


QRG Investments and Holdings Limited
Corporate Governance Policy
Version 2.0
Internal



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Document Control

| S No | Type of Information | Document Data |
|------|---------------------|--|
| 1. | Document Title | QRG Investments and Holdings Limited Corporate Governance Policy |
| 2. | Document Code | QRGIHLCGP |
| 3. | Date of Release | |
| 4. | Document Superseded | |
| 5. | Document Approvers | |
| 6. | Document Owner | |
| 7. | Document Author(s) | |

Document Change Approvals

| Version No. | Revision Date | Nature of Change | Date Approved |
|-------------|-------------------|---------------------------------------|-------------------|
| 1.0 | NA | Initial Version | October 22, 2022 |
| 1.0 | NA | No Change | October 04, 2023 |
| 2.0 | February 06, 2024 | As per RBI Master Directions, Nov,23. | February 06, 2024 |

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1. PREAMBLE

QRG Investments and Holdings Limited (QRGIHL) is a Non-Deposit accepting – Systemically Important Non-Banking Finance Company (“NBFC-ND-SI”) registered with the Reserve Bank of India (“RBI”).

QRGIHL adopts the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to the government, regulators and other stakeholders. The objective of the policy is to ensure compliance with all applicable legal, statutory and other provision and set standards for Corporate Governance. The Company has framed various policies broadly covering the corporate governance framework.


2. PURPOSE

The purpose of this policy is to frame internal guidelines on Corporate Governance. This policy lays down the detailed procedures for the implementation of the said guidelines in order to comply with the directions issued by the Reserve Bank of India from time to time in this regard.

The Policy on Corporate Governance will be reviewed as and when deemed necessary by the Board in the context of the changing regulations and emerging best practices with a view to enhancing the Company’s corporate governance.

3. GUIDELINES ON CORPORATE GOVERNANCE

The Reserve Bank of India (RBI), in order to enable NBFCs to adopt the best practices and achieve greater transparency in their operations, has issued directions on Corporate Governance known as a Non-Banking Financial Companies Corporate Governance (Reserve Bank) Directions 2015 and the said guidelines require all Non-Deposit accepting Non-Banking Financial Companies Significantly Important (NBFCs-ND-SI) with asset size of Rs.500 crore and above as per its last audited balance sheet to frame internal guidelines on Corporate Governance under paragraph 7 of the said Directions. In compliance with the aforesaid directions issued by the RBI, the internal Guidelines on Corporate Governance have been framed by the Company.

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4. GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

The Board of Directors of QRG IHL (Board) shall provide the leadership and strategic guidance to the Company's management. The Company's management shall act in accordance with the supervision, control and direction of the Board.

The Board plays a vital role in matters relating to the formulation of various policies, their implementation and strategic issues which are crucial for the long-term development of the Company.

COMPOSITION OF THE BOARD

The Composition of the Board shall be governed by the Articles of Association of the Company read with the applicable provisions of Companies Act, 2013 and the rules framed thereunder. In terms of the Articles of Association, the number of directors shall not be less than 3 (three) and shall not be more than 15 (fifteen). The Directors shall act in accordance with the responsibilities and duties as provided under the Companies Act and the Rules framed thereunder. Meetings of the Board shall be held at least four times in a year, such that not more than one hundred and twenty days shall intervene between the two consecutive Board meetings.

COMMITTEES OF THE BOARD

In order to effectively focus on the issues and ensure expedient resolution of diverse issues, the Board shall constitute a set of Committees duly specifying their scope / terms of reference.

A. AUDIT COMMITTEE

In terms of the Para 3 (1) of the Non - Banking Financial Companies – Corporate Governance (Reserve Bank) Directions 2015 and in terms of Section 177 of the Companies Act 2013, QRG IHL is required to constitute an Audit Committee consisting of not less than three members of its Board of Directors. Such Audit Committee constituted shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act 2013. As per Section 177 of the Companies Act 2013, the Audit committee shall consist of minimum of three Directors with Independent Directors forming a majority.



