ASSET RECONSTRUCTION COMPANY (INDIA) LIMITED

POLICY ON CONSTITUTION OF COMMITTEES

(Amended in Board Meeting held on August 21, 2026)

Company Secretarial Group

POLICY ON CONSTITUTION OF COMMITTEES

The objective of this Policy is to assist the Board of Directors of Asset Reconstruction Company (India) Limited ("Arcil / Company") on the constitution / re-constitution of their Committees in the exercise of their responsibilities. The Policy is in addition to and not intended to change or interpret any Central or State law or regulation, including the guidelines of the Reserve Bank of India or Articles of Association of the Company.

I. COMMITTEES OF THE BOARD:

A substantial portion of the activities is undertaken by the Board through its Committees. The Board has established the following Board Committees:

A) <u>Statutory Committee:</u>

- Audit Committee;
- Nomination and Remuneration Committee;
- Stakeholder Relationship Committee (Date of Constitution: 14-June-2025)
- Corporate Social Responsibility & Environment, Social and Governance Committee; and
- Risk Management Committee

B) <u>Non-Statutory Committee:</u>

- Executive Committee;
- Capital & Debt Raising Committee;
- IT Strategy Committee

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

All the management level committees, i.e., Committee of Executives (COE), Asset Liability Management Committee (ALCO), Operational Risk Committee (ORCO) or any other management committee shall be constituted/ reconstituted by the CEO & Managing Director from time to time.

Each Committee will have its own charter which is the Terms of Reference. The constitution requirement of each of the Committees of the Board is as under:

A) <u>Statutory Committee:</u>

- ❑ <u>Audit Committee:</u> Constitution shall be minimum of 3 (three) directors at least two thirds of the members shall be independent directors. Audit Committee shall comprise of non-executive directors only. Each of the members of the

Audit Committee should have the ability to understand the financial statements as well as the notes/ reports attached thereto and at least one member should have requisite professional expertise/ qualification in financial accounting or financial management. The Chairman of the Board shall not be a member of the Audit Committee. The Chairman of the Audit Committee shall be an Independent Director and he/ she shall not Chair any other Committees of the Board. The quorum shall be three members out of which at least two shall be independent directors.

- <u>Nomination and Remuneration Committee:</u> Constitution shall be minimum of 3 (three) non-executive directors; at least two thirds of the members shall be independent directors. Nomination and Remuneration Committee shall comprise of non-executive directors only. The Chairperson of the Company may be appointed as member but shall not chair the Committee. The quorum of the NRC Committee meeting shall be either two members or one third of the members of the committee, whichever is greater, out of which at least one shall be independent director.

- <u>Stakeholders Relationship Committee (SRC):</u> Constitution shall be minimum of 3 (three) directors, at least one being an independent director. The Chairperson of the SRC shall be a non-executive director. The quorum of the SRC Committee meeting shall be any two members or one-third of the members, whichever is greater.

- <u>Corporate Social Responsibility & Environment, Social and Governance Committee:</u> Constitution shall be minimum of 3 (three) Directors out of which at least one Director shall be an Independent Director. The quorum of the CSR Committee meeting shall be two members. If the Chairman of the Board is a member of the Committee, he shall be the Chairman of the CSR & ESG Committee.

- <u>Risk Management Committee:</u> Constitution shall be minimum of 4 (four) directors of which two shall be nominee directors, one Independent Director and CEO & MD. The quorum of the Committee meeting shall be either two members or one third of the members of the committee whichever is higher including at least one member if the board of directors in attendance

B) <u>Non-Statutory Committee:</u>

- <u>Executive Committee:</u> Constitution shall be minimum of 3 (three) directors. The members of the Executive Committee shall comprise of individuals with experience in the field of Banking, Regulatory Compliance, Legal, Chartered Accountant, PE Fund and other Industry specific expertise. The Chairman of the Executive Committee shall be independent director. The quorum of the Executive Committee meeting shall be two members.

- Capital & Debt Raising Committee: Constitution shall be minimum of 3 (three) directors with non-executive directors forming majority. The quorum of the Capital & Debt Raising Committee meeting shall be two members.

- IT Strategy Committee: Constitution shall be minimum of 3 (three) directors with two Independent Directors and the CEO & MD. The quorum of the IT Strategy Committee shall be two members out of which at least one should be independent director.

