

REPORT ON CORPORATE GOVERNANCE (2021-22)

1. COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE: -

Annapurna Finance Private Limited (the “Company”) firmly believes that establishing good corporate governance practices lead to sustainable success of the Company in long-term and sustainable value creation for all the stakeholders. The Company has over the years followed best practices of corporate governance by adhering to governance principles of the highest standard that enhances its reputation as a growing microfinance institution, therefor, enabling the company to fulfill its obligations towards its customers, employees, financiers, and the society as a whole. The company considers that such practices are rest on the core values of transparency, accountability, empowerment, independent monitoring, social responsibility and environment consciousness.

The company considers it essential to abide by the applicable laws and regulations in letter and spirit in order to be considered as a good corporate citizen of the Country and make its best endeavor to uphold and nurture these core values across all facets of its operations.

2. BOARD STRENGTH & REPRESENTATION

2.1 Composition and Category

The Board of Directors of your Company has an optimum and diverse mix of Executive and Non-Executive Directors and the same is in conformity with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”), as amended from time to time. As on 31st March, 2022, the Board consists of 13 Directors, out of which 3 (Three) are Independent Directors, 8 (Eight) are Nominee Directors and 2 (two) are Executive Directors. There are 3 (Three) Women Directors on the Board and 84.62% of the Board consists of Non-Executive Directors.

The List of Directors as on 31st March 2022 are:

Sl. No.	Name of Directors	Designation
1.	Mr. Gobinda Chandra Pattanaik	Managing Director
2.	Mr. Dibyajyoti Pattanaik	Director
3.	Mr. Krishna Kumar Tiwary	Independent Director
4.	Mr. Sean Leslie Nossel	Independent Director
5.	Mr. Ashok Ranjan Samal	Independent Director
6.	Mr. Venkiteswaran M R	Nominee Director
7.	Ms. Christina Stefanie Juhasz	Nominee Director
8.	Mrs. Laetitia Counye	Nominee Director
9.	Mrs. Radhika Jayant Shroff	Nominee Director



10.	Mr. Sunit Vasant Joshi	Nominee Director
11.	Mr. Prakash Kumar	Nominee Director
12.	Mr. Ranganathan Varadarajan Dilip Kumar	Nominee Director
13.	Mr. Abhishek Agarwal	Nominee Director

The composition of the Board represents an optimal mix of knowledge professionals, having relevant industry experience and enables the Board to discharge its responsibilities and provide effective guidance & leadership to the business as necessary to manage the affairs of the Company in the most efficient manner.

The Company has complied with all the necessary provisions of the Companies Act, 2013 and rules made thereunder by reporting the changes in Board composition to the Registrar of Companies within prescribed time period. The Changes in Board composition during the year was as follows-

Sl. No.	Name of Director	Designation	Nature of Change	Date of Change
1	Mr. Ranganathan Varadarajan Dilip Kumar	Nominee Director, SVCL	Appointment	25/06/2021
2	Ms. Radhika Jayant Shroff	Nominee Director, Nuveen	Appointment	25/06/2021
3	Mr. Abhishek Agrawal	Nominee Director, Accion	Appointment	23/12/2021
4	Ms. Dhara Mehta	Nominee Director, SVCL	Cessation	10/06/2021
5	Mr. Satish Chavva	Nominee Director, Oman India	Cessation	03/03/2022

2.2 Category and Attendance of Directors

During the year, the Board met 10 (Ten) times (i.e. on 29th June 2021, 27th July 2021, 24th September 2021, 29th October 2021, 12th November 2021, 23rd November 2021, 17th December 2021, 23rd December 2021, 27th December 2021, and 11th February 2022). The name and category of Directors, their attendance at the Board Meetings & Annual General Meeting and their interest in other companies are given below:

Name of Directors	Category	No of Board meeting attended	Attendance on AGM (31.08.2021)	No. of Directorship held in other Companies
Mr. Gobinda Chandra Pattanaik	Managing Director	10	Yes	0
Mr. Dibyajyoti Pattanaik	Director	10	Yes	1
Mr. Krishna Kumar Tiwary	Independent Director	10	-	2
Mr. Sean Leslie Nossel	Independent Director	6	-	0
Mr. Ashok Ranjan Samal	Independent Director	10	Yes	1
Ms. Christina Juhasz	Nominee Director	10	Yes	0



Ms. Laetitia Counye	Nominee Director	3	Yes	0
Mr. Prakash Kumar	Nominee Director	3	-	0
Mr. Sunit Vasant Joshi	Nominee Director	9	-	0
Mr. Venkiteswaran Mecherimadam Ramakrishnan	Nominee Director	9		3
Mrs. Radhika Jayant Shroff	Nominee Director	8	Yes	0
Mr. Ranganathan Varadarajan Dilip Kumar	Nominee Director	7	-	14
Mr. Abhishek Agrawal	Nominee Director	1	-	7
Mr. Satish Chavva	Nominee Director	9	Yes	1
Ms. Dhara Jitendra Mehta	Nominee Director	0	-	8

Note – Ms. Dhara Mehta and Mr. Satish Chavva ceased to be director from 10.06.2021 and 03.03.2022 respectively.

