

Fusion Finance Limited

(formerly known as Fusion Micro Finance Limited)

CORPORATE GOVERNANCE POLICY

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PREAMBLE

The Code shall be published internally for the staff and at the Company's website for the public.

INTRODUCTION

Fusion Finance Limited (hereinafter referred to as "The Company") is a registered NBFC – MFI which operates in a Joint Liability Group lending model of Grameen Bank. Fusion as an organization was set-up in 2010. The Company is a Non-Banking Financial Company – Middle layer as per the Master direction – Reserve Bank of India (Non-Banking Financial Company- Scale based regulations), Directions, 2023.

In pursuing its Mission of "A self-sustainable financial institution which leverages the distribution network to channel other products and services", thus working towards the creation of a stable and inclusive financial system in India. To carry on our journey towards our mission, the company endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others.

Fusion Finance Limited (the Company / FFL) believes that a good corporate governance system is necessary condition to ensure its long-term success. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board of Directors ('the Board') or the committees of the members of the Board.

OBJECTIVE OF GUIDELINES ON CORPORATE GOVERNANCE

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, issued the "Reserve Bank of India (Non- Banking Financial Company – Scale Based Regulation) Directions, 2023" dated October 19, 2023 (reference number DoR.FIN.REC. No.45/03.10.119/2023-24) ("RBI SBR or RBI Guidelines"), which is applicable on the Company. In terms of the Master direction the Company is required to frame internal guidelines on Corporate Governance with the approval of the Board of Directors of the Company.

In pursuance of the aforesaid directions issued by the RBI, the internal Guidelines on Corporate Governance have been formed for consideration by the Board of Directors.

The policy has also been aligned with the Companies Act, 2013 ('Act') SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') as may be amended from time to time. In case of overlap of regulations on any subject matter, the Company shall ensure to comply with the Regulations which is more stringent.

GOVERNANCE STRUCTURE

A. BOARD OF DIRECTORS

The Board of Directors along with its various Committees shall provide leadership and strategic guidance to the Company's management. The Company's management shall act in accordance with the supervision, control and direction by the Board of Directors of the Company.

The Board has a vital role to play in the matters relating to policy formulation, implementation and strategic issues which are crucial for the long term development of the Company. The Board shall be responsible for over all compliance with the corporate governance of the Company and oversee the business affairs, in doing so the Board must act honestly, in good faith and in the best interests of the Company. Further the Board will have a vital role to play in the matters relating to Policy Formulation, implementation and strategic issues which are crucial for the long term development of the organization.

In Compliance with Section 165 of the Companies Act, 2013 ('the Act'), a director shall not hold the office of a Director in more than 20 companies. Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed 10.

The Board shall periodically review Compliance Reports of all laws applicable to the Company prepared by the Company as well as steps taken by the Company to rectify instances of noncompliance.

COMPOSITION:

The Board of Directors shall have an optimum combination of Executive, Non-Executive and Independent Directors, with at least one woman Director, as prescribed under the Companies Act, 2013 ("Act") and SEBI Listing Regulations, from time to time. The Independent Directors shall be appointed for such tenure as may be decided by the Board of Directors but not more than 2 (two) terms of 5 years each or such number of years as may be prescribed under the Act and SEBI Listing Regulations.

QUORUM AND MEETINGS:

The quorum and meetings of the Company shall be held as per the requirements of the Companies Act, 2013 and as prescribed in the Articles of Association of the Company. The Directors shall strive to attend all meetings of the Board and its Committees. In case a Director is unable to attend specific Board Meeting, he or she shall obtain leave of absence from the Board.

DUTIES AND RESPONSIBILITIES OF BOARD: The Board of Directors is generally responsible for:

- Evaluating the Company's strategy and setting goals.
- Putting in place appropriate policies for critical operations of the Company.

- Ensuring adequacy and effectiveness of internal controls
- Reviewing all risks faced by the Company and making appropriate strategies for implementation of appropriate policies to ensure risk mitigation.
- Reviewing all macro policies and strategies, compliances and achievements in line with the regulations and business plans.
- Ensuring that the Company complies with all relevant laws and regulations.
- Establishing Code of Ethics and Conduct for all employees, including the Board of Directors.
- Establishing appropriate process to regulate possible conflicts of interest.
- Ensuring the Director & the Team has the necessary resources to implement the strategies and policies and;

INFORMATION TO BE PLACED BEFORE THE BOARD

- 1) Annual operating plans and budgets and any updates.
- 2) Capital budgets and any updates.
- 3) Quarterly results for the listed entity and its operating divisions or business segments.
- 4) Minutes of meetings of audit committee and other committees of the board of directors.
- 5) Show cause, demand, prosecution notices and penalty notices, which are materially important.
- 6) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- 7) Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- 8) Details of any joint venture or collaboration agreement.
- 9) Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- 10) Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- 11) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- 12) Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- 13) The progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
- 14) 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.

