



Date: 09.04.2025

Response to Proxy Advisory Recommendations

In regard to the resolutions proposed vide Postal Ballot Notice dated March 24, 2025, via remote e-voting scheduled from Tuesday, March 25, 2025, till Wednesday, April 23, 2025, the proxy advisory firm – Institutional Investor Advisory Services (IIAS) vide its report dated April 05, 2025, has given recommendations for the resolutions set out in postal ballot notice.

In this regard, please find below our response to the recommendations made by IIAS vide its report dated April 05, 2025, received via mail dated April 07, 2025.

The response from the company for the said recommendations, is given below:

Item No. 1: To Approve the Amendments in Fusion Employee Stock Option Plan 2023. (Special Resolution)

Response by FUSION:

- i) The administration and implementation of the Employee Stock Option Plan (ESOP) is governed independently by the Nomination and Remuneration Committee ("NRC") of the company, **chaired by an Independent Director and consisting majority of Independent Directors in its composition**. This ensures that all the ESOPs are granted on a fair and merit-based process. Till date, the NRC had always granted the ESOPs at the immediately previous trading day's closing price and **has never granted any ESOPs at any discount**.
- ii) **It may be noted that the Company has not proposed any amendments in the existing provisions related to Exercise Price of stock options in the ESOP Scheme 2023**. Please note that the provisions of Exercise Price in the ESOP Scheme 2023 are in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. In the above-mentioned proposed resolution, the Company has proposed to increase the pool of stock options from 10,00,000 to 60,00,000 stock options **including an additional provision enabling NRC to link the vesting of options based on the performance of the employees**.
- iii) As already mentioned above, till date, the NRC had always granted the ESOPs at the immediately previous trading day's closing price and **has never granted any ESOPs at any discount**. Further, in future the ESOPs may be granted at the immediately previous trading day's closing price, on recommendation of the NRC of the company and in compliance with the provisions of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- iv) The eligibility for grant and vesting of ESOPs may depend upon the Performance of the Individual Employees, from time to time, as prescribed in the ESOP Scheme 2023.



Fusion Finance Limited

(Formerly known as Fusion Micro Finance Limited)

- v) As mentioned in the Postal Ballot Notice dated March 24, 2025, the Copy of ESOP Scheme 2023 is available on the company's website for inspection by the shareholders of the company.

Item No. 2: To grant employee stock options equal to or exceeding 1% of the issued share capital of the Company to identified employees of the Company under Fusion Employee Stock Option Plan 2023. (Special Resolution)

Response by FUSION:

- i) As mentioned above, it may be noted that the administration and implementation of the Employee Stock Option Plan (ESOP) is governed independently by the Nomination and Remuneration Committee ("NRC") of the company, **chaired by an Independent Director and consisting majority of Independent Directors in its composition**. This ensures that all the ESOPs are granted on a fair and merit-based process.
- ii) As mentioned in the Postal Ballot Notice, **the proposed resolution is an enabling provision aimed at providing flexibility to attract, retain and reward key talents in the organisation.**
- iii) This proposed resolution neither allocate all options to any single individual employee, nor skewed towards a small group of employees of the Company. Any ESOP grants will be **governed independently by the NRC** in accordance with applicable SEBI Regulations.
- iv) Any grant of ESOPs equal to or exceeding 1% of issued capital of the company would also be **independently governed by the Nomination & Remuneration Committee**.
- v) The Company always remain committed to implementing its ESOP policy in a balanced and transparent manner, aligned with shareholder interests.

Hope that the aforesaid response suffice the requirement of the stakeholders including proxy advisories.

Thanks & Regards,

For Fusion Finance Limited
(Formerly Fusion Micro Finance Limited)

Deepak Madaan
(Company Secretary & Chief Compliance Officer)