2.3 Disclosure of relationship between directors inter-se

None of the Directors of the Company are related to each other.

2.4 Number of shares and convertible instruments held by Non-Executive Directors

None of the Non-Executive Directors holds any share or convertible instrument of the Company.

2.5 Information Placed before the Board

The Board has complete access to all the information of the Company, inter alia complete agenda for meetings alongwith all relevant annexures, reports of various committee meetings, operational report, financial report, risk report, internal audit report, CSR report and the information to be placed before the Board of Directors as required under the Listing Regulations. The important decisions taken at the Board and the Committee Meetings are communicated to the concerned Departments/ Divisions of the Company for taking necessary actions as required.

2.6 Evaluation of the Board

In line with the Corporate Governance Guidelines of the Company, the Annual Performance Evaluation is conducted for all Board Members. The Board evaluation framework has been designed in accordance with the Act, the Listing Regulations, and the Guidance Note on Board Evaluation issued by SEBI in January 2017. The Board of Directors acknowledges the requirements of an effective Board Evaluation process and accordingly conducts the Performance Evaluation every year in respect of Individual Directors, Board of Directors as a whole and Committees of the Board of Directors.

The performance evaluation of Independent Directors is done by the entire Board of Directors, excluding the Director being evaluated. The performance evaluation of the Non-Independent Directors is carried out by the Independent Directors who also review the performance of the Board as a whole, which subscribe to the objective of evaluation of the performance of Board and management. The Nomination



and Remuneration Committee also reviews the performance of the Board, its Committees and the Directors.

During the year, the Board carried out the annual performance evaluation of the Directors individually as well as evaluation of the working of the Board and of the Committees of the Board, by way of individual and collective feedback from Directors through discussions and oral assessment with qualitative parameters and feedback based on ratings.

The Board's functioning was evaluated on various aspects, inter alia degree of fulfilment of key responsibilities, Board structure, composition, establishment and delineation of responsibilities to various Committees, the effectiveness of Board processes, information and functioning. The outcome of such Performance Evaluation exercise was discussed during the year at a separate meeting of the Independent Directors held on September 9, 2021. The Nomination and Remuneration Committee forwarded their recommendation based on such Performance Evaluation Process to the Board of Directors. The Directors expressed their satisfaction with overall functioning and implementation of their suggestions.

2.7 Independent Directors and Familiarization Programme

The Company has received necessary declarations under Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations, from the Independent Directors stating that they meet the prescribed criteria for independence. All Independent Directors have affirmed compliance to the code of conduct for independent directors as prescribed in Schedule IV to the Act.

Further, the Company has an orientation process or familiarization programme for its Independent Directors including:

- a) Briefing on their role, responsibilities, duties, and obligations as a member of the Board.
- b) Nature of business and business model of the Company, Company's strategic and operating plans.
- c) Matters relating to Corporate Governance, Code of Business Conduct, Risk Management, Compliance Programs, Internal Audit, etc

As a part of Induction and Continuing Education Program for Independent Directors, periodic presentations are made by the Function Heads at the Board Meetings to apprise the Directors with the Company's business strategies, long term plans, budgets, operations and performance, relevant legal/regulatory updates in the laws and regulations applicable to the Company.

In terms of Schedule IV to the Act and the Listing Regulations, the Independent Directors during the year, held a separate meeting on September 9, 2021, without the attendance of non-independent directors and members of management to review performance of Non-Independent Directors & the Board as a whole and to assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board.

3 BOARD PROCEDURE AND CONDUCT

The Board is primarily responsible to provide and evaluate the strategic direction of the Company, management policies and their effectiveness. The Board's responsibilities further include overseeing the functioning of the Company's top management and monitoring legal compliance, regulatory reporting and the management of risks related to the Company's operations. The Directors are also responsible for ensuring compliance with all applicable statutory requirements by the Company. The agenda along with



comprehensive background information on the items in the agenda is circulated well in advance to the Board members to enable the Board to arrive at appropriate decisions. The Company comply to the suggestions and directions as discussed in the Board meeting and update the same in subsequent Board meeting as part of ATR (action taken report). The discussion, specific suggestions by Board member and any approval by way of resolution passed in the meeting is properly recorded in the minutes of the meeting. As a part of green initiative undertaken by the Company, the agenda and related information is circulated in electronic form through mail. This has reduced paper consumption, thereby enhancing the sustainability efforts of the Company.