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| Chairman | The Chairman of the Committee will be a Board member appointed by the Board. In the absence of the Chairman of the Committee at the Meeting, the remaining members present shall elect one among themselves to chair the meeting. |
| Composition | The Audit Committee shall consist of a minimum of three Directors with Independent Directors forming a majority. |
| Secretary | Company Secretary of the Company shall act as Secretary for the Committee. |
| Frequency of Meetings | The Audit Committee shall meet as and when required, |
| Quorum | The quorum shall be either one third or two members whichever is higher. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. |
| Terms of Reference | <ul style="list-style-type: none"> a) recommendation for appointment, remuneration and terms of appointment of auditors of the Company; b) review and monitor the Auditor's independence and performance, and effectiveness of audit process; c) examination of the financial statement and the auditors' report thereon; d) approval or any subsequent modification of transactions of the Company, if any, with related parties; e) Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to such conditions as provided. f) In case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board. g) In case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it. However, it shall not apply to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly-owned subsidiary company. h) scrutiny of inter-corporate loans and investments, if any; |

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| | <ul style="list-style-type: none"> i) valuation of undertakings or assets of the company, wherever it is necessary; j) evaluation of internal financial controls and risk management systems; k) monitoring the end use of funds, if raised through public offers and related matters. l) perform such other act, including the acts and functions stipulated by the Board of Directors, the Companies Act, the Reserve Bank of India and any other regulatory authority as prescribed from time to time. m) The Audit Committee of the Board (ACB) shall be responsible for exercising oversight of IS Audit of the company. |
| Policy | The Audit Committee shall review various control and compliance policies from time to time and recommend to the Board for any amendments to be made thereto. |
| Miscellaneous | <p>The Audit Committee shall meet in person or through video conferencing or other audio visual means.</p> <p>The minutes of the meetings of the Audit Committee shall be duly recorded and maintained.</p> <p>The Audit Committee may invite non-members and such other persons as it may deem appropriate to be present at its meetings.</p> |


B. NOMINATION AND REMUNERATION COMMITTEE (NRC)

In terms of the Para 3 (2) of the Non - Banking Financial Companies – Corporate Governance (Reserve Bank) Directions 2015 and in terms of Section 178 of the Companies Act 2013, QRG IHL is required to constitute NRC. Such NRC so constituted shall have the same powers, functions and duties as laid down in Section 178 of the Companies Act 2013. NRC shall consist of three or more non-executive directors out of which not less than one-half shall be Independent Directors.

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| Chairman | The Chairman of the Committee will be a Board member appointed by the Board. In the absence of the Chairman of the Committee at the Meeting, the remaining members present shall elect one amongst themselves to chair the meeting. The Chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee. |
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| Composition | The Committee shall consist of three or more non-executive directors out of which not less than one-half shall be Independent Directors. |
| Secretary | Company Secretary of the Company shall act as Secretary for then Committee. |
| Frequency of Meetings | The Committee shall meet as and when required. |
| Quorum | <p>The quorum shall be either two members or one third of the members of the Committee whichever is higher.</p> <p>A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.</p> |
| Terms of Reference | <p>a) Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.</p> <p>b) Lay down criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy,</p> <p>relating to the remuneration for the Directors, Key Managerial Personnel and other employees</p> <p>c) To ensure 'fit and proper' status and credentials of proposed/existing directors.</p> <p>d) Perform such other act, including the acts and functions stipulated by the Board of Directors, Companies Act, the Reserve Bank of India and any other regulatory authority, as prescribed from time to time.</p> |
| Policy | The Nomination and Remuneration Committee shall review the Nomination and Remuneration Policy from time to time and recommend to the Board for any amendments to be made thereto. |
| Miscellaneous | <p>The Nomination Committee shall meet in person or through video conferencing or other audio-visual means.</p> <p>The minutes of the meetings of the Nomination Committee shall be duly recorded and maintained.</p> <p>The Nomination Committee may invite non-members and such other persons as it may deem appropriate to be present at its meetings.</p> |

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C. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

In terms of Section 135 of the Companies Act 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014 and other applicable provisions of Companies Act 2013, if any, the Company has constituted CSR Committee. As per the said provisions, the CSR Committee shall consist of three or more directors, out of which at least one Director shall be an Independent director.

