

1. BACKGROUND, OBJECTIVES AND SCOPE

1.1 Background:

Whizdm Finance Private Limited “WFPL” as an organization believes in and is committed to maintain the highest standards of Corporate Governance in its conduct towards shareholders, employees, regulators, customers, suppliers, lenders and other stakeholders. The Company’s philosophy of corporate governance is to achieve business excellence by enhancing the long-term welfare and value for its various stakeholders. The Company believes that corporate governance is about creating organizations that succeed in the marketplace with the right approach and values.

The Reserve Bank of India vide Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, has Prescribed that Non-Banking Financial Companies (“NBFCs”) should frame their Internal Guidelines on Corporate Governance with the approval of the Board of Directors and host it on website.

Accordingly, the Company has framed its Internal Guidelines on Corporate Governance (“CG Guidelines or Policy”) with the approval of its Board of Director.

1.2 Objective:

The objective of the CG Guidelines is to adopt the best standards of Corporate Governance through transparency in business ethics, accountability & required disclosure to its customers, the government/ regulatory authorities and other stakeholders.

2. BOARD OF DIRECTORS

The Board of Directors of the Company (“Board”) is the apex body constituted by the Shareholders for overseeing the Company’s overall functioning. The Board provides and evaluates the Company’s strategic directions, management policies and their effectiveness and ensures that Shareholders’ long-term interests are being served.

The Board along with the Committees constituted by it shall provide leadership and guidance for management of the Company.

It will be ensured that each of the Directors of the Company is eligible for appointment on the Board as per the Companies Act, 2013 (“Act”), RBI Directions and other applicable law and also meets the Fit & Proper criteria prescribed in the Fit & Proper policy in line with the RBI Directions.

The Company recognizes the importance of having a right mix of Board comprising of Executive, Non-Executive and Independent Directors who have a range of experiences, capabilities and diverse points of view.

2.1 The Board's major responsibilities will be as under:

The Directors shall act in accordance with the duties as provided under the Companies Act, 2013, RBI Directions and other applicable laws. The Independent Directors shall abide by the Code for Independent Directors under the Act. Further, the Board shall periodically review Compliance Reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliance.

2.2 The Board's Strength - Strength of the Board shall be as per the constitutional documents of the Company. The Composition of the Board will be as per the applicable provisions of the Act, RBI Directions and other applicable laws.

2.3 Fit and Proper Policy - The Company will have a Fit and Proper Policy, in accordance with the regulatory requirements, for ascertaining the fit and proper criteria of the Directors at the time of appointment, and on a continuing basis.

2.4 Declaration and Undertaking from the Directors- The Company shall obtain a declaration and undertaking from all its directors giving information as per the Act, RBI Directions and other applicable laws.

2.5 Deed of Covenants- The Company will get the Deed of Covenants signed with each of its Directors, as per the format prescribed by RBI.

2.6 Meetings of the Board of Directors - The Board meetings shall be held at least 4 times in a year, such that not more than 120 days shall intervene between 2 consecutive meetings. However, in case of any business requirements, the Board meeting can be held at any time within the prescribed laws.

3. QUARTERLY STATEMENT TO RBI –

The Company shall furnish to RBI, a quarterly statement on change of directors, and a certificate from the Managing Director of the applicable NBFC that fit and proper criteria in selection of the directors has been followed. The statement must reach the Regional Office of the Department of Supervision of RBI where the Company is registered, within 15 days of the close of the respective quarter. The statement submitted for the quarter ending March 31, shall be certified by the statutory auditor.

4. CHIEF EXECUTIVE OFFICER -

Company has appointed Chief Executive Officer (CEO) as required under Section 203 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 to provide direction and management of the affairs of the Company.

5. CHIEF COMPLIANCE OFFICER –

In order to ensure an effective compliance culture, the Company has appointed Chief Compliance Officer (CCO) as per RBI notification on Compliance Function and Role of Chief

Compliance Officer (CCO) dated April 11, 2022. The CCO should be sufficiently senior in the organization hierarchy and has a good understanding of the industry and risk management practices, knowledge of regulations, legal requirements, and have sensitivity to Supervisory expectations. CCO has direct reporting lines to the ED & CEO and / or Board / Board Committees.

6. CHIEF RISK OFFICER –

As per RBI Directions, the Company is required to appoint a Chief Risk Officer (CRO) as and when it crosses Rs. 5,000 crore of asset size. As and when the Company meets the prescribed amount criteria, a designated Chief Risk Officer shall be appointed.

