

Date: 06.10.2025

Response to Proxy Advisory Recommendation

To,

Institutional Investor Advisory Services - IIAS,

Ref.: Proxy Advisory Report dated 03.10.2025**Subject: Response to Voting Recommendations of Institutional Investor Advisory Services on the proposals in the Postal Ballot Notice dated September 19, 2025.**

Dear Sir / Madam,

Fusion Finance Limited ("Company" or "we") are in receipt of your proxy advisory report dated October 3, 2025 ("IIAS Report") setting out your voting recommendations in relation to the resolutions proposed to be passed vide Postal Ballot Notice dated September 19, 2025, via e-voting commenced on Saturday, September 20, 2025 (09:00 A.M. IST) and will end on Sunday, October 19, 2025 (05:00 P.M. IST).

In this regard, please find our detailed response to the recommendation, as given below:

Item No. 1: To consider and approve the appointment of Mr. Sanjay Garyali (DIN: 11046442) as a Whole-Time Director of the company and fixation of remuneration. (Special Resolution)**Response by FUSION:**

- a. **We note that while you have expressed your support for the appointment of Mr. Sanjay Garyali as Whole Time Director,** you have nonetheless recommended voting "AGAINST" the resolution. This is primarily due to your requirement for additional disclosures regarding the stock options (ESOPs) granted to Mr. Sanjay Garyali, which you have indicated are necessary for conducting a comprehensive evaluation of his overall remuneration package.

In this context, it is reiterated that Mr. Sanjay Garyali has been serving as the Chief Executive Officer of the Company since March 2025. We wish to clarify that the stock options granted to him in June 2025 were well within the overall limits approved by the shareholders through the resolution passed via the Postal Ballot Notice dated March 24, 2025. The said shareholders resolution authorized the grant of stock options equal to or exceeding 1% of the issued share capital of the Company. **It is pertinent to note that the stock options granted to Mr. Garyali are not significantly above the 1% threshold and remain within the scope of shareholder approval.**

Furthermore, the stock options were granted at an exercise price equivalent to the prevailing market price of the Company's listed equity shares, with no discount applied to the exercise price.



Additionally, it may be noted that the Board of Directors in its meeting held on September 30, 2025 has approved the appointment of Mr. Sanjay Garyali as 'Managing Director & Chief Executive Officer' of the Company and **there are no additional stock options granted to him upon becoming Managing Director of the Company.**

- b. Additionally, you have required the company to disclose the basis on which the payment of performance pay will be made, in terms of targets to be achieved.

In this context, it is clarified that the Board of Directors evaluates the performance of the Managing Director & Chief Executive Officer based on a comprehensive set of parameters aligned with the Company's strategic and operational goals.

The approval of performance-linked pay is contingent upon the achievement of key performance indicators, which typically include, but are not limited to, the following:

- **Growth in Disbursements / Assets Under Management (AUM)**
- **Improvement in Asset quality indicators**, such as Gross and Net NPA ratios
- **Improvement in Credit Cost**
- **Capital Adequacy and Cost-to-income ratio improvements**
- **Strategic initiatives and execution milestones**, including digital transformation, geographic expansion, and product diversification
- **Improvement in employee attrition levels**, reflecting enhanced talent retention and engagement
- **Leadership effectiveness and organizational development**

These parameters are reviewed regularly by the Board, ensuring alignment with shareholder interests and long-term value creation.

Hope the aforesaid responses would suffice the requirement and would enable the shareholders to vote in favour of the proposed resolutions.

A copy of the aforesaid responses is also available on the website of the company i.e. www.fusionfin.com.

Thanking you.

Yours faithfully,

For FUSION FINANCE LIMITED

(Formerly known as Fusion Micro Finance Limited)

Vikrant Sadana

Company Secretary and Compliance Officer