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| Chairman | The Chairman of the Committee will be a Board member appointed by the Board. In the absence of the Chairman of the Committee at the Meeting, the remaining members present shall elect one among themselves to Chair the meeting. |
| Composition | CSR Committee shall consist of three or more directors, out of which at least one Director shall be an Independent director. |
| Secretary | Company Secretary of the Company shall act as Secretary for the Committee |
| Frequency of Meetings | The Committee shall meet as and when deemed necessary |
| Quorum | The quorum shall be at least two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. |
| Terms of Reference | <ul style="list-style-type: none"> a) Approve the CSR policy or any modifications thereto and recommend the same to the Board for its approval. b) Recommend the amount of expenditure to be incurred on the activities to be undertaken by the company as specified in Schedule VII of the Companies Act. c) Monitor the Corporate Social Responsibility Policy of the Company from time to time. d) To oversee the CSR activities. e) Adhere to Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014 (including any statutory modifications, amendments or re-enactments thereto for the time being in force) f) perform such other act, including the acts and functions stipulated by the Board of Directors, the Companies Act, the Reserve Bank of India and any other regulatory authority, as prescribed from time to time |
| Policy | The CSR Committee shall review the CSR Policy from time to time and recommend to the Board any amendments to be made thereto. |


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| Miscellaneous | <p>The CSR Committee shall meet in person or through video conferencing or other audio-visual means.</p> <p>The minutes of the meetings of the CSR Committee shall be duly recorded and maintained.</p> <p>The CSR Committee may invite non-members and such other persons as it may deem appropriate to be present at its meetings.</p> |
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D. RISK MANAGEMENT COMMITTEE (RMC)

The Risk Management Committee shall ensure in identifying, assessing and prioritizing the major risks faced by the Company and developing strategies to minimize, monitor, and control the probable and/or impact of risks.

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| Chairman | The Chairman of the Committee will be a Board member. In the absence of the Chairman of the Committee at the Meeting, the remaining members present shall elect one among themselves to chair the meeting. |
| Composition | The Committee shall consist of such number of members as may be determined by the Board. |
| Secretary | Company Secretary of the Company shall act as Secretary for the Committee. |
| Frequency of Meetings | The Committee shall meet as and when required |
| Quorum | <p>The quorum shall be either two members or one third of the members of the Committee whichever is higher.</p> <p>A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee</p> |
| Terms of Reference | <p>a) overseeing the risk management function including identification, monitoring and measurement of the risk profile of the Company;</p> <p>b) identifying the element of risk;</p> <p>c) overseeing its integrated risk measurement system;</p> <p>d) performing such other act, including the acts and functions stipulated by the Board of Directors, the Companies Act, the Reserve Bank of India and any other regulatory authority, as prescribed from time to time.</p> |


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| Policy | The Risk Management Committee shall review the Risk Management Policy from time to time and recommend to the Board any amendments to be made thereto. |
| Miscellaneous | a) The Risk Management Committee shall meet in person, or through video conferencing or other audio visual means. b) The minutes of the meetings of the Risk Management Committee shall be duly recorded and maintained properly. c) The Risk Management Committee may invite non-members and such other persons as it may deem appropriate to be present at its meetings. |

E. ASSET LIABILITY CUM EXECUTIVE COMMITTEE (ALCO)

QRGIHL shall monitor the asset-liability gap and strategize action to mitigate the risks associated with the business of the Company.