7. COMMITTEES OF THE BOARD

Brief details of various committees constituted by the Board are as follow:

AUDIT COMMITTEE ('AC')

The Audit Committee shall consist of not less than two-third members as Independent Directors with the Chairman also being an independent Director. The Committee shall meet at least once a year. The quorum for the meeting shall be 1/3rd of total members or 2 members whichever is higher. The Audit Committee shall be governed by the provisions of the Companies Act, RBI guidelines and the terms of reference of the Committee.

NOMINATION AND REMUNERATION COMMITTEE ('NRC')

The Nomination and Remuneration Committee (NRC) shall consist of at least three non-executive directors with not less than two-third being independent directors including the Chairperson. The NRC shall meet at least once in a year. The quorum for the meeting shall be 1/3rd of total members or 2 members whichever is higher. The NRC shall be governed by the provisions of the Companies Act, RBI guidelines and terms of reference of the NRC.

RISK MANAGEMENT COMMITTEE ('RMC')

The Risk Management Committee (RMC) shall constitute members from Board and Senior Management. Two members present in the meeting shall form quorum for the meeting. The RMC shall meet quarterly and shall be responsible for evaluating the overall risks faced by the NBFC including liquidity risk and shall report to the Board. The Committee shall be governed by the provisions of the RBI guidelines and terms of reference of the Committee.

ASSET LIABILITY MANAGEMENT COMMITTEE ('ALCO')

The ALCO shall consist of the Company's top management and shall be responsible for ensuring adherence to the risk tolerance/ limits set by the Board as well as implementing the liquidity risk management strategy of the Company. Chief Financial Officer, Head of Treasury and Credit shall also be part of the Committee. The ALCO shall be governed by the RBI guidelines and terms of reference of the ALCO.

IT STRATEGY COMMITTEE ('ITSC')

The Company shall constitute an IT Strategy Committee, as required under the RBI Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices. ITSC shall have minimum three directors and the chairperson of the ITSC shall be an Independent Director having sufficient expertise in IT. ITSC shall meet on quarterly basis. The ITSC shall be governed by the RBI guidelines and terms of reference of the ITSC.

IT STEERING COMMITTEE ('ISC')

The Company shall constitute an IT Steering Committee with representation at Senior Management level from IT and business functions., as required under the RBI Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices. ITS shall meet on quarterly basis. The ISC shall be governed by the RBI guidelines and terms of reference of the ISC.

INFORMATION SECURITY COMMITTEE

The Company shall constitute an Information Security Committee under the oversight of ITSC in line with RBI Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices. The Information Security Committee shall constitute Chief Information Security Officer (CISO) and other representatives from business and IT functions. The head of the ISC shall be from risk management vertical. The Information security committee shall be governed by the RBI guidelines and terms of reference of the Information Security Committee.

BORROWING COMMITTEE

The Borrowing Committee shall consist of a minimum of 2 (two) members as approved by the Board. The Committee shall meet as and when necessary, by giving a notice to the members of the Committee along with agenda and supporting documents for the meetings. The quorum for the meetings of the FC shall be 2 (two) members. The Borrowing Committee shall be governed by the provisions of the Act and terms of reference of the Committee.

8.DISCLOSURE AND TRANSPARENCY:

The Company shall put up to the Board of Directors, at regular intervals the following:

- a. the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company and is presented to the Risk management Committee,
- b. 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.
- c. Updates of the various committee meetings
- d. Any other information as required under the law.

The Company shall also disclose the following in its Annual Financial Statements:

- Registration/ license/ authorization obtained from other financial sector regulators,
- Ratings assigned by credit rating agencies and migration of ratings during the year,
- Penalties, if any, levied by any regulatory authority,
- Information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries,
- Asset-Liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them as also securitization / assignment transactions and other disclosures, as per the format prescribed by RBI.
- Disclosure on Liquidity Risk

- Disclosures as required under Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023,
- Loans to Directors, Senior Officers and relatives of Directors,
- Any other disclosure as may be required under the law in force.

9. STATUTORY AUDITORS:

Company has framed Policy for appointment of Statutory Auditor as per RBI Notification on Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs,), UCBs and NBFCs (including HFCs) dated April 27, 2021. Company rotates its audit firm and auditors in compliance with the extant guidelines.

10. VIGIL MECHANISM

The Company shall formulate a vigil mechanism / whistle blower policy to enable directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct. The vigil mechanism / whistle blower policy shall provide a mechanism for an individual to report violations without fear of victimisation. The policy shall be hosted on the website of the Company.

11. APPROVAL AND REVIEW OF THE POLICY:

There shall be an annual review of the Policy by the Board of Directors, unless there is a regulatory mandate. The Board of Directors can at any time modify or amend, either the whole or any part of the Policy.