B. COMMITTEES OF THE BOARD

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/scope. The Committees shall operate as empowered agents of the Board as per their terms of reference

Based on the extant requirement for setting up of Board Committees under RBI Directions, SEBI Listing Regulations and the Act, the Company shall constitute the following Committees of the Board. In addition, the Board may constitute such other Committees in line with the best practices and operational requirement, from time to time.

The terms of reference, roles and responsibilities of the Committees will be further aligned based on the changes in the regulations and business requirements with the approval of Board.

1. AUDIT COMMITTEE

The Company shall have in place an Audit Committee constituted in accordance with the provisions of the Section 177 of the Companies Act, 2013 and the Rules framed there under, Clause 94 of RBI guidelines and Regulation 18(1) of the Listing Regulations, as amended from time to time.

CHAIRPERSON	The Chairperson of the Audit Committee shall be an Independent Director and who is elected by the members of the Audit Committee.
COMPOSITION	<ul style="list-style-type: none"> • The Audit Committee shall consist of a minimum of three directors with not less than 2/3rd members being independent directors. • All members of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise. • The Audit Committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the Committee, but on occasions it may also meet without the presence of any executives of the Company. The Finance Head, Head of Internal Audit and a representative of the Statutory Auditor may be present as invitees for the meetings of the Audit Committee.

SECRETARY	The Company Secretary of the Company shall act as the Secretary to the Committee.
MEETINGS AND QUORUM	<p>The Audit Committee shall meet at least four times a year and not more than one hundred and twenty days shall elapse between two meetings.</p> <p>The quorum for audit committee meeting shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors</p>
TERMS OF REFERENCE	<ol style="list-style-type: none"> 1. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible; 2. recommendation for appointment, remuneration and terms of appointment of auditors of the Company; 3. approval of payment to statutory auditors for any other services rendered by the statutory auditors; 4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to: <ol style="list-style-type: none"> (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013; (b) changes, if any, in accounting policies and practices and reasons for the same; (c) major accounting entries involving estimates based on the exercise of judgment by management; (d) significant adjustments made in the financial statements arising out of audit findings; (e) compliance with listing and other legal requirements relating to financial statements; (f) disclosure of any related party transactions; and

	<p>(g) modified opinion(s) in the draft audit report;</p> <ol style="list-style-type: none"> 5. reviewing, with the management, the quarterly financial statements before submission to the board for approval; 6. reviewing, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter; 7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process; 8. approval or any subsequent modification of transactions of the Company with related parties; 9. scrutiny of inter-corporate loans and investments; 10. valuation of undertakings or assets of the Company, wherever it is necessary; 11. evaluation of internal financial controls and risk management systems; 12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems; 13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; 14. discussion with internal auditors of any significant findings and follow up there on; 15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board; 16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern; 17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; 18. to review the functioning of the whistle blower mechanism; 19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate; 20. carrying out any other function as is mentioned in the terms of reference of the audit committee in term of the applicable laws; and 21. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary (if applicable) exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances
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	<p>/ investments existing as on the date of coming into force of this provision.”</p> <p>22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder.</p> <p>23. carrying out any other function as is mentioned in the terms of reference of the Audit Committee in term of the applicable laws.</p> <p>Further, the Audit Committee shall mandatorily review the following information:</p> <ol style="list-style-type: none"> 1. management discussion and analysis of financial condition and results of operations; 2. statement of significant related party transactions (as defined by the audit committee), submitted by management; 3. management letters / letters of internal control weaknesses issued by the statutory auditors; 4. internal audit reports relating to internal control weaknesses; and 5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee. 6. statement of deviations: <ol style="list-style-type: none"> a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); and b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7). <p>The powers of the Audit Committee include the following:</p> <ol style="list-style-type: none"> 1. to investigate any activity within its terms of reference; 2. to seek information from any employee of the Company; 3. to obtain outside legal or other professional advice; and 4. to secure attendance of outsiders with relevant expertise, if it considers necessary.
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2. BOARD RISK MANAGEMENT COMMITTEE

With a view to complying with the requirements under Regulation 21 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Code of Corporate Governance framed by the RBI, the Board has set up the Risk Management Committee for monitoring the risk and to strategize action to mitigate risks associated with the Company.

