

CORPORATE GOVERNANCE REPORT FINANCIAL YEAR ENDED 31 MARCH 2022

Compliance with the Code

Since admission to AIM, the Group has grown substantially against a background of difficult trading conditions within the Indian electricity generation sector. The Company completed its development programme, paid a dividend with respect to the years ended 31 March 2018, 2019 and 2020 and is poised for the next phase of its development. The key objective is to build on these achievements and the Board has therefore adopted an approach to governance that is proportionate with and appropriate to the current size and complexity of the Group.

The Company is committed to high standards of corporate governance and places good governance at the heart of the business. In March 2020, the Board of the Company formally adopted the Quoted Companies Alliance's ("QCA") corporate governance code ("the Code") in line with requirements of the AIM Rules for Companies. In accordance with AIM Rule 26, the Directors review the compliance with the Code on an annual basis. The Board believes that the QCA Code provides the Company with a rigorous corporate governance framework to support the business and its success in the long-term. The Code sets out ten corporate governance principles. The ways in which the Company meets the following principles are described on our website at www.opgpower.com/investors/aim-rule-26/index.html:

1. Establish a strategy and business model which promotes long-term value for shareholders.
2. Seek to understand and meet shareholder needs and expectations.
3. Take into account wider stakeholder and social responsibilities and other implications for long-term success.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.
5. Maintain the board as a well-functioning, balanced team led by the chair.
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.
8. Promote a corporate culture that is based on ethical values and behaviour.
9. Maintain governance structures and processes that are fit for purpose and support good decision making by the board.
10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

Board of Directors as at 31 March 2022

The Board of the Directors of the Company comprised of the following individuals as at 31.03.2022:

Executive Directors as at 31 March 2022

1. Mr. Arvind Gupta (Chairman);
2. Mr. Dmitri Tsvetkov (Chief Financial Officer); and
3. Ms. Avantika Gupta (Chief Operating Officer).

Non-executive Directors as at 31 March 2022

1. Mr. Jeremy Warner Allen (Deputy Chairman);
2. Mr. N. Kumar, Non-Executive Director and;
3. Mr. Michael Grasby (appointed on 19 February 2021).

Changes in the Board of Directors

Mr. Arvind Gupta resigned from the Board of the Company and was replaced by Mr. N. Kumar as Non-Executive Chairman of the Company with effect from 4 April 2022. Ms. Avantika Gupta was appointed as the Chief Executive Officer of the Company with effect from 4 April 2022.

Mr. Dmitri Tsvetkov, Chief Financial Officer stepped down and retired from the Board of Directors of the Company with effect from 31 May 2022 and Mr. Ajit Pratap Singh was appointed as the Executive Director and Chief Financial Officer of the Company with effect from 31 May 2022.

The Board of Directors of the Company placed on record its sincere appreciation for the valuable services rendered by Mr. Arvind Gupta and Mr. Dmitri Tsvetkov during their respective tenures.

Therefore, as at the date of this Report, the Board of Directors of the Company comprises of the following Executive and Non-Executive Directors :

EXECUTIVE DIRECTORS

1. Ms. Avantika Gupta (Chief Executive Officer, Director).
2. Mr. Ajit Pratap Singh (Chief Financial Officer, Executive Director).

NON-EXECUTIVE DIRECTORS

1. Mr. N. Kumar (Non-Executive Chairman).
2. Mr. Jeremy Warner Allen (Non-Executive Deputy Chairman).
3. Mr. P. Michael Grasby (Non-Executive Director).

Changes in constitution of the Committees

The ESG Committee was established on 28 June 2021 and Mr. Michael Grasby became the Chairman of the ESG Committee with effect from 28 June 2021. Mr. Dmitri Tsvetkov and Ms. Avantika Gupta are the other members of the Committee.

Mr. Ajit Pratap Singh became a member of the ESG Committee in place of Mr. Dmitri Tsvetkov with effect from 31 May 2022.

Mr. Michael Grasby became a member of the Remuneration Committee and Nomination Committee with effect from 28 June 2021 and 29 April 2022 respectively.

Mr. Jeremy Warner Allen became Chairman of the Nomination Committee with effect from 4 April 2022.

The Board considers that, as at the date of this report, it complies with Code provision, which requires that, there should be at least two independent Non-executive Directors. Mr. Jeremy Warner Allen, Mr. N. Kumar and Mr. P. Michael Grasby are considered to be independent under the Code. Biographical details of all the Directors at the date of this report are set out on pages 33 to 35 together with details of their membership, as appropriate, of the Board Committees. The Board is responsible for setting the Company's objectives and policies and providing effective leadership and the controls required for a publicly listed company. Directors receive papers for their consideration in advance of each Board meeting, including reports on the Group's operations to ensure that they remain briefed on the latest developments and are able to make fully informed decisions. The Board met six times during the year under review. All the board meetings during the year were held by Video Conference.

