

Nalwa Sons Investments Limited

CIN: L65993DL1970PLC146414

Corporate Office: Jindal Centre, 12, Bhikaiji Cama Place, New Delhi – 110066

Registered Office: 28, Najafgarh Road, Moti Nagar Industrial Area, New Delhi-110028

Phone No.: (011) 45021854, 45021812, Fax No. (011) 45021812

Branch Office: O.P. Jindal Marg, Hisar – 125 005 (Haryana)

E-mail: investorcare@nalwasons.com, Website: www.nalwasons.com

GUIDELINES ON CORPORATE GOVERNANCE

Document Control Sheet	
Document Name	Guidelines on corporate governance
Name of Company	Nalwa Sons Investments Limited
Policy Authorization by	Board of Directors
Review of the policy	Periodically as and when required
Board Approval date	May 28, 2024

1) **Company's Profile**

Nalwa Sons Investments Limited (NSIL) is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI). In accordance with the Master Direction- Non-Banking Financial Company – Scale Based Regulations - (Reserve Bank) Directions, 2023 (hereinafter referred to as “the RBI Directions”) issued by the RBI, the Board of Directors of an applicable NBFC is required to frame and approve an guidelines on corporate governance. The Guidelines on Corporate Governance (‘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.

2) **Company's Philosophy on Corporate Governance**

Company’s Philosophy on Corporate Governance is a combination of voluntary practices and compliance with laws and regulations leading to delegation of operational powers to experienced staff members, effective control oversight mechanism, strategies and policies which are constantly reviewed and strengthened to be in alignment with market realities and overall management of the organization. In ensuring that the desired levels of corporate governance practices are imbibed in the organisation and with a focus on its own fiduciary & trusteeship role, the Board of Directors of the Company seeks to evolve, strengthen and adopt structures and policies which would align and direct the actions of the organisation towards creating wealth and shareholders’ value. The Board has adopted various code and policies to carry out duties and functions in most ethical and compliant manner.

3) **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. The Company shall maintain an optimum combination of the Board pursuant to the applicable statutory provisions/ regulatory guidelines. Eminent persons, who can effectively contribute to the Company’s business and policy decisions, should be considered by the Nomination & Remuneration Committee for appointment as Director on the Board. The number of directorships and memberships held in other companies by such persons should also be considered. The Board should consider the recommendations of the Nomination & Remuneration Committee and take appropriate decisions with regard to continuance of and induction of new members on the Board of the Company. The Board shall review and approve business strategy and oversees the actions and results of the management to ensure that the long-term objectives of enhancing stakeholder value are achieved. The Composition of the Board shall be governed by the Articles of Association of the Company read with the applicable provisions of the Companies Act, 2013 (the Act), the Rules framed thereunder read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and RBI Master Directions as applicable.

4) **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. The minimum information to be statutorily made available to the Board, pursuant to the applicable RBI guidelines, Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) shall be furnished to the Directors. The facility to participate in the meeting through video conferencing shall be made available to the Directors travelling abroad or present at any locations as per applicable provisions of Law.

5) **COMMITTEES OF THE BOARD**

A) Audit Committee

The Audit Committee of NSIL is a key component of the Company's corporate governance framework, responsible for ensuring transparency, accountability, and integrity in financial reporting and internal controls. The Committee oversees NSIL's financial reporting process and reviews the annual and quarterly financial statements to ensure their accuracy, reliability, and compliance with applicable laws and regulations. It recommends the appointment and remuneration of statutory auditors, reviews their independence and performance, and evaluates the effectiveness of the audit process.

The Committee also monitors the adequacy of NSIL's internal financial controls, risk management systems, and internal audit function. It reviews significant audit findings, related-party transactions, inter-corporate loans and investments, and the utilization of funds raised by the Company. Additionally, it oversees the whistle-blower mechanism, examines cases of fraud or material control weaknesses, and reviews important internal audit reports and management responses.

Through these responsibilities, the Audit Committee supports the Board of Directors of NSIL in maintaining strong governance standards, safeguarding stakeholder interests, ensuring regulatory compliance, and promoting sound financial and ethical practices across the organization.

B) Nomination and Remuneration Committee

The **Nomination and Remuneration Committee (NRC) of NSIL** plays an important role in strengthening the Company's corporate governance framework by ensuring that the Board and senior management comprise qualified and competent individuals. The Committee formulates the criteria for determining the qualifications, positive attributes, and independence of directors and recommends to the Board policies relating to the remuneration of directors, key managerial personnel, and other employees. It identifies and recommends suitable candidates for appointment to the Board and senior management positions and advises on their removal whenever necessary.

Committee is also responsible for formulating criteria for evaluating the performance of the Board, its committees, and individual directors, including independent directors, and reviews the implementation of the evaluation process. Based on the performance evaluation of independent directors, it recommends whether their term of appointment should be extended or continued. In addition, the NRC recommends remuneration payable to senior management and devises policies to promote diversity on the Board of Directors. Through these functions, the Committee supports NSIL in maintaining effective leadership, fair remuneration practices, succession planning, and high standards of corporate governance.

C) Stakeholders Relationship Committee

The Committee shall consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

D) Corporate Social Responsibility Committee

The **Corporate Social Responsibility (CSR) Committee of NSIL** plays a significant role in ensuring that the Company's social responsibility initiatives are aligned with its commitment to sustainable and inclusive development. The Committee formulates and recommends the CSR Policy to the Board, outlining the social and community development activities to be undertaken by NSIL. It also recommends the amount of expenditure to be incurred on CSR initiatives and ensures that adequate resources are allocated for the effective implementation of approved projects and programs. Further, the Committee regularly monitors the implementation and effectiveness of the CSR Policy and

reviews the progress of CSR activities from time to time. Through these functions, the CSR Committee assists NSIL in fulfilling its social responsibilities, creating positive community impact, and upholding the principles of responsible corporate governance.