At Board Meetings, the Managing Director apprises the Board on the overall performance of the Company. The Board also, inter alia, reviews the strategy, annual business plan and capital expenditure budgets, quarterly, half-yearly and annual financial results, compliance reports on all laws and regulations applicable to the Company, EHS (Environment, Health and Safety) performance of the Company, people, process matters, minutes of meetings of Committees of the Board. In addition, the Board is kept informed of all major events and other information as required from time to time.

4 COMMITTEES OF THE BOARD

The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as part of good governance practices. During the year, all recommendations of the Committees of the Board have been accepted by the Board.

The Board has constituted the following Committees:-

- a) **Audit Committee:** The Audit Committee assists the Board with its responsibility of overseeing the quality and integrity of the accounting, auditing, financial performance and reporting practices of the Company and its compliance with the legal and regulatory requirements. The role of Audit Committee, inter alia, includes overseeing the accounting and financial reporting processes of the Company, the audits of the Company's financial statements, the qualifications, appointment, remuneration, independence and performance of the statutory auditors, the reports & observations of internal auditors, the report of secretarial audit report, the report information security audit report and reviewing the risk management framework/policies.

The Committee met five times during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Krishna Kumar Tiwary	Independent Director, Chairman
Mr. Ashok Ranjan Samal	Independent Director
Mrs. Christina Stefanie Juhasz	Nominee Director

The Company Secretary acts as the Secretary to the Committee.

- b) **CSR & Social Performance Management Committee:** Pursuant to the applicable provisions of the Act, the CSR Committee is required to recommend the amount of expenditure to be incurred for undertaking CSR activities by the Company in terms of the Corporate Social Responsibility Policy. The SPM Committee is constituted especially for the purpose of managing the social activities in backward areas. The CSR & SPM Committees is responsible for the implementation and monitoring the activities undertaken towards achieving the Company's CSR goals.



The Committee met two times during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Gobinda Chandra Pattanaik	Managing Director, Chairman
Mr. Dibyajyoti Pattanaik	Executive Director
Mr. Sean Leslie Nossel	Independent Director
Mr. Ashok Ranjan Samal	Independent Director

c) **Nomination & Remuneration Committee:** The role of Nomination & Remuneration Committee covers all the areas mentioned under relevant provisions of the Act and the Listing Regulations, including the following:

- Recommending / reviewing remuneration of the Managing Directors and Whole-time Directors based on their performance and defined assessment criteria.
- Approving appointment, if any, of a relative of a Director for holding office of profit in the Company as per the provisions of the Act and Rules issued thereunder.
- Carrying out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.

The Committee met two times during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Ashok Ranjan Samal	Independent Director, Chairman
Mr. Krishna Kumar Tiwary	Independent Director
Mr. Sean Leslie Nossel	Independent Director
Mr. Gobinda Chandra Pattanaik	Managing Director

The Company Secretary acts as the Secretary to the Committee.

d) **Risk Management Committee:** The role of Risk Management Committee includes review of the Company's risk management policies, ensuring appropriate methodology, processes and systems are in place to monitor and evaluate risks, and review of risk management effectiveness and follow up of remedial actions. The committee on a regular basis reviews reports providing details of the risk exposure, risk mitigation plan and risk management efforts of the Company.

The Committee met four times during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Gobinda Chandra Pattanaik	Managing Director, Chairman
Mr. Sunit Vasant Joshi	Nominee Director
Mrs. Christina Stefanie Juhasz	Nominee Director
Mr. Ashok Ranjan Samal	Independent Director
Ms. Radhika Jayant Shroff	Nominee Director
Ms. Laetitia Counye	Nominee Director



- e) **IT Strategy Committee:** In terms of the RBI Guidelines, the Company has constituted an IT Strategy Committee to advise the Board on IT initiatives and to ensure that IT strategy is aligned with business strategy and management has an effective strategic planning process in place.