CHAIRPERSON	The Board shall appoint a Chairperson of the Committee
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COMPOSITION	The Committee shall consist of such number of members as may be determined by the Board.
SECRETARY	The Company Secretary of the Company shall act as the Secretary to the Committee.
MEETINGS & QUORUM	<p>The Committee shall meet at least twice in a year and as and when necessary to review and monitor the risk associated with business of the Company.</p> <p>The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than two hundred and ten days shall elapse between any two consecutive meetings.</p> <p>The quorum shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.</p>
TERMS OF REFERENCE	<ol style="list-style-type: none"> To formulate a detailed risk management policy which shall include: <ol style="list-style-type: none"> A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee; Measures for risk mitigation including systems and processes for internal control of identified risks; and Business continuity plan. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company; To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken To appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the Risk Management Committee To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down. The Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary. carrying out any other function as is mentioned in the terms of reference of the Board Risk Management Committee in term of the applicable laws.

3. NOMINATION AND REMUNERATION COMMITTEE (NOMINATION COMMITTEE)

The Company has in place the Nomination and Remuneration Committee in accordance with the provisions of Section 178 of the Companies Act, 2013 and the rules made there under, Regulation 19 of the Listing Regulations, as amended from time to time and RBI guidelines. The Board has set up the Nomination and Remuneration Committee with all Non-Executive Directors to ensure that the general character of the management or the proposed management of the non-banking financial company shall not be prejudicial to the interest of its present and future stakeholders and to ensure 'fit and proper' credentials/ status of proposed/ existing Directors of the Company.

The Committee also discharges the Board's responsibilities relating to the compensation of the Company's

Executive Directors and senior management. If required, the Committee has the overall responsibility of evaluating and approving the compensation plans, policies and programs for Executive Directors and senior management of the Company.

CHAIRPERSON	Chairperson of the Committee shall be an Independent Director. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
COMPOSITION	The Committee shall consist of at least 3 directors, all directors of the committee shall be non-executive directors and at least two-thirds of the directors shall be Independent Directors. Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
SECRETARY	The Company Secretary shall act as the Secretary to the Committee
MEETINGS & QUORUM	The Committee shall meet as and when required. The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance. The Nomination and Remuneration Committee shall meet as and when required to discuss matters. It is however, recommended that the Committee meet at least once during the year.

TERMS OF REFERENCE	<ol style="list-style-type: none"> 1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of directors a policy, relating to the remuneration of the directors, key managerial personnel and other employees. The Nomination and Remuneration Committee, while formulating the above policy, should ensure that: <ol style="list-style-type: none"> (a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals; 2. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. <p>For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:</p> <ol style="list-style-type: none"> (a) use the services of an external agency, if required; (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and (c) consider the time commitments of the candidates. 3. Formulating criteria for evaluation of performance of independent directors and the Board of Directors; 4. Devising a policy on diversity of Board of Directors; 5. Identifying 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 of directors their appointment and removal and shall specify the manner for effective evaluation of performance of the
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	<p>Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;</p> <ol style="list-style-type: none"> 6. Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; 7. Recommending to the board, all remuneration, in whatever form, payable to senior management; 8. Administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Company; 9. Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including: <ol style="list-style-type: none"> (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and (b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended; 10. Perform such functions as are required to be performed by the Nomination and Remuneration Committee under the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, including the following: <ul style="list-style-type: none"> • Formulating detailed terms and conditions of the plan in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 in term of which includes the provision as specified by the Board in this regard; and • Administration and superintendence of the aforesaid Plans. 11. Carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable; and 12. carrying out any other function as is mentioned in the terms of reference of the Nomination and Remuneration Committee in term of the applicable laws; 13. Performing such other functions as may be necessary or appropriate for the performance of its duties; 14. To ensure 'fit and proper' status of proposed/ existing Directors."
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4. ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO COMMITTEE)

The Company has in place the ALCO Committee in accordance with RBI guidelines. The ALCO's primary goal is to evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure.

