

**INTERNAL GUIDELINES ON CORPORATE GOVERNANCE**

**DSP FINANCE PRIVATE LIMITED**

*(Formerly known as DSP Investment Managers Private Limited)*

<b>Version</b>	<b>Description</b>	<b>Prepared by</b>	<b>Approved by</b>
1.0	Policy Formation	Priya Ranjit	Board of Directors on March 07, 2024
1.1	Annual Review	Sahib Pahwa	Board of Directors on August 19, 2025

## 1. Corporate Governance Philosophy

DSP Finance Private Limited (**“Company” or “DSP Finance”**) recognizes its responsibilities as a corporate citizen and is committed to adopting the highest standards of corporate governance. The Company firmly believes that good governance is the outcome of sound management practices, adherence to applicable laws, and a culture of fairness and accountability. DSP Finance places strong emphasis on values such as empowerment and integrity of employees, safety and well-being of its workforce and communities, transparency in decision-making, ethical conduct in all dealings, and accountability to customers, regulators, investors, and other stakeholders. In alignment with the guidelines of the Reserve Bank of India (RBI), the Company has adopted these internal governance guidelines and continually strives to strengthen and uphold best practices, thereby ensuring sustainable growth and stakeholder confidence.

## 2. Regulatory Requirements

To promote adoption of best practices and ensure greater transparency in the functioning of Non-Banking Financial Companies (**“NBFCs”**), the Reserve Bank of India (**“RBI”**) has issued comprehensive guidelines on corporate governance. Specifically, the **Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023** (**“Scale Based Regulations”**), has mandated that NBFCs formulate internal guidelines on corporate governance in line with the spirit and intent of the regulatory framework.

In addition to RBI requirements, the governance framework of the Company is also guided by the provisions of the **Companies Act, 2013 (“Act”)**, which lays down requirements relating to the composition of the Board, appointment of independent directors, constitution of mandatory committees, disclosures, and reporting obligations. Where relevant, the Company also aligns with the **Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)**, which provide further principles relating to transparency, fairness, and accountability in corporate governance.

The Company acknowledges that these statutory and regulatory guidelines form the foundation of its governance framework. Accordingly, in the event of any amendment, statutory modification, or re-enactment of the applicable laws, rules, or regulations, including the aforesaid Scale Based Regulations, the Act, and the Listing Regulations, the revised provisions shall automatically prevail and override the parameters framed by the Board under this Policy. The Company’s governance framework shall therefore remain dynamic and be updated in line with evolving regulatory requirements.

## 3. Objective of the Policy

The objective of this Corporate Governance Policy is to establish a framework that ensures compliance with all applicable legal and regulatory requirements while setting clear standards for governance within the Company. The Policy is intended to guide the Board of Directors, senior management, and employees to act in accordance with the highest standards of integrity, fairness, accountability, and transparency in the discharge of their responsibilities. It aims to ensure that the Company’s affairs are conducted in a manner that protects stakeholder interests, strengthens trust, and supports sustainable business growth. This Policy also seeks to embed governance principles into the day-to-day operations of the Company.

## 4. Board of Directors

The Board of Directors (**“Board”**) carries the ultimate responsibility for defining the strategic direction of the Company and ensuring that the long-term interests of all stakeholders are protected. In fulfilling this role, the Board is expected to uphold and enforce the principles of sound corporate governance, thereby ensuring that the Company operates with fairness, transparency, accountability, and integrity always.

The Board is accountable to the shareholders, while also recognizing its responsibilities towards employees, customers, creditors, regulators, and the community at large. Its functioning is governed by the provisions of applicable laws, including the Companies Act, 2013, the Scale Based Regulations, and where relevant, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, along with the Articles of Association of the Company. The Board meets regularly and acts in an independent manner from management, exercising objective judgment in the best interests of the Company.

The primary responsibility of the Board is to provide direction, monitoring, and oversight over the governance and management of the Company. In particular, the Board is tasked with articulating and committing to a corporate philosophy that defines the Company's approach to risk-taking, sets the standards of business conduct, and embeds a culture of ethical behaviour throughout the organization. The Board periodically reviews compliance reports covering all laws applicable to the Company and ensures that appropriate steps are taken to rectify any instances of non-compliance.

Additionally, the Board has put in place and oversees a whistle-blower mechanism that enables directors and employees to report genuine concerns in good faith, thereby fostering a culture of transparency and accountability.

## **5. Composition of the Board**

The Board of Directors of the Company shall consist of a minimum of two directors in accordance with the requirements of the Companies Act, 2013. The Company shall ensure that the Board has an optimum combination of executive, non-executive, and independent directors, thereby maintaining a balanced structure that fosters independent judgment, effective oversight, and strategic guidance. This composition shall always remain in compliance with the provisions of applicable laws, the Articles of Association of the Company, and the governance principles prescribed by regulators.