II. APPOINTMENT:

The Committee members will be appointed by the Board which shall consider the following for any change in the Committee members from time to time:

- the directors age;
- his or her professional qualification;
- occupation;
- the position he/she hold or has held in the past two years (including memberships on any board of directors or committees;
- direct / indirect interest that conflicts or possibility of conflict with Arcil's interests.
- any other information relevant to assess his or her suitability as a member of the Committee.

The proposal for constitution/re-constitution of the Committees will be submitted by the CEO & Managing Director to the Board for its approval.

III. TERMS OF REFERENCE:

The Board shall establish (and may amend) the terms of reference of each Committee of the Board. The terms of reference shall indicate the role and responsibilities of the Committee, its composition, quorum and how it should perform its duties.

The members of the committees which require Independent Directors will meet the criteria of independence requirements established under the Companies Act, 2013.

IV. MINIMUM QUORUM OF ANY COMMITTEE:

The quorum for the Committee meeting shall be in accordance with what may be prescribed by the Board from time to time and in line with the applicable law.

V. ROTATION OF COMMITTEE MEMBERS:

In order to inculcate new ideas and to facilitate the work of the Committees, one-third of the members of the Committee may be rotated after completion of two years in such Committee. If their number is neither three nor a multiple of three, then, the number nearest to one-third, shall rotate every year after completion of the first block of two years, however, in doing so the availability of the members for rotation shall be considered before rotation of members. Further, the desirability of the director liable to rotation should be reviewed by the Board without the participation of the director who is being reviewed, to consider his/her continuing on the Committee. Further for arriving at one-third, the wholetime director should be excluded. The committee members to retire by rotation shall be those who have been longest in the office since their appointment in such committee, but as between persons who become members on the same day, those who shall retire shall, in default of and subject to any understanding among themselves, be determined by lot. In case, if the Board feels a particular director be continued in a particular committee for more than two years upto five years, the same shall not be construed as a deviation from this policy.

Effective date: The Effective date for considering the duration of membership in the Committee should be taken as the date of reconstitution of the Committee.

VI. RESIGNATION AND TERMINATION:

In case, a member wishes to resign from any Committee for any reason, it can be done at any time by giving a letter of resignation from the respective Committee membership to the Board of Directors. While forwarding his/her intention to resign, it will be preferable if he/she gives reasonable time so that the Company can plan suitable succession.

Notwithstanding the above, a member may also be liable to be terminated from any Committee, if required, in accordance with the provisions of the Companies Act, 2013 as amended from time to time or as may be decided by the Board.

VII. CONFLICT OF INTEREST:

(a) Every Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement or any business proposal entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his or her concern or interest at the meeting of the Committee and shall recuse himself/herself from the meeting.

(b) In the case of a proposed contract or arrangement or business proposal the disclosure required to be made by a Director under sub-section (a) above shall be made at the meeting of the Committee at which the question of entering into the contract or arrangement or business proposal is first taken into consideration, or if the Director was not at the date of that meeting, concerned or interested in the proposed contract or arrangement or business proposal at the first meeting of the Committee held after he or she becomes so concerned or interested.

(c) For the purpose of sub-section (a) and (b) above, a general notice given to the Board of Directors, to the effect that he is a Director or a member of a specified body corporate or is a Partner of a specified firm and is to be regarded as concerned or interested in any contract or arrangement or business proposal which may, after the date of the notice, be entered into with that body corporate or firm shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made.

Explanation: "Interested Director" means every Director who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement or any business proposal entered into or to be entered into—

(a) with a body corporate in which such Director or such Director in association with any other Director, holds more than two percent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
(b) with a firm or other entity in which, such Director is a partner, owner or member, as the case may be.

VIII. CONFIDENTIALITY:

Unless required to do so by law, no Committee member shall, during his or her membership on the Committee or afterwards, disclose any information of a confidential nature regarding the business of the Company that came to his or her knowledge by virtue of his/her position as a Director of the Company, except so far as (i) it may be necessary in connection with the proper performance of his/her duties to the Company; (ii) the Company may, from time to time, authorise he/she to disclose such information, as may be required by him/her with the condition that he/she will take all reasonable precautions, as may be necessary to maintain the secrecy and confidentiality of all confidential information of the Company; (iii) he/she may be required by law to disclose. A Committee member shall not use such confidential information for his or her personal benefit.

IX. REVIEW AND AMENDMENT OF THE POLICY:

This Policy shall be reviewed as and when required or when there are statutory or regulatory changes necessitating the change in the Policy. The Policy shall be reviewed by the Board on the recommendation of NRC Committee on an annual basis. Any deviation from the policy shall be approved by the Board of Directors.

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