CHAIRMAN	Mr. Devesh Sachdev is the Chairman of the Committee.
COMPOSITION	The Committee shall consist of such number of members as may be determined by the Board from time to time.
SECRETARY	The Company Secretary of the Company shall act as the Secretary to the Committee.
MEETINGS & QUORUM	The Committee shall meet as and when necessary. The quorum shall be all the members of the committee, however, where all the members are not present on the date of the meeting, the remaining members present shall form the quorum of the asset liability & management committee meetings.
TERMS OF REFERENCE	<ol style="list-style-type: none"> 1. Liquidity Risk Management 2. Management of market (interest rate) risk 3. Funding and capital planning 4. Pricing, profit planning and growth projections 5. To approve and revise the actual interest rates to be charged from customers for different products from time to time applying the interest rate model and also in line with such regulations as may be in force from time to time. 6. Review of operational risk. <p>The Committee reviews the Asset Liability Management reports to be submitted periodically to RBI.</p>

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

The Board has constituted the CSR Committee in accordance with the provisions of Section 135 of the Companies Act, 2013 and the rules made thereunder to oversee social programs undertaken by the Company and monitor economic and social impact on customer.

COMPOSITION	The Committee shall consist of three or more directors, out of which at least one director shall be an Independent Director.
SECRETARY	The Company Secretary of the Company shall act as the Secretary to the Committee.
MEETINGS & QUORUM	<p>The Committee shall meet once as and when required.</p> <p>The quorum shall be all the members of the committee, however, where all the members are not present on the date of the meeting, the remaining members present shall form the quorum of the corporate social responsibility committee meetings.</p>

TERMS OF REFERENCE	<ol style="list-style-type: none"> 1. To formulate and recommend to the board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and make any revisions therein as and when decided by the Board; 2. To review and recommend the amount of expenditure to be incurred on the activities referred to in (a); 3. To monitor the Corporate Social Responsibility Policy of the company and its implementation from time to time; 4. To do such other acts, deeds and things as may be required to comply with the applicable laws; and; 5. To perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority."
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6. WORKING COMMITTEE

The Company constituted a Working Committee of Directors to meet the growth objectives as per the business plan and for smooth functioning of day to day operations of the company.

CHAIRMAN	Mr. Devesh Sachdev is the Chairman of the Working Committee.
COMPOSITION	The Committee shall consist of such number of members as may be determined by the Board.
SECRETARY	The Company Secretary of the Company shall act as Secretary to the Executive Committee
MEETINGS & QUORUM	<p>The Committee shall also meet as and when required.</p> <p>The quorum shall be all the members of the committee, however, where all the members are not present on the date of the meeting, the remaining members present shall form the quorum of the working committee meetings.</p>
TERMS OF REFERENCE	<p>Working Committee shall have the following powers to take such decisions as may be required for the smooth functioning of the operations of the Company. Any decision beyond the scope of the Working Committee would be put up to the Board for approval.</p> <ol style="list-style-type: none"> 1. Obtaining of loans (including sub-debt) not exceeding INR 1000 Crore or issuing debt/money market securities of a value not exceeding INR 1000 Crore under a single loan/debt/money market transaction. 2. Entering into Derivative Transactions in relation to loans/debt raised by the Company and do all other related acts, deeds and things, including cancellation, rebooking or amendment of the transactions upto an amount not exceeding INR 500 Crore per transaction.

	<ol style="list-style-type: none"> 3. Sign, execute and deliver the necessary documents including ISDA Agreement, contract notes or any other document in relation to derivative transactions undertaken or proposed to be undertaken by the company. 4. Issue of debentures (including sub debt) not exceeding INR 1,000 Crore in one or more tranches and performing all acts, deeds, compliances necessary in relation to issuance, allotment & listing of debentures. 5. Issue of Commercial Papers not exceeding face value of INR 250 Crore in one or more tranche and all related activities including appointment of Issuing and Paying Agent, etc. 6. Change in Terms and Conditions of Existing / New Loan taken from a Financial Institution / Bank up to INR 10,000,000,000 (Indian Rupees Ten Billion only). 7. Securitization of portfolio (including Direct Assignment) not exceeding INR 10,000,000,000 (Indian Rupees Ten Billion only) under single transaction. 8. Make any investments in money market Liquid funds, fixed deposits with MNC, Private and Public Sector Banks and reputed Financial Institutions, government certificates and Securities (certificates). 9. Enhanced withdrawal authorities to BMs / AMs / RM / ZM to meet business requirements not exceeding INR 25 Lacs a day. 10. Opening / closing / transfer of bank (disbursement and collection) accounts and change of authorized signatories. It also covers new Bank Account required to be opened as part of debt proposal in a new Banking relationship (To Meet Business Requirements). 11. Shifting / Relocation of an existing branch or Taking new Branch premises on Rent for opening of a new branch / Renewal of Rent Agreement. 12. Approval of new loan schemes / Changes in existing loan schemes / Creation of security against the borrowings of the Company.
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7. DEBENTURE COMMITTEE

The Board has a Debenture Committee of the Board of Directors for issuance, allotment and redemption of Non-Convertible Debentures for raising of debt funds.

CHAIRMAN	Mr. Devesh Sachdev is the Chairman of the Committee.
COMPOSITION	The Committee shall consist of such number of members as may be determined by the Board.
SECRETARY	The Company Secretary of the Company shall act as the Secretary to the Committee.
MEETINGS & QUORUM	The Committee shall also meet as and when required. The quorum shall be all the members of the committee, however, where all the members are not present on the date of the meeting, the remaining members present shall form the quorum of the debenture allotment committee meetings.
TERMS OF REFERENCE	<ol style="list-style-type: none"> 1. To consider and approve the issuance of Non-Convertible Debentures and other matters incidental thereto; 2. To consider and approve the allotment and redemption of Non-Convertible Debentures and other related compliance matters; and 3. To consider such other matters as considered appropriate and referred by the Board.

8. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

The Information Technology Strategy Committee was constituted by the Board of Directors of the Company in compliance with the regulations framed by Reserve Bank of India (RBI). The constitution and the terms of reference of the Information Technology ("IT") Strategy Committee shall be in compliance with the Master Direction DoS.CO.CSITEG/SEC.7/31.01.015/2023-24 dated November 07, 2023 on Information Technology Governance, Risk, Controls and Assurance Practices.

CHAIRPERSON	The chairperson of the committee shall be an independent director and have substantial IT expertise in managing/ guiding information technology initiatives
COMPOSITION	The Committee shall consist of minimum 3 directors as members and shall be technically competent. The Chief Information Security Officer ("CISO") shall be permanent invitee to the Committee
SECRETARY	The Company Secretary of the Company shall act as the Secretary to the Committee.
MEETINGS & QUORUM	The Committee should meet at least on a quarterly basis. The quorum shall be all the members of the committee, however, where all the members are not present on the date of the meeting, the remaining members present shall form the quorum of the IT Strategy Committee meetings.

TERMS OF REFERENCE	<p>The Committee shall:</p> <ol style="list-style-type: none"> 1. Ensure that the RE has put an effective IT strategic planning process in place; 2. Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the RE towards accomplishment of its business objectives; 3. Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation; 4. Ensure that the RE has put in place processes for assessing and managing IT and cybersecurity risks; 5. Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the RE's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives; and 6. Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the RE. 7. To perform such other activities as may be delegated by the Board or specified/provided under the RBI's IT master direction.
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9. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee is constituted by the Board of Directors of the Company in compliance with the provisions of section 178(5) of the Companies Act, 2013 and the Rules framed thereunder and Regulation 20 of the Listing Regulations, as amended from time to time.

CHAIRMAN	The chairperson of this committee shall be a non-executive director.
COMPOSITION	The Committee shall consist of at least three directors, with at least one being an independent director.
SECRETARY	The Company Secretary of the Company shall act as the Secretary to the Committee.
MEETINGS & QUORUM	<p>The stakeholders relationship committee shall meet at least once in a year.</p> <p>The quorum shall be all the members of the committee, however, where all the members are not present on the date of the meeting, the remaining members present shall form the quorum of the Stakeholders Relationship Committee meetings.</p>
TERMS OF REFERENCE	<ol style="list-style-type: none"> 1. Considering and looking into various aspects of interest of shareholders, debenture holders and other security holders; 2. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc; 3. Review of measures taken for effective exercise of voting rights by shareholders; 4. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent; and 5. Review of the various measures and initiatives taken by the Company for

	<p>reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.</p> <p>6. carrying out any other function as is mentioned in the terms of reference of the Stakeholders Relationship Committee in term of the applicable laws.</p>
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10. SPECIAL COMMITTEE OF THE BOARD FOR MONITORING AND FOLLOW-UP OF CASES OF FRAUD

The Company has formed the Special Committee of the Board for Monitoring and follow-up of cases of Frauds ("SCBMF") on November 15, 2024 in compliance with the Master Direction DOS.CO.FMG.SEC.No.7/23.04.001/2024-25 dated July 15, 2024 on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies) issued by Reserve Bank of India, as amended from time to time.

CHAIRMAN	Managing Director & CEO shall be the Chairman of the Committee
COMPOSITION	Chief operating Officer MFI/MSME, Chief Vigilance Officer and Head- Internal Audit are members of the Committee .
SECRETARY	The Company Secretary of the Company shall act as the Secretary to the Committee.
MEETINGS & QUORUM	The Committee might meet as often as required, the quorum therefore would comprise at least two members personally present either in person or otherwise.
TERMS OF REFERENCE	<p>i. The committee shall be responsible for establishing a robust framework for fraud risk management, ensuring comprehensive oversight across all organizational levels. This includes evaluating current policies, assessing their effectiveness, and recommending enhancements to align with best practices and regulatory requirements.</p> <p>ii. The committee shall conduct systematic reviews of all reported fraud cases on a quarterly/half yearly/annual basis. This entails analyzing case details, identifying patterns or trends, and ensuring timely investigations. The committee will also assess the adequacy of responses and remedial actions taken in each case.</p> <p>iii. For each reported fraud incident, the committee shall undertake thorough root cause analyses to identify underlying vulnerabilities or lapses in controls. The findings will be documented and presented to relevant stakeholders, ensuring that the organization learns from past incidents to prevent recurrence.</p> <p>iv. The committee will recommend strategic measures aimed at bolstering internal controls and enhancing the overall risk management framework. This includes assessing current control mechanisms, identifying gaps, and</p>

	proposing actionable solutions that mitigate identified risks associated with fraud.
	<p>v. The committee will develop and propose comprehensive strategies designed to minimize the incidence of fraud within the organization. This will involve a multi- faceted approach, including employee training programs, awareness campaigns, and the implementation of advanced technology solutions to detect and prevent fraudulent activities proactively.</p> <p>vi. Engage with relevant stakeholders, including senior management and external auditors, to gather insights and ensure alignment with organizational goals.</p> <p>vii. Prepare regular reports on the committee's findings, recommendations, and the status of ongoing fraud investigations, ensuring accountability and transparency within the organization.</p> <p>viii. Continuously benchmark the organization's fraud risk management practices against industry standards and regulatory guidelines, adapting strategies as necessary."</p>

11. IT SECURITY COMMITTEE (ISC)

The Company has formed IT Security Committee in compliance with Master Direction DoS.CO.CSITEG/SEC.7/31.01.015/2023-24 dated November 07, 2023 on Information Technology Governance, Risk, Controls and Assurance Practices.

CHAIRMAN	Chief Risk officer
COMPOSITION	Members- CISO,CIO, COO-MFI
SECRETARY	The Company Secretary of the Company shall act as the Secretary to the Committee.
MEETINGS & QUORUM	The Committee might meet as often as required.

TERMS OF REFERENCE	<ul style="list-style-type: none"> i. Development of information/ cyber security policies, implementation of policies, standards and procedures to ensure that all identified risks are managed within the Company's risk appetite; ii. Approving and monitoring information security projects and security awareness initiatives; iii. Reviewing cyber incidents, information systems audit observations, monitoring and mitigation activities; and iv. Updating ITSC and CEO periodically on the activities of ISC.
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C. FIT AND PROPER CRITERIA

The Company has 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 Policy on the Fit and Proper Criteria is in accordance with the Circular issued by the RBI. All the Directors shall meet the 'Fit and Proper' criteria as prescribed by the RBI.

D. TENURE AND ROTATION OF STATUTORY AUDITORS

The eligibility, appointment, tenure etc. of the Statutory Auditors of the Company shall be guided by the 'Policy on Appointment of Statutory Auditors (SAs)', as approved by the Board of Directors of the Company, from time to time.

E. REVIEW

This Policy may be reviewed by the Board as and when deemed necessary, to ensure alignment with the applicable laws and best practices in Corporate Governance.