LRSD SECURITIES PRIVATE LIMITED

CORPORATE GOVERNANCE CODE POLICY

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PRELIMINARY

1. Policy Statement

1.1. **LRSD Securities Private Limited** (hereinafter referred to as **"LRSD"** or the "**Company**") is committed to maintaining the highest standards of corporate governance in its operations, fostering transparency, accountability, and ethical conduct at every level of management.

1.2. The Corporate Governance Code is designed to ensure that the Company adheres to best practices in governance, protecting the interests of its stakeholders, including shareholders, customers, regulators, and employees.

1.3. This policy is formulated in compliance with the *Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025*. The Directions mandate NBFCs to adopt sound corporate governance practices that enhance board oversight, risk management, and ethical leadership.

2. Purpose of the Policy

2.1. The Corporate Governance Code of the Company aims to:

2.1.1. Promote a strong governance framework that ensures effective oversight of the Company's operations and strategic decisions.

2.1.2. Foster transparency and integrity in all business dealings.

2.1.3. Ensure that the Company's management acts in the best interest of all stakeholders, adhering to ethical practices and regulatory compliance.

2.1.4. Strengthen risk management processes and internal controls to ensure long-term sustainability.

2.1.5. Encourage open communication and accountability within the Company.

3. Definitions

3.1. 'Director' means a director appointed on the Board of the Company.

3.2. 'Independent Director' shall be as defined in Section 149 (6) of the Companies Act, 2013.

3.3. 'Key Managerial Personnel', in relation to the Company, shall mean—

3.3.1. the Chief Executive Officer (CEO) or the Managing Director (MD) or the Manager;

3.3.2. the Company Secretary;

3.3.3. the Whole-time Director;

3.3.4. the Chief Financial Officer (CFO)

3.3.5. such other officer, not more than one level below the Directors who is in whole-time employment and has been designated as a Key Managerial Personnel by the Board; and

3.3.6. such other officer as may be prescribed under applicable laws, regulations, or guidelines.

3.4. 'Senior Management' or 'Senior Officers' shall mean the personnel of the Company who are members of its core management team, excluding the Board of Directors. It shall comprise all members of management one level below the Executive Directors, including the functional heads of the Company.

3.5. Charter: A document detailing the purpose, composition, roles, and responsibilities of a committee established by the Board.

CONSTITUTION OF BOARD AND APPOINTMENT OF DIRECTORS

4. Board of Directors

Leadership and Oversight: The Board of Directors along with its Committees shall provide leadership and guidance to the Company's management and direct, supervise and control the performance of the Company.

The Board shall oversee Related Party Transactions in accordance with the Companies Act, RBI Directions and the Company's Related Party Transactions Policy.

The Board shall annually evaluate its own performance, the performance of its Committees and individual Directors. The Nomination and Remuneration Committee shall facilitate such evaluation.

Board Composition: The Board shall consist of a minimum of two (2) Directors and may have up to a maximum of fifteen (15) Directors. The number of Directors may be increased beyond fifteen (15) only upon the approval of the shareholders through a special resolution, in accordance with the provisions of the Companies Act, 2013. The specific number of Directors from time to time shall be as determined by the Board of the Company, keeping in view the needs of the business, regulatory requirements, and the objective of maintaining an effective and balanced Board composition.

Experience: To uphold professional management and prudent governance of the Company's operations, at least one Director on the Board shall have relevant experience of having worked in a bank/NBFC. The company shall do so to ensure that the Board benefits from domain-specific knowledge and practical insights into the functioning of financial institutions, thereby enabling informed and strategic decision-making in the conduct of the Company's business and adherence to regulatory obligations.

Fit and Proper Criteria: The Board shall ensure that the Company undertakes a process of due diligence to determine the suitability/fit & proper status of the person for appointment/continuing to hold an appointment as a director on the Board, based upon qualification, expertise, track record, integrity, and other 'fit and proper' criteria.

The Reserve Bank of India reserves the right to assess the 'fit and proper' status of directors of any NBFC, regardless of its asset size, if it considers such an examination necessary in the public interest.

Board Meetings: The Company shall hold a minimum of four (4) meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty (120) days shall intervene between two consecutive meetings of the Board. In addition to the mandatory meetings prescribed above, the Board may meet as frequently as required for effective discharge of its responsibilities to address urgent business requirements, strategic decisions, compliance obligations, or any other matters requiring the attention and deliberation of the Board.

Role of the Board: 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 organization.

5. Independent Directors

In accordance with the regulatory framework and to uphold the standards of corporate governance, the following provisions shall apply in respect of Independent Directors:

5.1. An Independent Director of the Company shall not serve as an Independent Director on the Board of more than three NBFCs classified as Middle Layer (NBFC-ML) or Upper Layer (NBFC-UL) at the same time, as per the guidelines of the RBI and the provisions of the Companies Act, 2013.

