DVARA KSHETRIYA GRAMIN FINANCIAL SERVICES PRIVATE LIMITED	
POLICY	Corporate Governance Framework
VERSION	4.0
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VERSION

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Cross Reference	1. **Policy on appointment of Statutory Auditors** 2. **Policy on appointment of Internal and Secretarial Auditors** 3. **Policy on UPSI** 4. **Fit and Proper Criteria Policy for Directors**

CORPORATE GOVERNANCE FRAMEWORK

1. CORPORATE GOVERNANCE

Corporate Governance means the system of rules, practices, and processes by which a company is administered and controlled. It involves balancing the interests of the various stakeholders of the company including shareholders, employees, customers, suppliers, financiers, government, and the community within which it operates. This Corporate Governance Framework will help the Company in attaining its objectives/goals since it encompasses every sphere of operations, management, action plans, internal controls, performance measurement, and regulatory disclosure.

2. OBJECTIVE

The Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and meeting its obligations to stakeholders. The philosophy has a strong emphasis on transparency, accountability, and integrity.

Reserve Bank of India (RBI) vide its Master Direction – Non Banking Financial Company – Governance) Directions, 2025, issued on November 28, 2025, amended from time to time, directed NBFCs to frame internal guidelines on Corporate Governance approved by the Board of Directors. Accordingly, this Corporate Governance Framework of Dvara Kshetriya Gramin Financial Services Private Limited (Company) is framed in the spirit of the said circular of RBI.

3. BOARD OF DIRECTORS

The Company believes that a well-functioning and informed Board of Directors are the key to good corporate governance. The Board should have a core group of excellent, professionally acclaimed non-executive directors who understand their dual role, of appreciating the issues put forward by management, and honestly discharging their fiduciary responsibilities towards the Company's shareholders as well as creditors.

4. COMMITTEES

4.1 **AUDIT COMMITTEE:** The constitution of this Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 and applicable RBI regulations from time to time, on Corporate Governance. The Composition, Meetings, Powers and Responsibilities shall be as per the Audit Committee Charter as approved by the Board. The Board will review the role of the Audit Committee in the first quarter of every financial year.

4.2 **NOMINATION AND REMUNERATION COMMITTEE:** This Committee is constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 and RBI

Regulations applicable from time to time on Corporate Governance. The Company has a Board approved Nomination and Remuneration Policy in place and required disclosures are made from time to time to that effect. The Composition, Meetings, Powers and Responsibilities shall be as per the Nomination and Remuneration Committee Charter as approved by the Board. The Board will review the role of the Nomination and Remuneration Committee in the first quarter of every financial year.

4.3 **RISK COMMITTEE:** This Committee is constituted in compliance with the provisions of the Companies Act, 2013 and RBI Regulations applicable from time to time, on Corporate Governance. The Company has a Board approved Risk Management Policy in place and required disclosures are made from time to time to that effect. The Composition, Meetings, Powers, and Responsibilities shall be as per the Risk Committee Charter as approved by the Board. The Board will review the role of the Risk Committee in the first quarter of every financial year.

4.4 **ASSET-LIABILITY COMMITTEE (ALCO):** This Committee is constituted in compliance with the provisions of RBI Regulations applicable from time to time, on Corporate Governance. The Company has a Board approved Asset Liability Management Policy in place and required disclosures are made from time to time to that effect. The Composition, Meetings, Powers, and Responsibilities shall be as per the Asset Liability Committee Charter as approved by the Board. The Board will review the role of the Asset-liability Committee in the first quarter of every financial year.

5. FIT & PROPER CRITERIA

The Company has a Board approved Fit & Proper Policy in place and required disclosures are made from time to time to that effect.

5.1 In terms of RBI regulations applicable from time to time, on 'Guidelines on Corporate Governance', the Nomination and Remuneration Committee of the Company ensures the 'Fit & Proper' status of existing/proposed Directors of the Company.

5.2 Every individual at the time of his / her appointment / re-appointment and on annual basis, as Director of the Company, provides a Fit & Proper declaration in the manner and format as may be prescribed by RBI from time to time.

5.3 In case there is no change to the information already provided by the Director, declaration to that effect shall be furnished to the Company as on March 31 of every year.

5.4 Nomination and Remuneration Committee (NRC) of the Board of Directors of the Company scrutinizes the aforesaid declarations as given by the individuals. The said declarations are scrutinized by the NRC on the following basis:

a) Suitability of the individual to be appointed as the Director of the Company
b) Qualification of the Director
c) Age of the Director
d) Expertise of the Director vis-a-vis business of the Company
e) Track record of the Director
f) Integrity of the Director
g) Directorship in other entities
h) Relationship with or substantial interest in other entities
i) Appointment of Independent Director - Within the permissible limits in terms of the Companies Act, 2013, an independent director shall not be on the Board of more than three NBFCs (NBFC-Middle Layer or NBFC-Upper Layer) at the same time after September 30, 2024. Further, the Company shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time. There shall be no restriction to directorship on the Boards of NBFC-Base Layers, subject to applicable provisions of the Companies Act, 2013.
j) KMPs - Except for directorship in a subsidiary, Key Managerial Personnel shall not hold any office (including directorships) in any other NBFC-Middle Layer or NBFC-Upper Layer after September 30, 2024. However, they can assume directorship in NBFC-Base Layers.