During the FY 22, the Executive Committee ('ExCo') comprised of the three Executive Directors and four members of senior management. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Consequent to the changes in the Board of Directors, effective from 4 April 2022 and 31 May 2022 as indicated above, the Executive Committee as at the date of this Report comprises of Ms. Avantika Gupta, Chief Executive Officer, Director and Mr. Ajit Pratap Singh, Chief Financial Officer, Executive Director and five members of senior management.

Directors have the right to request that any concerns they have are recorded in the appropriate Committee or Board minutes. Informal procedures are in place for Directors to take independent professional advice at the Company's expense although these are not currently set down in writing.

The Company maintains Directors' and officers' liability insurance and indemnity cover, the level of which is reviewed annually.

Division of Responsibilities

Mr. N. Kumar, the Company's Non-Executive Chairman is responsible for the matters relating to strategic decisions and functioning of the Board. Ms. Avantika Gupta, Chief Executive Officer is responsible for the day-to-day running of the operations of the Company and heads the Executive Committee. Mr. Jeremy Warner Allen is the Deputy Chairman. In the Board's view, these arrangements together ensure an appropriately clear division of responsibilities between the running of the Board and the executive responsibility for the running of the Company's business.

Chairman and Deputy Chairman

The Chairman's key responsibilities were the effective running of the Board, proposing and developing the Group's strategy and ensuring that the Board plays a full and constructive part in the development and determination of the Group's strategy and overseeing the Board's decision-making process.

Mr. Jeremy Warner Allen, the Deputy Chairman, is available to shareholders who have concerns that cannot be resolved through discussion with the Chairman. The role of the Deputy Chairman is to support and tender advice to the Chairman on all governance matters.

Re-election of Directors

At every AGM, one-third of the Directors for the time being (excluding any Director appointed since the previous AGM) or, if their number is not divisible by three, the number nearest to one-third, shall retire from office by rotation. Mr. Jeremy Warner Allen, Non-Executive Director shall retire from office by rotation and is up for re-election at the forthcoming AGM.

Information and professional development

All Directors received a briefing from the Company's nominated adviser of their duties, responsibilities and liabilities as a Director of an AIM company. In addition, all Directors receive a regular briefing on the AIM Rules for Companies and the Market Abuse Regulations (MAR) from the Company's Nominated Adviser. Directors are encouraged to keep abreast of developments and attend training courses to assist them with their duties.

In addition to the formal meetings of the Board, the Chairman is available to the other Non-executive Directors to discuss any issues of concern they may have relating to the Group or as regards to their area of responsibility and to keep them fully briefed on ongoing matters relating to the Group's operations.

Board performance and evaluation

The Chairman, as part of his responsibilities, informally assesses the performance of the Board and its Directors on an ongoing basis and brings to the Board's attention any areas for improvement. For the time being, the Board will continue to evaluate in this way the balance of skills, experience, independence and knowledge required to ensure that its composition is appropriate to the Group's size and complexity. In 2019 the Board introduced a process of self-evaluation of its performance and completed its first self-evaluation.

Meetings of the Board and its Committees

The following table sets out the number of meetings of the Board and its Committees during the year under review and individual attendance by the relevant members at these meetings:

	Board meetings				Board Committee meetings					
			Audit		Remuneration		Nomination		ESG*	
	Number	Attended	Number	Attended	Number	Attended	Number	Attended	Number	Attended
Arvind Gupta**	6	4	NA	NA	NA	NA	1	1	NA	NA
Dmitri Tsvetkov**	6	6	NA	NA	NA	NA	NA	NA	3	3
Avantika Gupta	6	5	NA	NA	NA	NA	NA	NA	2	2
Jeremy Warner Allen	6	6	2	2	1	1	1	1	NA	NA
N Kumar	6	6	2	2	1	1	1	1	NA	NA
Michael Grasby	6	5	NA	NA	1	1	NA	NA	3	3
Number of meetings held during the year	6		2		1		1		3	

*ESG Committee was established on 28 June 2021.

**Mr. Arvind Gupta resigned from the Board of Directors of the Company and Mr. N. Kumar became the Non-Executive Chairman with effect from 4 April 2022. Mr. Dmitri Tsvetkov resigned as CFO, Executive Director from the Board and Mr. Ajit Pratap Singh was appointed as CFO, Executive Director with effect from 31 May 2022.