5.2. The Board shall ensure that there is no conflict of interest arising out of any Independent Director being simultaneously on the Board of another NBFC (NBFC-ML or NBFC-UL).

5.3. There shall be no restriction on Independent Directors holding directorship on the Boards of Base Layer NBFCs (NBFC-BL), subject to compliance with the provisions of the Companies Act, 2013 and any other applicable regulations.

6. Duties and Responsibilities of the Directors

The Directors of the Company shall adhere to the statutory duties, and shall uphold the highest standards of integrity, professionalism, and ethical conduct in the discharge of their functions. Accordingly:

6.1. Every Director shall act in accordance with the Articles of Association of the Company and within the powers conferred upon them under the law, Board and internal governance framework.

6.2. Directors shall act in good faith to promote the objects of the Company, in the best interests of its members as a whole and shall give due consideration to the interests of employees, shareholders, the community, and the protection of the environment.

6.3. Directors shall discharge their duties with due and reasonable care, skill, and diligence and shall exercise independent judgment in all matters related to the affairs of the Company.

6.4. The Director shall remain informed about the Company's business, operations, and financial position as disclosed, and shall attend Board and Committee meetings with reasonable regularity, conscientiously discharging his/her duties.

6.5. Directors shall not make improper use of information disclosed to him/her as a member of the Board for personal or third-party advantage, and shall avoid any situation in which they may have a direct or indirect interest that conflicts, or potentially may conflict, with the interest of the Company. Disclosure of any such interest shall be made promptly in the manner prescribed under law.

6.6. Directors shall not seek to derive any undue gain or advantage to themselves or to their relatives, partners, or associates. If found guilty of obtaining any such undue gain, the Director shall be liable to pay an amount equal to the gain so made, to the Company.

6.7. A Director shall not assign his or her office and his or her rights and obligations as director of the NBFC to any other person. Any such assignment shall be treated as null and void.

6.8. Any contravention of these duties shall render the concerned Director liable to penalties under applicable laws.

7. Fit and Proper Criteria for Directors

7.1. The Company has established a Board-approved policy for ascertaining the "fit and proper" criteria of its directors (***Policy for fit and proper criteria of Directors***) both at the time of appointment and on a continuing basis during their tenure.

7.2. This policy ensures that the directors meet the necessary qualifications, competence, integrity, and experience required for their roles, in accordance with applicable regulatory and governance standards.

8. Constitution of Committees to the Board

In line with sound corporate governance practices and applicable regulatory requirements, the Company has constituted various committees at the Board and management level to ensure focused oversight, effective supervision, and accountability in critical functional and operational areas. Every committee shall function according to Board approved charter.

8.1. The Company has constituted the following committees, and may constitute additional committees in the future, as may be required under any applicable law, regulation, direction, or guideline issued by the RBI or as deemed necessary by the Board of Directors, in furtherance of good governance:

Name of the Committee	Description
Audit Committee Board (ACB)	The ACB is responsible with safeguarding the integrity of the Company's financial reporting process, assessing the adequacy of internal controls, and ensuring compliance with applicable laws and regulations. It reviews financial statements, monitors external and internal audits, and ensures that financial disclosures are accurate, transparent and reliable.
Risk Management Committee (RMC)	This Committee is responsible for overseeing the Company's risk management framework, ensuring that risks are appropriately identified,

	assessed, and mitigated. It monitors key risks, reviews risk management policies, and ensures adherence to the Company's risk appetite.
Nomination and Remuneration Committee (N&RC)	This Committee manages the selection, evaluation, and remuneration of directors and senior management to attract and retain top talent. It ensures that the Company maintains a transparent process for identifying qualified candidates, assesses director performance, and develops remuneration policies that align with the Company's strategic goals. The NRC shall oversee succession planning for Directors, KMPs and Senior Management to ensure continuity of leadership.
Asset Liability Management Committee (ALCO)	The ALCO focuses on managing balance sheet risks, particularly asset-liability matching and liquidity management and interest rate risk. It monitors liquidity, manages interest rate risks, and aligns asset-liability strategies with the Company's business objectives.
Corporate Social Responsibility (CSR) Committee	The CSR Committee formulates and recommends to the Board the Company's CSR Strategy. The Committee establishes a monitoring mechanism for implementation of all activities related to CSR including CSR projects and programs.
IT Strategy Committee (ITSC)	The IT Strategy Committee guides in preparation of IT Strategy and oversees IT governance and regulatory compliance ensuring alignment with Company's business objectives and risk management framework.

