



Ananya Finance for Inclusive Growth Pvt. Ltd.



*INTERNAL GUIDELINES ON
CORPORATE GOVERNANCE*

May 2023

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1. PREAMBLE:

Ananya Finance for Inclusive Growth Pvt. Ltd. (“the Company” or “Ananya”) is a Non- Banking Financial Company (NBFC) registered with Reserve Bank of India.

Ananya is amongst the responsible NBFCs in India and reputed Microfinance wholesale lender with a pan-India presence with the urge and commitment to serve the socially motivated double bottom-line enterprises.

Corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the government, and the community.

Ananya believes that it does not only have any social, contractual or legal obligation but also has obligation towards other stakeholders like employees, creditors, customers, other governmental and non-governmental organisations.

Ananya recognises its role as a good corporate citizen and endeavours to adopt best practices and highest standards of Corporate Governance.

2. RBI GUIDELINES ON CORPORATE GOVERNANCE:

Ananya is a Non-Banking Financial Company - Systemically Important - Non-Deposit taking (NBFC- NDSI) registered with Reserve Bank of India (“RBI”).

The Reserve Bank of India vide its Master Direction DNBR.PD.008/03.10.119/2016-17 dated 1st September, 2016 as updated from time to time advised all Non-Deposit Taking Systemically Important NBFCs to form internal guidelines on Corporate Governance. Pursuant to the said Master Directions the following internal guidelines on corporate governance have been laid down:

3. GOVERNANCE STRUCTURE:

a) Board of Directors:

The Board of Directors (“the Board”) of the Company along with its committees shall provide leadership and guidance for functioning and management of the Company. The Board shall be responsible for overall compliance with the Corporate Governance of the Company and oversee the business affairs including responsibility for the Company’s business strategy and financial soundness, key personnel decisions, internal organization 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. Further Company’s management shall follow and act as per directions of the Board.

- **Composition of Board:**

The composition of Board of Directors shall be governed as per the Article of Association of the Company and relevant provision of the Companies Act, 2013

including rules framed thereunder. The Board of Directors shall possess adequate skills sets for evolving strategies and over all administration of the business of the Company. The Directors appointed by the investors shall be Non-Executive Directors and shall not be liable to retire by rotation.

- **Meeting of Board:**

The Board of Directors shall meet at least four times in a year with a maximum time gap of One hundred and twenty days between any two meetings.

- **Quorum:**

The Quorum for a meeting of the Board shall be as per the Article of Association of the Company and relevant provision of the Companies Act, 2013 including rules framed thereunder. The Directors shall be present during the meeting and the same shall be maintained for the entire meeting.

b) **Committees of Board:**

The Company shall form Board level committee as required under Companies Act, 2013 and RBI guidelines on Corporate Governance. The Committees shall operate as per the terms of reference approved by the Board. The minutes of the meetings of all Committees of the Board shall be placed before the Board for noting in subsequent meeting. The details of some of the Committees of the Company are as under:

- **Audit Committee:**

The Company has in place Audit Committee as prescribed under section 177 of the Companies Act, 2013 and rules framed thereunder and RBI guidelines on Corporate Governance. The Audit committee shall have powers and duties as provided under provisions of the Companies Act, 2013 and relevant guidelines as prescribed by RBI. The Composition of the Audit Committee shall be as per the provisions contained in Companies Act, 2013, Articles of Association of the Company and RBI guidelines on Corporate Governance. The Audit Committee meets atleast 4 times a year.

- **Nomination and Remuneration Committee:**

The Company has in place Nomination and Remuneration Committee as prescribed under section 178 of the Companies Act, 2013 and rules framed thereunder and RBI guidelines on Corporate Governance. The Nomination Committee shall ensure 'fit and proper' status of proposed/ existing Directors. The Nomination and Remuneration committee shall have powers and duties as provided under provisions of the Companies Act, 2013 and relevant guidelines as prescribed by RBI. The Composition of the Nomination and Remuneration Committee shall be as per the provisions contained in Companies Act, 2013, Articles of Association of the Company and RBI guidelines on Corporate Governance. The Nomination & Remuneration Committee meets atleast once in a year.

