

CORPORATE GOVERNANCE FRAMEWORK

FINASIA CAPITAL

Effective Date: October 24, 2024

Last Updated: February 28, 2025

Approved By: Board of Directors

Review Frequency: Annual

1. EXECUTIVE SUMMARY

This Corporate Governance Framework establishes the foundational principles, structures, and processes that guide Finasia Capital in maintaining the highest standards of corporate governance, ensuring transparency, accountability, and ethical business practices in our lending operations.

2. GOVERNANCE PHILOSOPHY AND PRINCIPLES

2.1 Core Governance Principles

- *Transparency:* Maintain open and honest communication with all stakeholders
- *Accountability:* Clear responsibility assignment and performance measurement
- *Fairness:* Equitable treatment of all customers, employees, and stakeholders
- *Responsibility:* Commitment to sustainable and ethical business practices
- *Independence:* Objective decision-making free from conflicts of interest

2.2 Vision Alignment

Our governance framework supports our vision "To empower individuals by offering seamless, accessible, and affordable Loan Against Property (LAP) solutions" while maintaining regulatory compliance and risk management excellence.

3. BOARD GOVERNANCE STRUCTURE

3.1 Board of Directors

- *Composition:* Optimal mix of executive and independent directors
- *Responsibilities:*

 - Strategic oversight and policy approval
 - Risk appetite and management framework approval
 - CEO and senior management appointment and evaluation
 - Annual policy review and updates
 - Regulatory compliance oversight

3.2 Board Committees

3.2.1 Board Management Committee (BMC)

Powers Delegated:

- Charge structure approval and modification
- Operational policy exceptions
- Fee structure determination
- Delegation of authority to executive management

Key Responsibilities:

- Monthly review of credit operations
- Approval of charges for various services
- Policy deviation approvals within defined limits
- Performance monitoring and corrective actions

3.2.2 Credit Executive Committee

Composition: Senior credit professionals and risk officers

Authority: Loans above Rs. 15.00 lakhs

Key Functions:

- High-value credit decisions
- Portfolio risk assessment
- Credit policy compliance monitoring
- Special case approvals

3.2.3 Asset Liability Committee (ALCO)

Primary Functions:

- Interest rate policy approval and review
- Liquidity management oversight
- Market risk assessment
- Pricing strategy alignment with market conditions

4. MANAGEMENT GOVERNANCE

4.1 Executive Leadership Structure

4.1.1 Chief Executive Officer (CEO)

Key Responsibilities:

- Strategic implementation and operational leadership
- Special case approvals (above Rs. 15 lakhs with in-principle approval)
- Charge structure modifications within delegated authority
- Performance accountability to Board

4.1.2 Whole Time Director (WTD)

Authority and Responsibilities:

- Policy deviation approvals
- Operational oversight
- Charge determination authority
- Strategic initiative implementation

4.1.3 Business Head

Core Functions:

- Credit sanctioning authority (up to Rs. 15 lakhs with Credit Head)
- Business development strategy
- Market expansion oversight
- Customer relationship management

4.1.4 Chief Risk Officer

Primary Duties:

- Risk management framework implementation
- Credit risk assessment and monitoring
- Compliance oversight
- Risk reporting to Board and management

4.2 Sanctioning Authority Matrix

| Loan Amount | Sanctioning Authority | Additional Requirements |

|-----|-----|-----|

| Up to Rs. 5.00 Lakhs | State Credit Head + Business Head | Standard documentation |

| Rs. 5.00 - 10.00 Lakhs | State Credit Head + Business Head | Enhanced due diligence |

| Rs. 10.00 - 15.00 Lakhs | Business Head + Chief Risk Officer | Detailed risk assessment |

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| Above Rs. 15.00 Lakhs | Credit Executive Committee | CEO in-principle approval |