5.5 Based on the information provided in the signed declarations, the NRC decides on the acceptance or otherwise of the Directors.

5.6 Every individual, once appointed as the Director of the Company shall enter into a Deed of Covenant, as prescribed by RBI, with the Company.

5.7 The Company shall ensure to furnish to the Reserve Bank a quarterly statement on change of Directors and a certificate from the Managing Director/Director of the NBFC that fit and proper criteria in selection of the Directors has been followed. The statement must reach the Regional Office of the Reserve Bank within 15 days of the close of the respective quarter. The statement submitted by the Company for the quarter ending March 31, should be certified by the auditors.

6. PERFORMANCE EVALUATION

6.1 The Company recognizes the benefits of a Board that possesses a balance of skill, experience and expertise appropriate to the requirements of the business of the Company.

6.2 The performance evaluation of the Directors shall be carried out as per the terms of the Nomination and Remuneration Policy approved by the Board from time to time. The evaluation framework of the Company for assessing the performance of its Directors shall comprise the following key areas:

i. Attendance of Board Meetings and Board Committee Meetings
ii. Quality of contribution to Board deliberations and
iii. Strategic perspectives or inputs regarding the future growth of the Company and its performance.

6.3 The evaluation will involve self-evaluation by the Board member and subsequently assessed by the Nomination and Remuneration Committee based on the above criteria and finally reviewed by the Board of Directors. A member of the Board shall not participate in the discussions of his / her evaluation.

6.4 In terms of the requirements of Schedule IV of the Act, the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of the management. All the Independent Directors of the Company shall strive to be present at such meetings. The meeting shall:

(a) Review the performance of Non-Independent Directors and the Board as a whole;
(b) Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
(c) Assess the quality, quantity, and timeliness of the flow of information between the Company management and the Board that is necessary for the Board to perform its duties effectively and reasonably.

6.5 Similarly, the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director who is being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

Pursuant to the provisions of the Companies Act, 2013, the Company shall include in the report of its Board of Directors, a statement indicating the manner in which formal annual performance evaluation was carried by the Board of its own performance, its Committees, and Individual Directors.

7. ROLE OF SENIOR MANAGEMENT AND KEY MANAGERIAL PERSONNEL

7.1 Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors, comprising all members of management one level below the Board, including Chief Executive Officer, and Functional Heads.

7.2 Key Managerial Personnel (KMP) means the officials as defined in the Policy on UPSI.

7.3 Over a period, the role and responsibilities of the Board of Directors, Key Managerial Personnel and Senior Management have increased significantly. This is mainly due to the growth in the size of operations of the Company and evolving legal and regulatory requirements viz. enactment of the new Companies Act, 2013 and increase in RBI Corporate Governance requirements.

This has increased the senior management & KMP's responsibility regarding the disclosures/compliance and managing everyday' s business operations ethically in line with the best corporate governance practices. Therefore, the senior management & KMP are responsible to ensure balance with the compliance requirements/ business ethics vis-a-vis business operations requirements, while implementing the strategic plans, business plans and budgets as approved by the Board of Directors.

8. DISCLOSURE AND TRANSPARENCY

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

i. The progress was made by putting in place a progressive risk management system and risk management policy and strategy followed by the Company.

ii. Conformity with corporate governance standards viz., in the composition of various committees, their role, and functions, periodicity of the meetings, and compliance with coverage and review functions, etc.

iii. Details of all transactions with related parties shall be disclosed in the annual report. The Company shall disclose the policy on dealing with Related Party Transactions, as approved by the Board on its website and also in the Annual Report.

8.2 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.
iv. information namely, area, country of operation and joint venture partners with regards to Joint ventures and overseas subsidiaries and
v. Asset-Liability profile, the extent of financing of parent company products, NPAs and movement of NPAs, 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.
vi. Corporate Governance report containing composition and category of Directors, the shareholding of Non-Executive Directors, etc.

vii. Disclosure on modified opinion, if any, expressed by auditors, its impact on various financial items, and views of management on audit qualifications.
viii. Items of income and expenditure of exceptional nature.
ix. Breaches in terms of covenants in respect of loans availed by the NBFC or debt securities issued by the NBFC including incidence/s of default.
x. Divergence in asset classification and provisioning above a certain threshold to be decided by the Reserve Bank.

9. ROTATION OF PARTNERS OF THE STATUTORY AUDITORS' AUDIT FIRM

The appointment of the Statutory Auditors of the Company shall be guided by the Board approved Policy on Appointment of Statutory Auditors. Further, the appointment of Internal and Secretarial Auditors of the Company shall be guided by the Board approved Policy on Appointment of Internal and Secretarial Auditors of the Company.

10. CHIEF COMPLIANCE OFFICER (CCO)

The Company shall set-up an independent Compliance function headed by a Chief Compliance Officer. The Company shall also lay down a Board approved Compliance policy, covering the independence of Compliance function, regulatory and statutory compliance requirements, compliance testing procedure, compliance risk assessment, compliance structure, roles, and responsibilities of CCO.

11. REVIEW

This Framework shall be reviewed by the Board of Directors on an annual basis, in order to align with the prevalent regulatory and business requirements.