- **Risk Management Committee:**

The Company has in place Risk Management Committee +The Risk Management Committee shall ensure that the risks associated with the business/functioning of the Company are identified, controlled and mitigated and shall also lay down procedures

regarding managing and mitigating the risks through integrated risk management systems, strategies and mechanisms. The Risk Management Committee shall have powers and duties as per the relevant guidelines prescribed by RBI. The Risk Management Committee meets atleast twice a year.

In addition to the above Committees, the Company has also in place following Board level Committee for effective functioning of the Company

- **Credit Committee**
- **Human Resource Committee**
- **Investment Committee for Equity infusion**
- **CSR & SPM Committee**

c) **Other Committees:**

Apart from the above Committees, the Company has also in place the following Internal Committees:

- Asset Liability Management Committee (ALCO)
- Internal Complaint Committee (ICC)
- Management Credit Committee (MCC)
- Investment Committee for Treasury

d) **Fair Practices Code:**

Pursuant to the guidelines on Fair Practices Code issued by Reserve Bank of India, the Company shall adopt a policy on Fair Practices Code which is posted on the website of the Company and also a regular review on the implementation of the same is conducted by the Board.

e) **Fit and Proper criteria:**

In terms of **Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016**, the Company has in place a Board approved policy on 'Fit and Proper Criteria for Directors' ("the Policy"). Pursuant to the Policy, the Company obtains necessary declaration and undertakings, annually and deed of covenants from Directors for ascertaining that the fit and proper criteria of the Director at the time of appointment. Further, the

Company ensures compliance with the provisions laid down in the Policy and furnishes to the Bank 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 within 15 days of the close of the respective quarter.

f) Disclosure and transparency:

(1) The Company shall put up to the Board of Directors, at regular intervals, as may be prescribed by the Board in this regard, the following:

- (i) the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Company;
- (ii) 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.

(2) The following shall be disclosed in the Annual Financial Statements of the Company:

- (i) Registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators;
- (ii) Ratings assigned by credit rating agencies and migration of ratings during the year;
- (iii) Penalties, if any, levied by any regulator;
- (iv) Information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries;
- (v) 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 and other disclosures as may be prescribed by RBI from time to time.

g) Rotation of partners of the Statutory Auditors Audit Firm:

The Company shall rotate the partner(s) of the Chartered Accountant firm conducting the audit, every three years so that same partner shall not conduct audit of the Company continuously for more than a period of three years. However, the partner so rotated shall be eligible for conducting the audit of the Company after an interval of three years, if the applicable NBFC, so decides. The applicable NBFC shall incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance. The appointment of Statutory Auditors shall be as per the Provisions of the Companies Act, 2013 and guidelines as prescribed by RBI.

h) Compliance Officer:

The Company Secretary shall be the Compliance Officer of the Company.

i) Policies adopted by the Company:

The Board of Directors of the Company has formulated various policies/ guidelines as applicable under the provisions of the Companies Act, 2013 and rules made

thereunder and various circular(s), notification(s) and directions issued by the Reserve Bank of India for Systemically important NBFC-ND Companies. These policies are reviewed and updated at regular intervals based statutory requirement or on modification or amendments of various acts, rules, regulations, statues applicable to the Company.

The Board has adopted the following Policies/ Guidelines:

1. Credit & Exposure Policy
2. AML and KYC Policy
3. CSR Policy
4. Environmental Policy
5. HR Policy
6. IT Policy
7. Prevention of Sexual Harassment Policy
8. Investment Policy – Equity
9. Investment Policy – Treasury Management
10. Moratorium Policy
11. Policy on Preservation of Documents
12. Business Continuity Planning Policy
13. ECL Policy
14. Policy on Restructuring
15. Micro – Enterprise Pricing Policy
16. Pricing Policy
17. Policy on Resource Planning
18. Securitization Policy
19. Fair Practice Code
20. Household Income Assessment Policy
21. Fit & Proper Criteria Policy
22. Policy on Code of Practices and Procedure for fair disclosure of UPSI
23. Data Privacy Policy
24. Accounting Policy
25. Policy on Fixed Asset
26. Policy on Expense
27. Risk Management Policy
28. Related Party Transaction Policy
29. Whistle Blower Policy
30. Policy on Code of Conduct
31. Internal Audit Policy

4. **Review:**

These guidelines shall be reviewed by the Board of Directors at such intervals as and when deemed necessary, in order to align the same with the prevalent regulatory and business requirements.