Special Committee of the Board for Monitoring and Follow-up of Cases of Frauds (SCBMF)	The SCBMF is constituted to review all cases of fraud and, review the root cause for the failure to prevent fraud and recommend corrective and preventive measures aimed at strengthening the internal control systems and risk management framework.
Information Technology Steering Committee	This Committee is formed at Executive level and aims to oversee and support the effective implementation and operation of Information Technology (IT) systems and infrastructure. It ensures alignment with the Company's business objectives and risk management framework.
Consumer Protection Committee	This Committee aims to safeguard consumer interests, maintain fair treatment, and ensure accountability in all of the operations of the Company. The committee is committed towards customers rights and ensures fair and speedy grievance redressal process and availability of complaint channels.
Identification Committee	This Committee shall be constituted at the Executive level to oversee the identification and classification of wilful defaulters in accordance with regulatory guidelines. The Committee shall be responsible for issuing Show Cause Notices (SCN) to wilful defaulters, examining the evidence provided by the defaulters, and ensuring a fair and transparent evaluation process.
Review Committee	This Committee shall be constituted at the Executive level to review and reassess the decisions made by the Identification Committee regarding the classification of wilful defaulters.

Ethics Committee	This Committee aims to promote and monitor ethical standards and integrity across all levels of the organization. The Committee reviews and assesses all incidents related to ethical breaches, misconduct, or fraud and ensures appropriate remedial measures are taken.
Management Committee	This Committee aims at performing all the executive functions delegated by Board of Directors for the routing operations of the Company which shall include but not limited to: • Sanctioning of Loans • Review of Investments • Opening, operation and closure of bank accounts • Sanctioning of Investments in Pre-IPO/ Anchor • Fixing Thresholds for Investments as per Investment Policy • All other matters as may be delegated by Board from time to time

8.2. While this code refers to the above Committees in brief, each Committee's detailed composition, powers, responsibilities, frequency of meetings, and functioning are governed by its specific Charter as adopted and maintained by the Company from time to time. These Charters shall be periodically reviewed and updated to remain aligned with evolving business requirements and regulatory frameworks.

APPOINTMENT AND RESPONSIBILITIES OF KEY MANAGERIAL PERSONNEL (KMPs) AND SENIOR MANAGEMENT

9. Key Managerial Personnel (KMPs) and Senior Management

9.1. All appointments to the positions of KMP shall be made by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee. Senior Management appointments shall be carried out as per internal policies with oversight from relevant committees to ensure suitability, integrity, and competence.

9.2. Further, all key positions, shall be appointed with due consideration to ensure that all statutory obligations of the Company are complied with, and wherever statutory reporting is mandated, the same shall be undertaken in a timely and accurate manner.

9.3. KMP and Senior Management shall be responsible for the day-to-day management of the Company's operations in alignment with strategic objectives laid down by the Board. They shall act honestly, ethically, and diligently, and ensure compliance with applicable laws, policies, and codes of conduct.

9.4. The Key Managerial Personnel (KMP) of the Company shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL (except for directorship in a subsidiary). However, such KMP may assume directorship in one or more NBFC-BL.

9.5. All KMP and Senior Management personnel shall adhere to the Company's Code of Conduct and make appropriate disclosures of material interests, conflicts of interest, and shareholdings as required under applicable laws and policies.

9.6. The compensation, nomination and remuneration of KMP and Senior Management shall be governed by the Board-approved ***Compensation, Nomination and Remuneration Policy*** of the Company, in alignment with applicable regulatory guidelines issued by the RBI and other relevant authorities. The policy shall ensure alignment of compensation with prudent risk-taking, fairness, and long-term interest of the Company.

9.7. The senior management shall be accorded with the responsibilities including but not limited to:

- 9.7.1. Execute the Company's strategy as approved by the Board.
- 9.7.2. Ensure compliance with all applicable laws and regulations.
- 9.7.3. Provide accurate and timely information to the Board and its committees.