E) Risk Management Committee

The **Risk Management Committee of NSIL** is responsible for strengthening the Company's corporate governance framework by ensuring effective identification, assessment, monitoring, and mitigation of risks. The Committee formulates and recommends the Risk Management Policy and Plan and oversees their implementation across the organization. It periodically reviews and evaluates risk management practices to ensure that risks are identified, assessed, and managed effectively in line with NSIL's strategic objectives. The Committee also identifies emerging risks, reviews appropriate risk mitigation strategies, and monitors their effectiveness. In addition, it formulates the cyber security plan and oversees its implementation to safeguard the Company's information assets and digital infrastructure. The Committee may also perform any other functions delegated by the Board of Directors or required under applicable laws and regulations. Through these responsibilities, it supports NSIL in maintaining a robust risk management framework, enhancing organizational resilience, and promoting sound corporate governance practices.

F) Share Transfer Committee

The Committee shall have power of approving transfer/transmission of securities, subject to applicable provisions and other related formalities.

G) IT Strategy Committee

The Committee shall ensure that the execution of IT projects and initiatives is aligned with the NSIL IT Policy and IT Strategy and that an effective organizational structure is in place to support IT functions across the Company. It shall also oversee the establishment and maintenance of an effective disaster recovery setup and business continuity strategy/plan to ensure operational resilience. Further, as the first line of defense, the Committee shall ensure the effective assessment, evaluation, and management of IT controls and IT risks, including the implementation of robust internal controls, to safeguard the Company's information assets and ensure compliance with applicable internal policies, regulatory requirements, and legal obligations relating to information technology.

H) IT Steering Committee

The Committee shall ensure that all information technology projects and initiatives undertaken by NSIL are aligned with the Company's IT Policy, IT Strategy, and overall business objectives. It shall also ensure that an appropriate organizational structure, supported by adequate resources and governance mechanisms, is maintained to effectively manage and support the Company's IT functions. The Committee shall oversee the establishment, implementation, and periodic review of a robust disaster recovery framework and business continuity plan to safeguard the continuity of NSIL's critical operations and services. Further, as the first line of defense, the Committee shall ensure the effective identification, assessment, monitoring, and management of IT risks and controls, including the implementation of strong internal control systems, to protect NSIL's information assets, maintain data integrity and confidentiality, and ensure compliance with applicable regulatory requirements, legal obligations, and internal policies relating to information technology.

I) Asset Liability Management Committee (ALCO)

The Committee shall be led by Board of Directors of the Company and may consist of the Company's top management. The Committee shall be 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.

In addition, the Board may constitute such other Committee in line with the best practices and operational requirement, from time to time.

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, renewal of appointment and 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. 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.

ROTATION OF PARTNERS OF THE STATUTORY AUDITORS AUDIT FIRM

The appointment of the statutory auditors shall be made in compliance of the provisions of the Companies Act, 2013, Rules made thereunder read with RBI Circular No. RBI/2021-22/25 dated April 27, 2021 and other applicable provisions. Company to appoint the Auditors for a continuous period of three years, subject to the firms satisfying the eligibility norms each year.

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.

APPOINTMENT OF CHIEF COMPLIANCE OFFICER (CCO)

(a) As per RBI Circular dated April 11, 2022 read with Revised Regulatory Framework for NBFCs' Circular dated October 22, 2021, the Company being NBFC-ML is required, to have an independent Compliance Function, appoint Chief Compliance Officer (CCO) and have Board approved Compliance Policy.

(b) The CCO shall be the nodal point of contact between the Company and the regulators/supervisors and shall necessarily be a participant in the structured or other regular discussions held with RBI. Further, compliance to RBI inspection reports shall be communicated to RBI necessarily through the office of the Compliance Function.

(c) The terms of appointment and tenure of Chief Compliance officer as prescribed in said guideline is enumerated below:

- i. The CCO shall be appointed for a minimum fixed tenure of not less than 3 years. However, in exceptional cases, the Board Committee may relax the minimum tenure by one year, provided appropriate succession planning is put in place;

- ii. The CCO shall be transferred / removed before completion of the tenure only in exceptional circumstances, with the explicit prior approval of the Board / Board Committee, after following a well-defined and transparent internal administrative procedure;
- iii. The CCO shall be a senior executive of the Company with a position not below one levels from the CEO for Company being NBFCs-ML. If the Company considers necessary, the CCO can also be recruited from the market;
- iv. The CCO shall have a good understanding of the industry and risk management practices, knowledge of regulations, legal requirements, and have sensitivity to Supervisory expectations;
- v. The CCO shall have the ability to exercise judgment independently and have the freedom and authority to interact with regulators / supervisors directly and ensure compliance;
- vi. CCO shall have a clean track record and unquestionable integrity.
- vii. The CCO shall have direct reporting lines to the MD & CEO and / or Board / Board Committee. In case the CCO reports to the MD & CEO, the Board / Board Committee shall meet the CCO at quarterly intervals on a one-to-one basis, without the presence of the senior management, including MD & CEO. The CCO shall not have any reporting relationship with the business verticals. Further, the performance appraisal of the CCO shall be reviewed by the Board / Board Committee.

(d) Company is required to have Board-approved Compliance Policy clearly spelling out its Compliance philosophy, expectations on Compliance culture, structure and role of the Compliance function, the role of CCO, processes for identifying, assessing, monitoring, managing, and reporting on Compliance risk.

The policy shall be subject to review by the Board from time to time.