The Committee met two times during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Ashok Ranjan Samal	Independent Director, Chairman
Mr. Gobinda Chandra Pattanaik	Managing Director
Mr. Dibyajyoti Pattanaik	Director
Mr. Sankarshan Panda	CIO- Chief Information Officer
Mr. Dilipa Khuntia	CTO- Chief Technology Officer

- f) **Product Committee:** The primary role of the Product Committee is preparing and supporting the decisions to be made by the Board of Directors as a whole on product management and to study and prepare strategic plan including monitoring and guiding for product diversification in order to improve the performance of the Company and ensuring long term value creation. The committee evaluates the performance of each loan product and also review the proposal of new loan products.

The Committee met two times during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Dibyajyoti Pattanaik	Director, Chairman
Mr. M R Venkiteswaran	Nominee Director
Mr. Ashok Ranjan Samal	Independent Director
Ms. Christina Juhasz	Nominee Director

- g) **ALM Committee (ALCO) :** As per RBI Guidelines, the ALM Committee ensures effective risk management in its various portfolios and to avoid Asset Liability mismatches and interest rate risk exposures of the Company.

The Committee met four times during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Dibyajyoti Pattanaik (Executive Director)	Chairman
Mr. Satyajit Das (Chief Finance Manager)	Member
Mr. Sanjaya Pattanaik (Chief Operating Officer)	Member
Mr. Kumar Vaibhav (Head, Institutional Finance)	Member
Mr. Sabyasachi Sahu (Head, Credit Dept.)	Member
Mr. Anoop TP (Head, Risk Dept.)	Member

- h) **Annual Business Plan Committee (ABP committee):** The Annual Business Plan Committee helps in forecasting and drawing a business plan for the next financial year, based on which the Company conducts its business. The actual and estimated performance is being assessed and reviewed in the committee meetings and a revised B-Plan is placed for approval if required.



The Committee met two times during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Ashok Ranjan Samal	Independent Director
Mr. Sean Leslie Nossel	Independent Director
Mr. Satish Chavva	Nominee Director
Ms. Radhika Jayant Shroff	Nominee Director
Mr. Sunit Vasant Joshi	Nominee Director

- i) **Stakeholders Relationship Committee:** The Stakeholders Relationship Committee of the Board addresses to the grievances of different stakeholders of the company. The role of the committee is to attend to the grievances of the security holders and takes measures to resolve their queries or grievances and also to prepare the grievance status report for presentation in the Board.

The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Ashok Ranjan Samal	Independent Director, Chairman
Mr. Gobinda Chandra Pattanaik	Managing Director
Mr. Dibyajyoti Pattanaik	Director

- j) **Executive Committee:** The Executive Committee is the sub-committee of the Board consists of Executive Directors. As per the terms of reference approved by the Board the committee discusses on the day-to-day affairs of the company and accord approval in the matter. All the matters discussed and approved by committee is being placed before the Board for noting.

The Committee met forty-one times during the year. The Composition of the Committee is mentioned below:

Name of Member	Category
Mr. Gobinda Chandra Pattanaik	Managing Director, Chairman
Mr. Dibyajyoti Pattanaik	Executive Director, Member

5. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES:

The Company has adopted a Whistle Blower Policy to provide a formal vigil mechanism to the Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.



6. DISCLOSURES

- a) During the year, there were no materially significant related party transactions with its promoters, Directors, the KMP, the management or relatives, or other designated persons, that may have a potential conflict with the interests of the Company at large.
- b) There were no instance of non-compliances related to the securities laws such as:
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
 - g) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021

No penalty or strictures were imposed on the Company by the Stock Exchange, SEBI and statutory authorities on such matters.

- c) The Company has a well-defined risk management framework in place. It periodically places, the key identified risks and the risk assessment and mitigation procedures followed by the Company to mitigate or counter such risks before the RMC and the Board
- d) All the mandatory and non-mandatory disclosures/information for stakeholders are shown on the Company's website.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate internal control systems to ensure that all assets are safeguarded and protected against loss from misuse or disposition and that transaction are authorized, recorded and reported correctly.

The internal control is supplemented by documented policies, guidelines, and procedures and an extensive program of internal audits, and review by management. The Audit Committee advises on various risk mitigation exercises on a regular basis. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

Further, RBI mandated to implement RBIA (Risk Based Internal Audit) framework. Its an audit methodology that links an organisation's overall risk management framework and provides an assurance



to the Board of Directors and the Senior Management on the quality and effectiveness of the organisation's internal controls, risk management and governance related systems and processes.

Date of Report

The information provided in this Report on Corporate Governance for the purpose of unanimity is as on March 31, 2022.

For Annapurna Finance Pvt. Ltd.

Sd/-

Gobinda Chandra Pattanaik
(Managing Director)