CHANGE IN MANAGEMENT

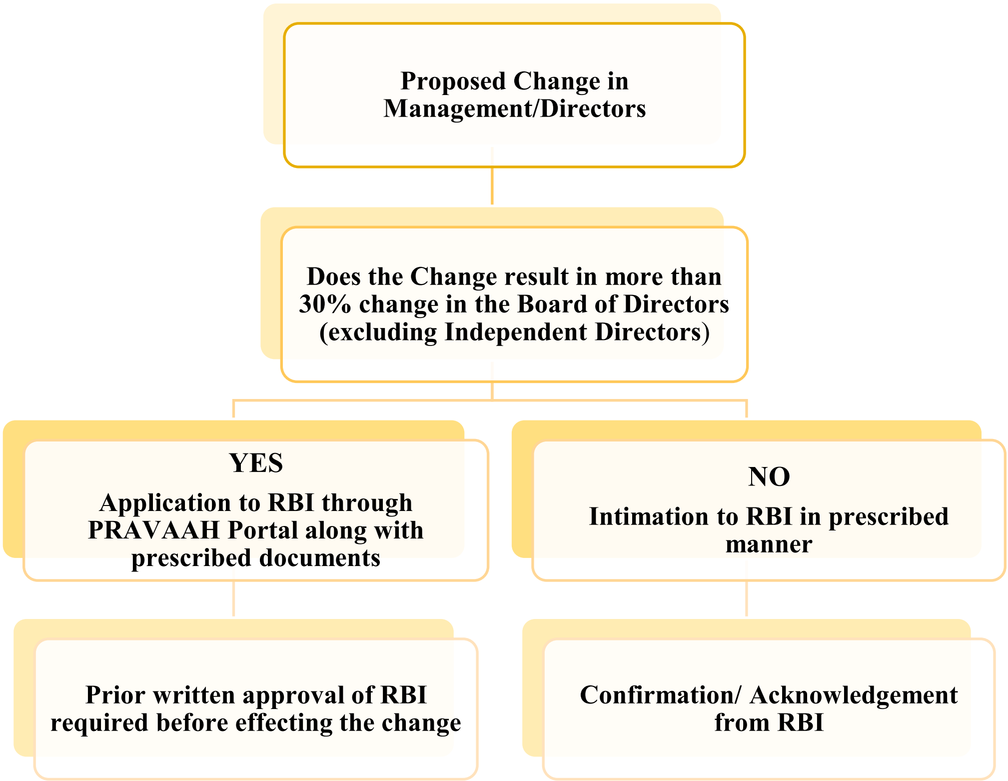
10. **Change in Directors and/or Management**

10.1. The Company shall obtain the prior written approval of the Reserve Bank of India ("RBI") for any change in its management that results in a change of more than thirty per cent (30%) of the Board of Directors, excluding Independent Directors. Where the change in management or composition of the Board does not exceed the aforesaid threshold, the Company shall, nevertheless, intimate the RBI of such change in the manner prescribed.

10.2. Applications seeking approval for change in management shall be submitted on the Company's letterhead through the PRAVAAH Portal, together with all the documents and information as specified under these Directions and as indicated under the relevant process on the portal.

10.3. The requirement of obtaining prior approval from the RBI shall not apply to directors who are re-appointed or re-elected upon retirement by rotation, in accordance with applicable law.

10.4. The requirement of obtaining prior approval from the RBI shall not apply to Independent Directors.



APPOINTMENT OF CHIEF COMPLIANCE OFFICER (CCO)

11. Appointment of Chief Compliance Officer (CCO)

11.1. The Company shall have an independent compliance function in order to ensure effective compliance.

11.2. The Company shall appoint a Chief Compliance Officer (CCO), who shall at all times be a Senior Management Personnel in the hierarchy of the Company and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of the Reserve Bank and other concerned statutory and Governmental authorities.

11.3. The CCO shall have sufficient authority, independence, direct access to the Board/Audit Committee and adequate resources to discharge compliance responsibilities effectively.

11.4. The Company shall place a Board approved "***Compliance Policy***" demarcating the roles and responsibilities of the CCO.

REVIEW AND REPORTING MECHANISM

12. Reporting and Review Mechanism

12.1. The Company shall, annually or as may be prescribed by the Board of Directors, place before the Board the matters set out below, which shall be reviewed and assessed by the Board to ensure ongoing regulatory compliance and the effectiveness of governance and control frameworks within the Company:

12.1.1. Risk Management systems and processes, policies, and strategies adopted by the Company for risk monitoring and mitigation;

12.1.2. Composition, structure and independence of various Board-level and Management-level Committees;

12.1.3. Roles, responsibilities and functions of such Committees, as defined in their respective Committee Charters;

12.1.4. Periodicity of the meetings of the Board and its Committees;

12.1.5. Adoption, implementation, and periodic review of Governance- related policies, codes, and frameworks;

12.1.6. Transparency and disclosures to regulators and other stakeholders;

12.1.7. Compliance with applicable regulatory, statutory and internal governance requirements.

12.1.8. RBI filings/intimations shall be completed within the timelines prescribed under applicable RBI Directions.

13. Website Disclosure

13.1. In compliance with the applicable directions and guidelines issued by the Reserve Bank of India, the Company shall place its **"Corporate Governance Code Policy"** duly approved by the Board and formulated in accordance with Governance Directions, on the Company's website for the information and reference of all relevant stakeholders.

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