In addition to statutory requirements, the Company adheres to the “**fit and proper criteria**” prescribed by the Scale Based Regulations. Accordingly, all directors are evaluated at the time of appointment and on a continuing basis to ensure that they meet the standards of integrity, competence, experience, and financial soundness expected of them. The Company also furnishes quarterly statements to RBI on changes in directors, along with a certificate confirming compliance with fit and proper requirements. The return for the quarter ending March 31 each year is certified by the Company's statutory auditors.

All directors are required to provide annual disclosures regarding their interests in other companies, bodies corporate, firms, or associations of individuals. Such disclosures include information on shareholding, directorships, and committee positions. Directors are also under an obligation to promptly intimate the Company of any changes in their disclosures, ensuring full transparency and effective prevention of conflicts of interest.

Independent Directors also need to be appointed on the Board of Directors which shall further become members of the various Committees in accordance with relevant regulations. An Independent Director shall not be on the Board of more than three NBFCs (NBFCs-ML or NBFCs-UL).

## **6. Committees**

To focus effectively on the areas and activities that are critical from compliance and business perspective and to ensure expedient resolution of diverse matters, operational convenience, accountability, transparency and fairness, the Board shall constitute various Committees with specific terms of reference / scope. The Committees shall operate as empowered agents of the Board as per their Charter / terms of reference, as approved by the Board of Directors.

For governance oversight, the Board delineates the role and scope of its committees in the respective charters and help in operating these committees in a manner that brings efficiency and ensures that all decisions are taken with highest level of disclosures and governance. The roles and responsibilities of Board and various Committees of the Board shall be governed by detailed Charters approved by the Board and in accordance with agreements entered with the Investors and/or Articles of Association of the Company, from time to time.

## **7. Role of Senior Management (SM) and Key Managerial Personnel (KMP)**

Senior Management shall mean officers/personnel of the Company who are members of its core management team excluding Board members and shall also comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer /manager, in case they are not part of the board) and shall specifically include the functional heads, by whatever name called, Company secretary and Chief financial officer.

Key Managerial Personnel (“**KMP**”) means Chief Executive Officer or the Managing Director or the Manager, Whole-time director, Chief Financial Officer, Company Secretary and such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board.

Key Managerial Personnel shall not hold any office (including directorships) in any other Non-Banking Financial Company (NBFC) except its subsidiary or any directorship in NBFC of Base Layer.

## **8. 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, 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.

## **9. Appointment of Statutory Auditors**

The Company shall appoint Statutory Auditors as per the provisions of the Companies Act, 2013 read with the Reserve Bank of India Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs dated April 27, 2021, as applicable, as amended from time to time (RBI Guidelines) and Policy on appointment of Statutory Auditors of the Company. The Statutory Auditors shall be appointed for a period of three continuous years subject to the audit firm satisfying the prescribed eligibility norms under RBI Guidelines every year. The performance of the auditors will be reviewed every year. The Company will accordingly adopt and place in public domain its policy on appointment of statutory auditors in alignment with regulatory prescriptions.

## **10. Disclosure and Transparency**

The Company shall put up to the Board of Directors following information:

- Strategy, annual operating plans and budgets, capital budgets, any updates thereon and periodic reviews of performance of the Company.
- Quarterly results of the Company.
- Constitution of, delegation of authority to and terms of reference of various committees constituted by the Board.
- Conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.
- Minutes of meetings of various committees of the Board of Directors.
- Formation and Review of Policies and control systems.
- Amendments/ updates in the applicable regulations.
- Modifications in the Memorandum & Articles of Association, Delegation of Authority etc.
- Non-compliance of any regulatory/ statutory requirements, regulatory/ statutory show cause notice/ penalty etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Customer Grievances, Compliance with Fair Practice Code, Frauds, etc.
- All information which is reasonably required by the Board/ Director to carry out their functions and duties and to take informed decisions in respect of matters brought before the Board for consideration or entrusted to the Director by the Board or any committee thereof.

The Company shall also disclose the following in their Annual Financial Statements:

- registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators.
- ratings assigned by credit rating agencies and migration of ratings during the year.
- Penalties, if any, levied by any regulator.
- information namely, area, country of operation and joint venture partners regarding Joint ventures and overseas subsidiaries and
- Asset-Liability maturity, extent of financing of parent company products, credit impaired loans and movement of credit impaired loans, details of all off-balance sheet exposures, structured products issued by the Company has also securitization/ assignment transactions and
- Disclosures in the financial statements shall be in accordance with the applicable RBI Directions, applicable accounting standards, laws, and regulations.

#### **11. Policy Review**

The Board shall review the Policy from time to time as may be required or at least annually. Changes, if any, shall be effective only upon approval by the Board of Directors of the Company. Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy