BHANIX FINANCE AND INVESTMENT LIMITED

CORPORATE GOVERNANCE POLICY

Adopted / Amendment Date by Board	Reviewed By	Approved By	Version No	Last Review Date
April 10, 2025	Chief Executive Officer (CEO)	Board of Directors	4	December 13, 2024

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1. PREFACE

Bhanix Finance and Investment Limited (hereinafter referred to as the 'Company'/BFIL)) is committed to conducting its business in accordance with the applicable laws, rules and regulations and the highest standards of business ethics and ethical conduct. Corporate Governance is about maximising shareholders' value on a sustainable basis and ensuring fairness to all other stakeholders of the Company.

In compliance with the Master Direction – Reserve Bank of India (RBI) (Non- Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 and any other Master Directions, Notifications, Circulars, Guidance Notes issued/amended by RBI from time to time ('Directions'), the Companies Act, 2013 and rules made thereunder as amended from time to time ('the Act'), the Company is required to frame internal guidelines on corporate governance with the approval of the Board of Directors ('Board'). The said internal guidelines shall also be published on the Company's website (if any) for the information of various stakeholders.

The Company shall continue to ensure good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board or the committees of the members of the Board. The Company shall continue to function under the direction of the Board of Directors and through the procedures and policies mandated by the Board.

2. BOARD OF DIRECTORS

The Board of Directors may comprise optimum combination of Executive, Non-Executive and Independent Directors. The Directors bring to the board a wide range of experience and skills, which include banking, finance, technical skills, accounting, and economics. None of the directors of the Company are related to each other.

The Directors shall submit disclosures as required under the provisions of the applicable laws including Directions and the codes and policies adopted by the Company.

3. MEETING OF THE BOARD

At least four meetings of the Board shall be held in every calendar year and at least one meeting will be held every calendar quarter, with a maximum time gap of 120 days between two board meetings. The minimum information to be statutorily made available to the Board shall be furnished to the directors before the meeting.

The decisions of the board shall be taken by a simple majority of the directors and each director shall exercise one vote.

4. RESPONSIBILITIES OF THE BOARD

The Board's key objective is to derive the Company's profitability by providing a directional framework, whilst meeting the appropriate interests of its shareholders and stakeholders. The Board is primarily responsible for:

1. Establishing the vision, mission and values and also determining and reviewing the goals and policies of the Company from time to time.
2. Setting the strategy and structure and deciding the means to implement and support them.
3. Delegating to management, determining monitoring criteria to be used and ensuring effectiveness of internal controls.
4. Exercising accountability to shareholders and being responsible to relevant stakeholders.
5. Provide directional guidance for effective management and control.
6. The Board shall be responsible for overall compliance with the Corporate Governance of the Company and shall oversee the business affairs including the responsibility for the Company's business strategy and financial soundness, key personnel decisions, internal organisation and governance structure and practices, risk management and compliance obligations and, in doing so, the Board must act honestly, in good faith and in the best interests of the Company.
7. The Board should ensure that the Company's organisational structure enables the Board and Senior Management to carry out their responsibilities and that it facilitates effective decision-making and good governance. This includes clearly laying out the key responsibilities and authorities of the Board itself, of Senior Management and of those responsible for the control functions.
8. The Board should actively engage in the major matters of the Company and keep up with material changes in the Company's business and the external environment as well as act in a timely manner to protect the long-term interests of the Company.
9. The Board should ensure that transactions with related parties are reviewed to assess risks and are subject to appropriate resolutions/approval and that corporate or business resources of the Company are not misappropriated or misapplied.

5. COMMITTEES OF THE BOARD:

The Company has constituted the committees, in accordance with the provisions of the Act, applicable laws and directions issued by RBI from time to time. Each Committee has its own charter/terms of reference which sets forth the constitution, roles and responsibilities of the committees. The periodicity of the respective committee meetings is defined hereto. The Committees are bifurcated into Board Level Committees and Management Level Committees. The details of major committees are covered in this Policy.

BOARD LEVEL COMMITTEES:

6. AUDIT COMMITTEE

The Company shall have in place the Audit Committee in accordance with the provisions of the Act and Directions. The Audit Committee shall have all the powers and duties conferred upon it in compliance with the provisions of Section 177 of the Companies Act 2013, ("Act"), Directions and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

The constitution and composition of the Committee shall be as per the Act and Directions. The Audit Committee shall meet at such frequency as may be required under the Act / Directions and a minimum of two meetings shall be held every year. The detailed functioning of the Audit Committee shall be as per the Terms of Reference of the Committee.

7. NOMINATION AND REMUNERATION COMMITTEE

The Company shall have in place a Nomination and Remuneration Committee ('NRC') constituted in accordance with the applicable Regulations contained in the Directions and the applicable provisions of the Act. The powers and terms of reference of the NRC shall include the requirements set out in Section 178 of the Act and the Rules framed thereunder, Directions and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time. The Committee shall primarily be responsible to assist the Board in fulfilling its responsibilities by recommending to the Board, criteria for Board membership, evaluation of directors, the committees and the Board as a whole and to ensure 'fit and proper' status of proposed/existing directors.

The constitution, composition of the Committee, shall be as per the Act and Directions. The Committee shall meet at such frequency as may be required under the Act / Directions and a minimum one meeting shall be held in a year.

The detailed functioning of the Nomination and Remuneration Committee shall be as per the Terms of Reference of the Committee.

8. IT STRATEGY COMMITTEE

The Company shall have in place an IT Strategy Committee as required by the guidelines issued by the RBI in Master Direction - Information Technology Governance, Risk, Controls and Assurance Practices for the NBFC Sector ('IT Framework'). The Committee shall have the powers and duties conferred upon it in compliance with the Directions and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time.

The role and responsibility, constitution, functions of the Committee shall be in line with the requirements of the IT framework and Directions. The Committee shall meet at such frequency as may be required under the Directions or at an appropriate frequency. The chairman of the Committee shall be an Independent Director and the members of the Committee *inter-alia* will include the CTO / Head of Technology. The detailed functioning of the IT Strategy Committee shall be as per the Terms of Reference of the Committee.

9. RISK MANAGEMENT COMMITTEE

The Company shall have in place the Risk Management Committee as required under the RBI Directions. The Risk Management Committee shall be responsible for evaluating the overall risks faced by the NBFC including liquidity risk and to make suitable strategies to control the risk. The committee shall have the powers and duties conferred upon it in compliance with the Directions and such other duties, obligations and powers as may be prescribed by the Board from time to time.

The constitution and composition of the Committee shall be as per the Directions. The Committee shall meet at such frequency as may be required under the Act / Directions and a minimum of two meetings shall be held every year. The detailed functioning of the Risk Management Committee shall be as per the Terms of Reference of the Committee.

10. CSR COMMITTEE

The Company shall have in place the Corporate Social Responsibility (CSR) Committee as per Section 135 of the Companies Act, 2013 and rules made thereunder. The CSR Committee shall 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 Act and to recommend the amount of expenditure to be incurred on the permitted or required activities referred.

The detailed functioning of the CSR Committee shall be as per the Terms of Reference of the Committee. The structure and composition of the Committee shall be in accordance with the CSR Policy. The Committee will have the powers and responsibilities assigned to it under the CSR Policy, along with any additional duties, obligations, and powers that may be prescribed by the Board from time to time.

11. BORROWING COMMITTEE

The Company shall establish a Borrowing Committee in compliance with the Companies Act, 2013. The Committee will be responsible for financial resources planning, efficacy of the borrowing and status of the borrowings availed by the Company.

The detailed functioning of the Borrowing Committee shall be as per the Terms of Reference of the Committee.The composition and structure of the committee shall be as per the Companies Act, 2013. The committee will be endowed with the powers and responsibilities as decided by the Board of Directors, as well as any additional duties, obligations, and powers as may be assigned by the Board from time to time.

MANAGEMENT COMMITTEES:

12. ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)

The Company shall have in place an Asset Liability Management Committee ('ALCO') as required under the Directions. The Committee's primary goal is to evaluate, monitor and approve practices relating to risk due to imbalances in the capital structure.

The detailed functioning of the ALCO shall be as per the Terms of Reference of the Committee.
The ALCO shall have the powers and duties conferred upon it in compliance with the Directions and such other duties, obligations and powers as may be prescribed by the Board of the Company from time to time. The constitution, composition of the ALCO, shall be as per the Directions. The ALCO shall meet at such frequency as may be required in the Directions or as and when needed depending upon the necessity.

13. FRAUD AND OPERATIONAL RISK MANAGEMENT COMMITTEE

The following committees were merged

1. Operation Risk Management Committee
2. Customer Service Standing Committee
3. Committee of Executives for Fraud Risk Management and
4. Outsourcing Committee

The resultant committee is renamed as Fraud and Operational Risk Management Committee (FORMC). The Chief Executive Officer (CEO) of the Company shall act as Chairperson of the Committee. The Committee will be responsible for

- identifying and managing risks associated with the products, services, activities, processes, and systems under its purview, reviewing and implementing the operational risk management and operational resilience framework.
- overseeing outsourcing activities through policy alignment, due diligence, robust agreements, performance monitoring, and risk assessment to ensure effective and secure partnerships.
- implementing comprehensive fraud risk management, including assessment, mitigation, monitoring, due diligence, and response to safeguard against potential frauds.

- analyzing and understanding customer queries, requests and grievances. The committee will develop strategies to reduce the number of grievances and to provide the best possible support to the customers.
- review procedures encompassing all customer credit data from the initial onboarding process, throughout the credit lifecycle, and beyond.

The Composition of the Committee is as follows:

S.N.	Designation	Category/Role
1	Chief Executive Officer (CEO)	Chairperson
2	Chief Risk Officer (CRO)	Member
3	Chief Compliance Officer (CCO)	Member
4	Chief Financial Officer (CFO)	Member
5	Head Technology	Member
6	Head Growth	Member
7	Head Operations	Member
8	Head Human Resources	Member
9	Deputy Collection Head(s)	Member
10	Internal Auditor(s)	Member

The detailed functioning of the Fraud and Operational Risk Management Committee shall be as per the Terms of Reference of the Committee. The composition and structure of the Committee shall comply with the Directions, Framework and other regulatory guidelines. The Committee will be endowed with the powers and responsibilities outlined in the Directions, Risk Management Policy, Operational Risk Management and Operational Resilience Framework, Outsourcing Policy, Policy on Fraud Risk Management, Credit Bureau Policy and any other applicable policies as well as any additional duties, obligations, and powers as may be assigned by the Board from time to time.

14. ALM SUPPORT AND INVESTMENT COMMITTEE

The Company shall establish ALM Support and Investment Committee in compliance with the Companies Act, 2013 and pursuant to the Reserve Bank of India (RBI) directives. The Committee will be responsible for ALM Support and productive use of surplus funds of the Company as per Investment Policy.

The detailed functioning of the ALM Support and Investment Committee shall be as per the Terms of Reference of the Committee. The composition and structure of the Committee shall comply with the RBI Guidance Note and as per Companies Act, 2013. The Committee will be endowed with the powers and responsibilities outlined in the Investment Policy, as well as any additional duties, obligations, and powers as may be assigned by the Board from time to time.

15. PREVENTION OF SEXUAL HARASSMENT (POSH)COMMITTEE

The Company shall establish Prevention of Sexual Harassment (POSH) Committee in pursuant to The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013. The Committee will be responsible for inquire into complaints of sexual harassment and provides a redressal mechanism for victims of sexual harassment, ensuring a fair and impartial inquiry into complaints.

The detailed functioning of the POSH Committee shall be as per the Terms of Reference of the Committee. The composition and structure of the Committee shall comply as per the Act and Prevention of Sexual Harassment Policy. The Committee will be endowed with the powers and responsibilities outlined in the Policy, as well as any additional duties, obligations, and powers as may be assigned by the Board from time to time.

16. IT STEERING COMMITTEE

The Company shall have in place an IT Steering Committee as required by the Directions. The role and responsibility, constitution, functions of the Committee shall be in line with the requirements of the IT framework and Directions. The Committee shall consist of business team, the development team and other stakeholders to provide oversight and monitoring of the progress of the project, including deliverables to be realized at each phase of the project and milestones to be reached according to the project timetable.

The detailed functioning of the IT Steering Committee shall be as per the Terms of Reference of the Committee. The Committee shall meet at an appropriate frequency. The Committee will be endowed with the powers and responsibilities outlined in the respective IT related Policy, as well as any additional duties, obligations, and powers as may be assigned by the Board from time to time.

17. INFORMATION SECURITY COMMITTEE

The Company shall have in place an Information Security Committee (ISC) under the oversight of the IT Strategy Committee (ITSC) for managing cyber/information security as required by the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices (IT Framework). The constitution of the ISC, with Chief Information Security Officer (CISO) and other representatives from business and IT functions, etc. The head of the ISC shall be from risk management vertical. The Committee will be responsible for overseeing the development, implementation, and monitoring of information security policies, projects, incidents, and updating to ITSC and CEO periodically to ensure risk management aligns with organizational objectives.

The detailed functioning of the Information Security Committee shall be as per the Terms of Reference of the Committee. The Committee shall meet at an appropriate frequency. The

Committee shall ensure the implementation and monitoring of the Information Security Policy and any other relevant IT Policies as approved by the Board of Directors, as well as any additional duties, obligations, and powers as may be assigned by the Board from time to time.

18. PRODUCT AND CREDIT COMMITTEE

The existing New Product Committee is to be merged with Credit Monitoring Committee and to be renamed as Product and Credit Committee.
The Committee will be responsible for

- monitoring the portfolio performance of the company and to evaluate and reduce the credit risk.
- Evaluate the pricing applicable for the loans across the portfolio.
- Evaluate performance of the models used by the Company
- Overseeing the end-to-end process of new product development, launch, and performance monitoring to ensure strategic alignment, feasibility, and risk management.

The Composition of the Committee is as follows:

S.N.	Designation	Category/Role
1	Chief Executive Officer (CEO)	Chairperson
2	Chief Risk Officer (CRO)	Member
3	Chief Financial Officer (CFO)	Member
4	Chief Compliance Officer (CCO)	Member
5	Head Growth	Member
6	Head Operations	Member
7	Head Treasury	Member
8	Head AI and Decision Science	Member
9	Head Technology	Member
10	Internal Auditor(s)	Member
11	VP Product(s)	Member

The detailed functioning of the Product and Credit Committee shall be as per the Terms of Reference of the Committee. The Committee shall meet at an appropriate frequency. The Committee shall ensure the implementation and monitoring of the Credit Policy, Framework for Credit Model Validation, Pricing Policy and any other applicable policies as well as any additional duties, obligations, and powers as may be assigned by the Board from time to time.

19. INTERNAL CONTROL:

The Company shall ensure that its Internal Audit and control systems are adequate and commensurate with the nature of the business and the size of its operations. The internal control system may be supplemented by concurrent/ internal audits along with regular reviews by management. The Internal audit report(s) and the Action Taken Report, if any shall be reviewed by the senior management/ Audit Committee/ Board at regular intervals. The senior management/ Audit Committee/ Board shall review instances of fraud and the action taken as well as implementation of the necessary systems and controls to strengthen the system and prevent such recurrence. The internal processes shall be designed to ensure adequate checks and balances at every stage. The processes shall be reviewed periodically by Internal Auditors/ senior management/ Audit Committee / Board and shall be strengthened from time to time.

20. FIT AND PROPER CRITERIA:

The company has put in place a policy for ascertaining fit and proper criteria of the directors at the time of appointment and thereafter on a continuing basis. A policy on the fit and proper criteria is provided in Annexure 1.

21. DISCLOSURE AND TRANSPARENCY:

The following information is put to the Board of Directors at regular intervals in this regard:

1. Related Party Transactions, Financial Results, Board disclosures, Risk Management.
2. Composition/Re-composition of various committees, their role and functions and compliance.
3. Updates of the various committees' meetings from time to time.
4. Disclosures in the Annual Financial statements as stated by the relevant RBI circulars, from time to time.

22. FAIR PRACTICE CODE:

Pursuant to the guidelines on the Fair Practice Code issued by the Reserve Bank of India, the Company has adopted a policy on the Fair Practice Code, which is placed on the website of the Company and also a regular review on the implementation of the code is conducted by Board members.

23. REVIEW OF POLICY:

The Board or its committee may review the policy from time to time as may be required. The changes (if any) shall be effective only upon approval by the Board or from the date as may be required under any applicable law.

ANNEXURE-1

POLICY ON 'FIT AND PROPER' CRITERIA FOR DIRECTORS

Preamble

This Policy is framed with regard to ascertaining the Fit and Proper criteria of Directors at the time of their appointment and on a continuing basis as defined below. This Policy is to ensure that the Directors of the Company who are responsible for steering the affairs of the Company are fit and proper, besides having the necessary qualifications.

Purpose

This Policy intends to establish a system/process in place for undertaking due diligence of persons before appointing them on the Board and on continuing basis by ascertaining their suitability for the post on the basis of their qualifications, technical expertise, track record, integrity etc.

Policy

The Company, while appointing directors, shall ensure adherence to the below mentioned procedure:

1. The Company should undertake a process of due diligence to determine the suitability of the person for appointment/ continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria. The Company should obtain necessary information, undertaking and declaration from the proposed/ existing directors for the purpose as per the prescribed format as given in the Directions.

2. The process of due diligence should be undertaken by the Company at the time of appointment / renewal of appointment.

3. The constituted Nomination & Remuneration Committee to scrutinize the declarations.

4. Based on the information provided in the signed declaration, Nomination & Remuneration Committee should decide on the acceptance or otherwise of the directors, where considered necessary.

5. The Company should obtain annually as on 31st March a simple declaration from the directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.

6. The Company should ensure that the appointed directors execute the deeds of covenants as per the prescribed format – as given in the Directions. The Independent Directors appointed to the Board of the Company will have a tenure of 3 to 5 years as may be decided by the Board. They can be re-appointed for another term of 3 to 5 years

in compliance with the applicable provisions of the Companies Act, 2013 and other applicable laws, as amended from time to time.

7. The Company shall select persons normally with the maximum age and the minimum age as prescribed by the provisions of Companies Act, 2013, and direction/guideline from the RBI. Independent Directors attaining an age of 75 years shall not be appointed / re-appointed.

8. Changes in underlying laws/ regulations or guidelines may supersede the provisions of this policy to the extent it conflicts with such law/ regulation/ guidelines. At any time if there is any amendment to the applicable laws or regulations or guidelines affecting the provisions of this policy, the policy shall be deemed as amended to the extent applicable and the amended provisions will take effect from the date of change in the underlying laws/ regulations or guidelines.

ANNEXURE-2

TERMS OF REFERNCE

A. AUDIT COMMITTEE

The terms of reference of the Audit Committee, inter alia, includes the following:

Financial Reporting & Control Environment

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. Examination of the financial statement and auditors' report thereon.
3. Evaluation of internal financial controls and risk management systems.
4. 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.
5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
    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.
    g. Modified opinion(s) in the draft audit report.
6. Evaluation of internal financial controls and risk management systems.
7. Reviewing the following information:
    a. Management discussion and analysis of financial condition and results of operations;
    b. Management letters/letters of internal control weaknesses issued by the statutory auditors;
    c. Internal audit reports relating to internal control weaknesses;

Audit Related

8. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
9. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
10. Review and monitor auditor's independence and performance, and effectiveness of audit process.
11. Examination of the financial statement and auditors' report thereon.
12. Reviewing the adequacy of internal audit function.
13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure or internal control systems or a material nature and reporting the matter to the board.

Others

1. Approval or any subsequent modification of transactions of the company with related parties.
2. Granting omnibus approval for related party transactions proposed to be entered into by the company subject to other conditions.
3. Scrutiny of inter-corporate loans and investments.
4. To monitor the vigil mechanism and have access to Chairman of the Audit Committee for reporting under vigil mechanism in exceptional cases.
5. 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.

B. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee shall perform such other functions as may be necessary or appropriate for the performance of its duties as mentioned in the Nomination and Remuneration Policy.

C. IT STRATEGY COMMITTEE:

The terms of reference of this Committee shall, inter-alia, include the following:

1. Decides the overall IT spend and cost allocation.
2. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic process in place including escalations of security breaches to the Board.
3. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
4. Carrying out the review and amending the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.
5. Ensuring IT investments represent a balance of risks and benefits and those budgets are acceptable.
6. Providing input to other Board committees and Senior Management.
7. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
8. Ensuring the proper balance of IT investments for sustaining NBFC's growth and becoming aware of exposure towards IT risks and controls.
9. Instituting an appropriate governance mechanism for outsourced processes, comprising of risk-based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end-to-end manner.
10. Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing.
11. Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements.
12. Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board.
13. Periodically reviewing the effectiveness of policies and procedures.
14. Ensuring that contingency plans have been developed and tested adequately.
15. The IT Strategy Committee should meet at an appropriate frequency but not more than six months should elapse between two meetings.

D. RISK MANAGEMENT COMMITTEE:

The terms of reference of the Risk Management Committee, inter alia, includes the following:

1. To monitor and review the overall risk management plan of the Company including liquidity risk.
2. Reviewing risks including cyber security and evaluating the treatment including initiating mitigation actions.
3. To ensure there is an embedded, robust process in place throughout the Company to identify, assess, mitigate and report business risks with clear lines of ownership.
4. To drive and co-ordinate risk management process covering all areas of risk (including operational, strategic, financial, commercial, regulatory, reputational etc.).
5. To ensure that the business risk strategy and management processes comply with applicable regulatory requirements and corporate governance principles.
6. To ensure that the business risk management principles and processes are widely understood across the Company through adequate induction, training and awareness programs.
7. To periodically monitor and review Company's key business risks and risk mitigation plans, and advise the Board of business risks which could materially impact Company's delivery of its business plans, strategy, and reputation, if left untreated.
8. To monitor external developments in the business environment which may have an adverse impact on Company's risk profile, and make recommendations, as appropriate.
9. To sponsor specialist reviews of key risk areas as appropriate.
10. To report to the Board on key risks, risk management performance and the effectiveness of internal controls.
11. To formulate a detailed risk management policy which shall include:
12. A framework for identification of internal and external risks specifically faced by the entity, including financial, operational, sectoral, sustainability, information, cyber security risks or any other risk as may be determined by the committee.
13. Measures for risk mitigation including systems and processes for internal control of identified risks.
14. To ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Company.
15. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.

16. To periodically review the risk management policy, at least once in a year, including by considering the changing industry dynamics and evolving complexity.
17. To keep the board of directors informed about the nature and content of its discussion, recommendation and actions to be taken.
18. To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it required.
19. Any other matter as may be mandated/referred by the Authority/Board

E. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The terms of reference of the CSR Committee, inter alia, includes the following:

1. To review the existing CSR Policy indicating activities to be undertaken as specified in Schedule VII of the Companies Act, 2013.
2. To provide guidance on various CSR activities and to monitor the same.
3. To Formulate and recommend the annual action plan, and any modifications thereof, to the Board comprising of following information.

   a. the list of CSR projects or programmes that are approved in accordance with provisions of Companies Act, 2013.

   b. the manner of execution of such projects or programmes.

   c. the modalities of utilisation of funds and implementation schedules for projects or programmes.

   d. monitoring and reporting mechanism for the projects or programmes; and

   e. details of need and impact assessment, if any, for the projects undertaken by the company.
4. Recommend to the Board the amount of expenditure to be incurred on the CSR activities in a financial year and the amount to be transferred in case of ongoing projects and unspent amounts.
5. Monitor the CSR Policy of the Company from time to time and institute a transparent monitoring mechanism for implementation of the CSR projects.
6. Review and recommend to the Board the Annual Report on CSR activities to be included in Board's Report.
7. Undertake such activities and carry out such functions as may be provided under Section 135 of the Companies Act 2013 and the Rules prescribed thereunder.
8. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time

pursuant to the provisions of Section 135 of the Companies Act and rules in relation thereto, as amended from time to time.

F. BORROWING COMMITTEE:

The terms of reference of the Borrowing Committee, inter alia, includes the following:

1. To borrow money or monies worth, Credit Facilities on behalf of the Company up to an amount of INR 100 Crore per sanction per lender.
2. To give guarantee or provide security in respect of loan & borrowings.
3. To enter into financial, operational lease transactions on behalf of the Company.
4. Subject to the determination of the Board of Directors of the Company from time to time, the following powers relating to issuance and allotment of Debentures:

   a. To determine terms and conditions and number of debentures to be issued.

   b. Determining timing, nature, type, pricing and such other terms and conditions of the issue including coupon rate, minimum subscription, retention of oversubscription, if any and early redemption thereof.

   c. To approve and make changes to the Prospectus/Disclosure Document/Information Memorandum/Private Placement Offer letter or other document, including any corrigendum, amendments, supplements thereto, and the issue thereof.

   d. To identify the select group of persons to whom the debentures shall be issued & allotted.

   e. To do all such acts, deeds and things which the Board of Directors is empowered to do as per Section 42 and 71 of the Companies Act, 2013 read with rules framed thereunder, as may be necessary or expedient, from time to time.

   f. To approve all other matters relating to the issue and do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary and desirable for such purpose including without limitation the utilization of the issue proceeds, modify or alter any of the terms and conditions, including size of the Issue, as it may deem expedient, extension of issue and/or early closure of issue.

   g. To do all such acts as may be required in relation to the issuance, offer and allotment of the debentures (or any tranche thereof) in accordance with the powers determined by the Board of Directors of the Company.

   h. To approve allotment of the Debenture.

5. To approve the appointment of Debenture Trustee, Security Trustee, Depositories, Custodians, Registrar, Credit Rating Agency(ies), and such other Intermediaries/Agencies as may be involved or concerned in relation to the raising of debts by the Company.
6. Any other matter as the Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

MANAGEMENT COMMITTEES:

G. <u>ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)</u>:

The terms of reference of the ALCO Committee, inter alia, includes the following:

1. To ensure that the business and risk management strategy operates within the limits / parameters set forth by the Board.
2. To discuss the source and mix of liabilities and the funding policy.
3. Monitoring maturity profile of outstanding and incremental assets and liabilities.
4. To periodically review the results of and progress in the implementation of the decisions taken by the Committee in previous meetings.
5. To analyse, monitor, review and discuss the risk profile of the Company, this will include consideration of the following:
    a) Liquidity risk management
    b) Management of market risks
    c) Funding and capital planning
    d) Credit rating update
    e) Interest Rates and Capital Adequacy scenario
    f) Forecasting and analysing 'What if scenario' and preparation of contingency plans Asset Liability Mismatch
    g) Profit planning and growth projection
    h) Inter corporate deposits/loans between group companies and their transfer pricing mechanism
6. Review of macro-economic scenario, impact of industry and regulatory changes monitoring the asset liability gap.
7. Strategizing action to mitigate risk associated with the asset liability gap Review and suggest corrective actions on liquidity mismatch, negative gaps and interest rate sensitivities.
8. Developing risk policies and procedures and verifying adherence to various risk parameters and prudential limits.

9. Prepare forecasts (simulations) showing the effects of various possible changes in market conditions related to the balance sheet and recommend the action needed to adhere to Company's internal limits.
10. Measuring and managing liquidity needs and ensure Company's ability to meet its liabilities as they become due, liquidity management can reduce probability of an adverse situation developing.
11. Present to the Board statement of assets and liabilities.
12. Recommending Board about the viable source of finance to cater fund requirements of the Company.
13. Any other matter as may be mandated/referred by the Authority/Board.

H. FRAUD AND OPERATIONAL RISK MANAGEMENT COMMITTEE:

The key terms of reference of Fraud and Operational Risk Management Committee are as below:

Operational Risk:

1. To review the risk profile, understand future changes and threats, and arrive at consensus on areas of priority and related mitigation strategy.
2. To monitor and ensure that appropriate operational risk management frameworks are in place.
3. To review and approve the development and implementation of operational risk methodology and tools, including assessment, reporting on capital and loss event database.
4. To continually promote risk awareness across all business units.
5. To evolve / improve system for improving internal control / reporting and validation of data especially in the area of anti-money laundering/ KYC.
6. To recommend suitable controls/ mitigation for managing operational risk.
7. To analyse frauds, potential losses, non-compliance, breaches etc and recommend corrective measures to prevent recurrences.
8. To receive and reports/presentations from the business lines and other areas about their risk profile and mitigation programs.
9. To evolve system of monitoring backups, disaster management, security, programming errors etc.

Customer Service:

10. To examine inputs/suggestion from the business level and provide appropriate feedback to the Customer Service Committee of the Board for necessary action.
11. To act as a bridge between various departments of the Company and the Customer Service Committee of the Board.
12. To ensure timely and effective implementation of RBI directive on Customer service and monitor the action taken by various departments are in line with the spirit of the RBI guidelines.
13. To review the practice and procedures prevalent in the Company and take appropriate corrective action, on an ongoing basis.
14. Root Cause Analysis of the customer grievances to be carried out using information on data rejected by CICs and Data Quality Index provided by CICs.

Fraud Risk Management:

15. Reviewing and approving the Fraud Risk Management Policy (FRMP) and ensuring its alignment with business objectives.
16. Conducting regular fraud risk assessments to identify any potential frauds, vulnerabilities and threats.
17. Developing and implementing a fraud risk management plan to mitigate identified risks.
18. Ensuring that anti-fraud controls are in place and operating effectively, including:
    - Customer Due Diligence (CDD) and Know-Your-Customer (KYC)
    - Transaction monitoring and surveillance
    - Employee background verification and screening
19. Providing guidance on fraud incident response, including reporting and escalation procedures.
20. Reviewing and approving major business initiatives from a fraud risk management perspective.
21. Conducting regular reviews of the company's compliance with RBI guidelines and relevant laws and regulations related to fraud risk management.
22. Fraud Data Analysis: Analyzing data on fraudulent activities to identify trends, patterns, and areas for improvement.
23. Training and Awareness: Developing and implementing training programs for employees to enhance their awareness and skills in preventing, detecting, and responding to fraudulent activities.

24. Third-Party Risk Management: Overseeing the selection, onboarding, and ongoing monitoring of third-party vendors providing services that may pose a fraud risk.
25. Fraud Reporting: Ensuring that instances of suspected or actual fraud are reported promptly to the relevant authorities, including RBI.

Outsourcing:

26. Reviewing and approving the Outsourcing Policy (OP) and ensuring its alignment with business objectives.
27. Evaluating and recommending outsourcing proposals to the Board of Directors or Executive Committee.
28. Evaluate the list of materially outsourced vendors as per the Company's policies.
29. Conducting due diligence on proposed service providers, where relevant, including:
    - Assessment of their financial stability
    - Evaluation of their technical capabilities
    - Review of their compliance track record
30. Ensuring that outsourcing agreements include robust contractual provisions, including:
    - Service level agreements (SLAs)
    - Data security and confidentiality clauses
    - Termination and exit clauses
31. Monitoring and reviewing the performance of service providers against agreed-upon SLAs.
32. Conducting regular risk assessments to identify potential risks associated with outsourcing arrangements.
33. Ensuring that the Company maintains effective oversight and control over outsourced activities, including:
    - Regular audits and reviews
    - Compliance monitoring
34. Reviewing and approving changes to existing outsourcing agreements or contracts.
35. Business Continuity Planning: Ensuring that service providers have robust business continuity plans in place to mitigate the risk of disruptions to the Company's operations.
36. Any other points relevant to Fraud Risk Management Outsourcing Policy and Credit Bureau Policy and any other applicable policies of the Company.

I. ALM SUPPORT AND INVESTMENT COMMITTEE:

The key terms of reference of ALM Support and Investment Committee are as below:

1. To ensure that the statutory and regulatory provisions are strictly observed.
2. To take investment, disinvestments, related decisions based on recommendations of Treasury.
3. To record reasons for divergence in decision, if any, from the recommendations of Treasury.
4. To suggest modifications in the Investment Policy, control mechanisms, risk controls.
5. To decide upon various aspects such as basis of intent, trading strategies, risk management capabilities, tax planning and manpower skills and capital position.
6. Any other matter that may be considered relevant.

J. PREVENTION OF SEXUAL HARASSMENT (POSH) COMMITTEE:

The key terms of reference of Prevention of Sexual Harassment (POSH) Committee are as below:

1. To provide an overall framework of promoting a mutual respect culture in the Company so that all employees feel safe and included.
2. To drive Anti Sexual Harassment agenda as mandated by law.
3. To encourage and increase women employees' participation in Company matters and provide necessary supportive growth and opportunities.
4. To increase awareness of diversity.
5. To approve an NGO or a representative of another body who is familiar with the issues relating to Sexual Harassment.
6. To investigate the necessary complaint in a fair and transparent manner.
7. To recommend disciplinary action as appropriate.

K. IT STEERING COMMITTEE:

The key terms of reference of IT Steering Committee are as below:

1. IT Steering committee ensures programs are strategically planned and approved mutually between IT/non-IT stakeholders, and thus one can expect IT and Business alignment.

2. IT Steering Committee set directions, establish goals, and reviews the project implementation status and progress.
3. Recommend the overall level of IT spending and how costs shall be allocated.
4. Setting priorities and milestones.
5. Communicates strategic goals to project teams.
6. Monitors resource and priority conflict between the projects.
7. Oversee and receive updates on major IT projects, IT budgets, IT priorities, and overall IT performance.
8. Recommend policies to escalate and report significant security incidents to the senior executives or management, as appropriate.
9. Promotes effective IT governance.
10. Report on IT Steering activities.
11. Communicate and collaborate with the project leads/stakeholders to convey the IT Strategy message from the management to the grass root level.
12. The Committee shall meet as frequently as desired for the aforesaid purposes.

L. INFORMATION SECURITY COMMITTEE

The key terms of reference of Information Security Committee are as below:

1. Reviewing and approving the Information Security Policy (ISP) and ensuring its alignment with business objectives.
2. Conducting regular risk assessments to identify potential threats and vulnerabilities.
3. Developing and implementing a risk management plan to mitigate identified risks.
4. Ensuring that information security controls are in place and operating effectively.
5. Providing guidance on incident response, including reporting and escalation procedures.
6. Reviewing and approving major IT projects from an information security perspective.
7. Conducting regular reviews of the company's compliance with RBI guidelines and relevant laws and regulations.
8. IT Governance: Ensuring that IT governance practices are in place to manage technology risks, including:
9. IT strategic planning
10. IT budgeting and resource allocation
11. IT project management
12. Information Security Awareness: Developing and implementing information security awareness programs for employees, customers, and third-party vendors.

13. Training and Development: Ensuring that employees with significant information security responsibilities receive regular training and development opportunities to enhance their skills and knowledge.
14. Vendor Management: Overseeing the selection, onboarding, and ongoing monitoring of third-party vendors providing IT services or handling sensitive data.
15. Continuous Monitoring: Ensuring that continuous monitoring activities are in place to detect and respond to information security threats and vulnerabilities.
16. Business Continuity Planning: Reviewing and approving business continuity plans to ensure that the Company can continue operations during disruptions, including those caused by cyber-attacks or natural disasters.
17. Information Security Metrics: Establishing and monitoring key performance indicators (KPIs), where applicable, to measure the effectiveness of information security controls and risk management practices.
18. Any other points relevant to Information Security of the Company.

M. PRODUCT AND CREDIT COMMITTEE

The key terms of reference of Product and Credit Committee are as below:

New Product:

1. Reviewing and approving new product proposals, including:
    - Product features and benefits
    - Target market and customer segments
    - Pricing
    - Risk management and mitigation strategies
2. Review the market research and analysis to identify opportunities and gaps in the market, if any.
3. Evaluating the feasibility of new products, including:
    - Technical capabilities
    - Operational readiness
    - Regulatory compliance, including the applicable customer documentation
4. Ensuring that new products align with the Company's business strategy and risk appetite.
5. Monitoring and reviewing the performance of new products post-launch, including:
    - Customer adoption and feedback
    - Revenue and profitability
    - Risk management and mitigation

Credit Monitoring

6. Reviewing and approving the Credit Policy (CP) and ensuring its alignment with business objectives. Conducting regular reviews of the credit portfolio to identify potential credit risks and any mitigation to be done.
7. Monitoring and analyzing credit metrics pertaining to asset quality
8. Ensuring that credit assessment and approval processes are robust and effective, including:
    - Credit scoring models for risk-based classification of borrowers based on their creditworthiness
    - Customer due diligence (CDD) and know-your-customer (KYC)
9. Providing guidance on credit restructuring and recovery strategies for distressed accounts.
10. Reviewing and approving major credit proposals and credit limit enhancements, if applicable.
11. Conducting regular reviews of the company's compliance with RBI guidelines and relevant laws and regulations related to credit risk management.
12. Stress Testing: Conducting regular stress testing exercises to assess the impact of adverse economic scenarios on the credit portfolio.
13. Training and Awareness: Developing and implementing training programs for employees to enhance their awareness and skills in credit risk management.
14. To discuss and recommend to the Board changes to the Pricing Policy (i.e. Policy for Determining the Rate of Interest, Processing Fees & Other Charges).
15. To formulate and propose pricing strategies to the Board, monitor market trends, competitor pricing, and economic indicators to adopt pricing strategies, and ensure pricing models consider risk-adjusted returns and operational costs.
16. To recommend/approve pricing changes and to make regular adjustments, promotional pricing initiatives.
17. To monitor and review the Model Performance Metrics and suggest any remediation if required.
18. Any other points relevant to the Pricing Policy, Framework for Credit Model Validation, introduction and monitoring of new products, as per the Credit Policy and any other applicable policies of the Company.

VERSION CONTROL

Version	Description of change	Author	Effective Date
V1	Approval of Policy	CCO	April 21, 2022
V2	Review of Policy	CCO	November 18, 2023
V3	Review of Policy	CCO	December 13, 2024
V4	Review of Policy	CCO	April 10, 2025