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| Chairman | The Chairman of the Committee will be a Board member. In the absence of the Chairman of the Committee at the Meeting, the remaining members present shall elect one among themselves to chair the meeting. |
| Composition | The Committee shall consist of such number of members as may be determined by the Board. |
| Secretary | Company Secretary of the Company shall act as Secretary for the Committee. |
| Frequency of Meetings | The Committee shall meet as and when required. |
| Quorum | The quorum shall be either two members or one third of the members of the Committee whichever is higher. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. |
| Terms of Reference | a) overseeing the Asset and Liability Management function; b) reviewing the asset-liability profile of the Company; c) performing such other act, including the acts and functions stipulated by the Board of Directors, the Companies Act, the Reserve Bank of India and any other regulatory authority, as prescribed from time to time. d) To approve the investments and allocation of funds e) To approve lending proposals f) To approve opening and operations of bank accounts g) To approve dealing with Government and Statutory Authorities |

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| | h) To deal with any Legal Matter i) To approve any other matter related to operations of the Company |
| Policy | The Asset Liability Cum Executive Committee shall review the Asset and Liability Policy, Resource Planning Cum Borrowing policy and Investment Policy from time to time and recommend to the Board any amendments to be made thereto. |
| Miscellaneous | a) The Asset Liability Cum Executive Committee shall meet in person, or through video conferencing or other audio visual means. b) The minutes of the meetings of the Asset Liability Cum Executive Committee shall be duly recorded and maintained properly. c) The Asset Liability Cum Executive Committee may invite non-members and such other persons as it may deem appropriate to be present at its meetings |

5. FIT AND PROPER CRITERIA


In terms of RBI Master Circular no. RBI/DNBR/2016-17/45, DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016, the Company has framed a Board approved policy on 'Nomination and Remuneration' including Fit and Proper Criteria for Directors ("the Policy"). Pursuant to the Policy, the Company obtains necessary disclosures from Directors from time to time. Further, the Company ensures compliance with the provisions laid down in the said Policy.

Further, as required under the above referred RBI circulars, the Company shall ensure to furnish to the RBI on a quarterly basis, a statement on the change of directors and a certificate confirming that fit and proper criteria in selection of the Directors have been followed. The same should be submitted to the Regional Office of the RBI within 15 days of the close of the respective quarter and the statement for the quarter ending 31st March should be certified by the auditors.

6. DISCLOSURES AND TRANSPARENCY

QRGIHL shall make the disclosures required to be made under the Companies Act 2013 and the Rules framed thereunder, the RBI Guidelines and such other laws and regulations as may be applicable to the Company from time to time.

The Board 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 maybe required under the applicable laws/regulations.

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7. POLICIES ADOPTED BY THE COMPANY

The Company shall adopt such policies, as may be required to adopt under the Companies Act 2013, the RBI Guidelines and such other laws, regulations and Daimler Guidelines as may be applicable.

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

8. INTERNAL GUIDELINES

The internal guidelines set the framework to achieve the Company's goal by adopting the best practices with emphasis on transparency, accountability and integrity. QRG IHL has framed various internal guidelines which are available on Intranet and accessible to all the employees.

9. STATUTORY AUDITORS/AUDIT PARTNER(S)

The appointment of Statutory auditors and the partner/s of the Chartered Accountant Firm conducting the Statutory Audit of the Company, shall be in terms of the provisions of Section 139 and 141 of the Companies Act, 2013 and in accordance with the applicable RBI guidelines as amended from time to time.

10. REVIEW OF THE POLICY

The internal guidelines and various policies encompassing corporate governance framework of QRG IHL are reviewed periodically and amended with the permission of the Board.

This policy is based on the guidelines on Corporate Governance issued by RBI in Master Directions and in case of any changes in the provisions of these guidelines or any other regulations which makes any of the provisions of this policy inconsistent with the regulations or directions or circulars, then the provisions of regulations or directions or circulars issued by the Regulator would prevail over the policy and, accordingly, the provisions in the policy would be modified in due course to make them consistent with the laws/regulations/directions.



11. DOCUMENT MANAGEMENT

- This policy will be reviewed at least every year by Board.
- This procedure replaces any other procedure issued earlier by the Company to the extent specifically covered here. This policy should be followed both in letter and spirit.
- The Company is committed to continuously reviewing and updating policies and procedures based on the Company's risk assessment and incorporating any regulatory requirement as maybe required.
- Any amendment to this procedure or issue of any guidance or circular etc. under this procedure has to be approved in writing by the approving authority.