5. RISK GOVERNANCE FRAMEWORK

5.1 Three Lines of Defense Model

First Line: Business Operations

- *Credit Managers:* Primary risk assessment and customer interaction
- *BDOs (Business Development Officers):* Market research and field verification
- *Sales Executives:* Customer acquisition and initial screening

Second Line: Risk Management

- *Credit Review Team:* Independent assessment and monitoring
- *Compliance Function:* Regulatory adherence and policy compliance
- *Risk Management:* Portfolio monitoring and early warning systems

Third Line: Internal Audit

- *Independent Review:* Objective assessment of risk management effectiveness
- *Process Validation:* Ensuring adherence to established procedures
- *Regulatory Compliance:* Verification of statutory requirement fulfillment

5.2 Risk Committee Structure

- *Membership:* CRO, Business Head, Credit Head, Independent Director
- *Meeting Frequency:* Monthly
- *Key Functions:*
 - Portfolio quality review
 - Early warning signal identification
 - Risk policy updates
 - Regulatory compliance monitoring

6. OPERATIONAL GOVERNANCE

6.1 Credit Governance

6.1.1 Policy Framework

- *Annual Review:* Comprehensive policy assessment and updates
- *Regulatory Alignment:* Ensuring compliance with RBI/NHB guidelines
- *Best Practice Integration:* Peer benchmarking and industry standards

6.1.2 Quality Assurance

- *100% File Review:* All disbursed loans reviewed monthly
- *Documentation Standards:* Standardized formats and processes

- *Audit Trail:* Complete transaction history maintenance

6.2 Customer Protection Framework

6.2.1 Fair Practice Code

- *Transparent Pricing:* Clear disclosure of all charges and terms
- *Grievance Redressal:* Structured complaint handling mechanism
- *Privacy Protection:* Customer data security and confidentiality

6.2.2 Responsible Lending

- *Income Assessment:* Thorough repayment capacity evaluation
- *Debt-to-Income Limits:* Maximum 60-65% EMI to income ratio
- *Purpose Verification:* End-use monitoring and verification

7. COMPLIANCE AND REGULATORY GOVERNANCE

7.1 Regulatory Compliance Framework

- *RBI Guidelines:* Adherence to central banking regulations
- *NHB Compliance:* Housing finance company specific requirements
- *CERSAI Registration:* Mandatory security interest recording
- *Data Protection:* KYC and privacy regulation compliance

7.2 Internal Controls

- *Segregation of Duties:* Clear separation of approval and execution functions
- *Authorization Limits:* Defined spending and approval authorities

- *Documentation Standards:* Comprehensive record keeping requirements
- *Audit Requirements:* Regular internal and external audits

8. PERFORMANCE MONITORING AND REPORTING

8.1 Key Performance Indicators (KPIs)

Financial Metrics

- Portfolio growth and quality
- Net Interest Margin (NIM)
- Return on Assets (ROA)
- Cost of funds and operational efficiency

Operational Metrics

- Turnaround time (Target: Maximum 2 days)
- Customer satisfaction scores
- Loan approval rates
- Documentation compliance rates

Risk Metrics

- Non-Performing Assets (NPA) ratios
- Provision coverage ratio
- Credit loss rates
- Portfolio concentration limits

8.2 Reporting Framework

Board Reporting

- *Frequency:* Quarterly comprehensive reports
- *Content:* Financial performance, risk metrics, compliance status
- *Special Reports:* Material events and regulatory communications

Management Reporting

- *Frequency:* Monthly operational reports
- *Content:* Business metrics, risk indicators, compliance status
- *Dashboard:* Real-time performance monitoring

9. ETHICS AND CONDUCT

9.1 Code of Conduct

- *Professional Ethics:* Highest standards of professional behavior
- *Conflict of Interest:* Identification and management procedures
- *Anti-Corruption:* Zero tolerance for bribery and corruption
- *Whistleblower Protection:* Safe reporting mechanisms for concerns

9.2 Customer Profile Management

Negative Profiles (Not Eligible)

