one meeting of Head of Internal Audit with Audit Committee
- (aa) To perform any other functions or duties as stipulated by the Companies Act, Reserve Bank of India, and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

4.3. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee is to be constituted as per the provisions of the Companies Act 2013 and as per the Master Direction. The Committee shall meet at such intervals as required.

The terms of reference of the Nomination and Remuneration Committee are as under:

- (a) To recommend to the Board appointment/reappointment of Directors
- (b) To validate 'fit and proper' status of all Directors on the Board of the Bank in terms of the Guidelines issued by the RBI or other regulatory authorities;
- (c) identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal
- (d) To recommend to the Board a Compensation Policy.;
- (e) To recommend to the Board appointment/re-appointment, Remuneration and performance appraisal of Key Managerial Personnel and Senior Management Personnel of the Company
- (f) To Formulate/review the criteria for performance evaluation and carry out the performance evaluation of independent directors and the members of the Board of Directors;
- (g) To consider grant of Stock Options to employees and administer and supervise the Employee Stock Option Plans;
- (h) To work in close coordination with Risk Management Committee (RMC) of the company to achieve effective alignment between compensation and risks.
- (i) To obtain and scrutinize necessary information and declaration from the proposed / existing directors in the format prescribed by RBI
- (j) To perform any other functions or duties as stipulated by the Companies Act, Reserve Bank of India, and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

4.4. Corporate Social Responsibility (CSR) Committee:

The CSR Committee shall decide upon and oversee the corporate social responsibility activities of the Company and the CSR expenditure to be incurred by the Company and recommend the same to the Board for its consideration and approval. The Committee shall be responsible for monitoring the CSR Policy of the Company.

- a) To review corporate social responsibility policy;
- b) To identify, segment and recommend the CSR projects/programs/activities to the Board of Directors;
- c) To recommend the amount of expenditure to be incurred on the activities as identified for CSR by the Company;

- d) To oversee the implementation of corporate social responsibility projects / programs / activities;
- e) To review the annual budgets/expenditure with respect to corporate social responsibility programs;
- f) To work with the management to establish and develop the Company's strategic framework and objectives with respect to corporate social responsibility matters;
- g) To receive reports on the Company's corporate social responsibility programs / projects / activities;
- h) To establish and review the monitoring mechanism of CSR projects / programs / activities;
- i) To review the CSR Initiatives and Programs/projects/activities undertaken during the year;
- j) To review the Company's disclosure relating to corporate social responsibility matters in accordance with the requirements of the regulatory provisions;
- k) To obtain legal or other independent professional advice/assistance, and
- l) To form and delegate authority to any sub-committee or employee(s) of the Company or one or more members of the committee.
- m) To perform any other functions or duties as stipulated by the Companies Act, 2013 and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

4.5. IT Strategy committee

- a) Constitution/Reconstitution of IT Steering Committee and Information Security Committee
- b) Place minutes of IT Steering Committee and Information Security Committee
- c) Annually Review IT related risks, including the Cyber Security related risks in consultation with the Risk Management Committee
- d) Communicating Cyber Incident Response and Recovery Management to Committee
- e) review of cyber security risks/ arrangements/ preparedness on a quarterly basis
- f) Ensure that the company has put an effective IT strategic planning process in place;
- g) Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the RE towards accomplishment of its business objectives;
- h) Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation;
- i) Ensure that the Company has put in place processes for assessing and managing IT and cybersecurity risks;
- j) Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the RE's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives; and
- k) Review, at least on an annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company.

4.6. Review Committee of Willful Defaulter

- a) Consider the proposal of the Identification Committee along with the written representation received from borrower/guarantor etc.
- b) The Review Committee shall provide an opportunity for a personal hearing also to the borrower/guarantor of APAC. However, if the opportunity is not availed or if the personal hearing is not attended by the borrower/ guarantor of APAC, then the Review Committee shall, after assessing the facts or material on record, including written representation, if any, consider the proposal of the Identification Committee and take a decision
- c) The Review Committee shall pass a reasoned order and the same shall be communicated to the borrower by authorized senior official of the Company.

5. Chief Risk Officer:

The Company has appointed a Chief Risk Officer (CRO), a member of Senior Management with adequate qualifications and experience in risk management,

6. Chief Compliance Officer:

The Company has appointed Chief Compliance Officer (CCO) to ensure an effective compliance culture. The CCO is member of Senior Management in the organizational hierarchy, and act as per role and responsibilities of the CCO mentioned in Compliance Policy.

7. POLICIES FORMULATED BY THE COMPANY:

Various policies have been formulated by the Company in compliance with the provisions of the Companies Act, 2013 and other applicable laws and regulations and as a matter of good corporate governance Practices.

The policies adopted may be reviewed by the Committee/Board from time to time.

8. STATUTORY AUDITORS

The Board and the Audit Committee of the Company shall be responsible for appointing Statutory Auditors. The Company shall review the independence and performance of the Statutory Auditors and the effectiveness of the audit process periodically. The declaration shall be obtained from the Auditors affirming their eligibility for being appointed as the Statutory Auditors of the Company. The Company shall rotate the partner/s of the Chartered Accountant firm(s) conducting the statutory audit of the Company every three years or such other earlier period as may be decided by the Board under applicable laws, so that the same partner does not conduct the audit of the Company continuously for more than a period of three years. However, the partner so rotated shall be eligible for conducting the audit of the Company after an interval of three years or such other period as permissible under the applicable laws.

Note: The requirement for the appointment of a Statutory Auditor may be read with the provisions contained in the circular, DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, issued by RBI on 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs)', as amended from time to time.

9. INTERNAL AUDITORS

The Board / the Audit Committee of the Company shall appoint the Internal Auditor in accordance with the provisions of applicable laws and regulations who shall perform an independent and objective assessment of the internal controls, processes and procedures instituted by the Management and accordingly monitor its adequacy and effectiveness. The Internal Auditor shall be assisted by a team as appropriate for the companies size and extent of operations. The Internal Auditor may also seek the help of external parties as may be necessary.

10. SECRETARIAL AUDITORS

The Company shall appoint an Independent Company Secretary in Practice, in accordance with the provisions of the Companies Act, 2013 and rules made thereunder to conduct a Secretarial Audit of the Company for every Financial Year, if applicable. The Secretarial Auditor shall provide a report in the form and the manner prescribed under the applicable laws/regulations. The Secretarial Audit Report shall be placed before the Board for its noting and records and the same shall be annexed to the Board's Report which shall be circulated to the Shareholders of the Company in accordance with the applicable laws/regulations.

11. DISCLOSURES

The Company is committed to make adequate disclosures based on the principles of transparency, timeliness, fairness and continuity. The Company shall ensure and make necessary disclosures to the Board, the Regulator(s)/ Statutory Authorities, the Shareholders etc. as may be required by the applicable laws and the codes/ Policies of the Company. The Board of Directors of the Company 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 the Company are duly made to the Regulatory/ Statutory Authorities or such other persons as may be required under applicable laws/regulations.

12. COMPLIANCE OFFICER

The Company Secretary shall be the Compliance Officer of the Company.

13. REVIEW

The Board of Directors of the Company reserves the right to add, amend, modify these guidelines, as and when it deems appropriate.