- Anti-social elements
- Money lenders

- Diamond merchants and brokers
- Wine shop owners
- Advocates/Lawyers
- Press reporters
- Recovery agents

Special/Caution Profiles (Enhanced Due Diligence)

- Contractors (40% LTV, 50% land value)
- Politicians or politically affiliated persons
- Multi-level marketing agents
- Family restaurants, bars, and cafes
- Property dealers and builders

10. STAKEHOLDER ENGAGEMENT

10.1 Customer Engagement

- *Transparency:* Clear communication of terms and conditions
- *Support:* Personalized assistance throughout loan lifecycle
- *Feedback:* Regular customer satisfaction surveys
- *Grievance Resolution:* Prompt and fair complaint handling

10.2 Regulatory Engagement

- *Proactive Communication:* Regular interaction with regulatory bodies
- *Compliance Reporting:* Timely submission of required reports
- *Industry Participation:* Active involvement in industry forums

10.3 Employee Engagement

- *Training Programs:* Regular skill development and compliance training
- *Performance Management:* Clear objectives and evaluation criteria
- *Career Development:* Growth opportunities and succession planning

11. TECHNOLOGY GOVERNANCE

11.1 Information Systems

- *Data Security:* Robust cybersecurity measures and protocols
- *System Reliability:* High availability and disaster recovery capabilities
- *Process Automation:* Efficient workflow management systems
- *Audit Trails:* Comprehensive transaction logging and monitoring

11.2 Digital Transformation

- *E-NACH Preference:* Digital payment collection systems
- *Online Application Processing:* Streamlined digital workflows
- *Document Management:* Electronic document storage and retrieval
- *Analytics:* Data-driven decision making capabilities

12. CONTINUOUS IMPROVEMENT

12.1 Regular Review Process

- *Annual Policy Review:* Comprehensive assessment and updates
- *Quarterly Performance Review:* Business and risk metric analysis
- *Monthly Operational Review:* Process efficiency and compliance monitoring
- *Continuous Feedback Loop:* Stakeholder input integration

12.2 Innovation and Adaptation

- *Market Research:* Regular competitive analysis and benchmarking
- *Product Development:* Customer-centric product innovation
- *Process Optimization:* Continuous improvement initiatives
- *Technology Upgrades:* Regular system enhancements and updates

13. COMMUNICATION AND DISCLOSURE

13.1 Internal Communication

- *Policy Updates:* Timely dissemination to all relevant stakeholders
- *Training Materials:* Comprehensive guides and documentation
- *Performance Feedback:* Regular communication of results and expectations

13.2 External Communication

- *Regulatory Reporting:* Timely and accurate compliance submissions
- *Customer Communication:* Clear and transparent information sharing
- *Public Disclosures:* Appropriate transparency in business operations

14. GOVERNANCE EFFECTIVENESS ASSESSMENT

14.1 Annual Governance Review

- *Board Effectiveness:* Assessment of board performance and composition
- *Committee Performance:* Evaluation of committee effectiveness
- *Management Assessment:* Senior leadership performance review
- *Process Evaluation:* Governance process efficiency analysis

14.2 Independent Assessment

- *External Audits:* Regular independent governance reviews
- *Regulatory Inspections:* Compliance with regulatory expectations
- *Peer Benchmarking:* Comparison with industry best practices
- *Continuous Improvement:* Implementation of recommended enhancements

15. CONCLUSION

This Corporate Governance Framework provides the foundation for Finasia Capital to operate with integrity, transparency, and accountability while delivering on our commitment to provide accessible and responsible financial services. Regular review and continuous improvement of this framework will ensure its relevance and effectiveness in supporting our business objectives and stakeholder interests.

Document Control:

- *Version:* 1.0

- *Effective Date:* October 24, 2024
- *Next Review Date:* October 2025
- *Owner:* Board of Directors
- *Custodian:* Company Secretary/Compliance Officer