Notes:-

1. Mr. Michael Grasby became member of the Nomination Committee wef 29 April 2021 and Remuneration Committee w.e.f. 28 June 2021. He was appointed as the Chairman of the ESG Committee w.e.f 28 June 2021.
2. Mr. Arvind Gupta was the Chairman of the Nomination Committee till 04 April 2022 and Mr. Jeremy Warner Allen became the Chairman of the Nomination Committee wef 04 April 2022

In the event that Directors are unable to attend a meeting, their comments on the business to be considered at the meeting are discussed in advance so that their contribution can be included in the wider Board discussions.

Board Committees

Audit Committee

The members of the Audit Committee are Mr. Jeremy Warner Allen and Mr. N Kumar. Mr. Jeremy Warner Allen, Chairman of the Committee is considered to have continuing, relevant financial experience. The Chief Executive Officer and Chief Financial Officer and also, as necessary, a representative of the auditors are normally invited to attend meetings of the Committee.

The primary duty of the Audit Committee is to oversee the accounting and financial reporting process of the Group, the external audit arrangements, the internal accounting standards and practices, the independence of the external auditor, the integrity of the Group's external financial reports and the effectiveness of the Group's risk management and internal control system.

The Audit Committee met twice during the year and considered the following matters during the year under review:

- Committee at its meeting held on 24 September 2021 approved the FY21 Annual Report and Financial Statements for the year ended 31 March 2021; and
- Committee at its meeting held on 06.12.2021 approved the Financial Statements for the H1 FY22.

The Audit Committee considered relevant significant issues in relation to the financial statements taking into account business developments during the year and risks and matters raised in the external auditors' FY21 final and FY22 planning reports to the Audit Committee. These issues were addressed as part of preparation of the FY22 financial statements.

Remuneration Committee

The Remuneration Committee currently consists of Mr. N Kumar, Mr. Jeremy Warner Allen and Mr. Michael Grasby. Mr. Michael Grasby became a member of the Remuneration Committee with effect from 28 June 2021.

The primary duty of the Remuneration Committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Executive Directors and such other members of the executive management team of the Group as is deemed appropriate. The remuneration of the Non-executive Directors is a matter for the executive members of the Board. No Director may be involved in any decisions as to his own remuneration.

Full details of the role and composition of the Remuneration Committee, the remuneration policy of the Company and its compliance with the Code provisions relating to remuneration are set out in the Directors' Remuneration Report on pages 43 to 45.

Nomination Committee

As on 31 March 2022, the members of the Nomination Committee were Arvind Gupta, Jeremy Warner Allen and N Kumar. Mr. Arvind Gupta was the Chairman of the Committee till 4 April 2022. Mr. Jeremy Warner Allen became the Chairman of the Committee with effect from 4 April 2022. Mr. Michael Grasby became a member of the Committee with effect from 29 April 2022.

The primary duty of the Nomination Committee is to lead the process for Board appointments and make recommendations to the Board. The Nomination Committee regularly reviews the composition of the Board to ensure that the Board has an appropriate and diverse mix of skills experience, independence and knowledge of the Group. Ms. Avantika Gupta's presence in the Board is a testament to the gender diversity in the Board.

Environmental, Social, and Governance ("ESG") Committee

The Company's ESG Committee was created on 28 June 2021 and Mr. Michael Grasby was appointed as Chairman of this committee with effect from 28 June 2021. The other members of the ESG committee are Ms. Avantika Gupta and Mr. Dmitri Tsvetkov as on 31 March 2022.

Consequent to the changes in the Board of Directors, effective from 31 May 2022, the Company's ESG Committee comprises of Mr. Michael Grasby, Ms. Avantika Gupta and Mr. Ajit Pratap Singh as at date of this Report. The primary duty of the ESG Committee is to establish objectives and the milestones to achieve short and long-term ESG goals and to lead the process of development and implementation of Company's ESG strategy.

Accountability and Audit

Risk management and internal control

The Board has overall responsibility for the Group's system of internal control, which includes risk management. The Board has delegated the responsibility for reviewing the effectiveness of its internal control systems to the Audit Committee. The Audit Committee reviews these systems, policies and processes for tendering, authorisation of expenditure, fraud and the internal audit plan.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has instructed the ExCo to be a leading part of its process to identify, evaluate and manage the significant risks the Group faces, which is in accordance with the current guidance on internal control. The Audit Committee will assist the Board in discharging its review responsibilities. The Board has carried out a robust assessment of the principal risks faced by the Group, including those that would threaten its business model, future performance, solvency or liquidity. A summary of the key risks facing the Group and mitigating actions is described on pages 31 and 32.

Assurance

BDO LLP was appointed as auditor for the Group for the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 following a tender process. The Audit Committee reviewed the effectiveness of the external auditor and BDO LLP was reappointed for the financial year ended 31 March 2022. The Audit Committee's assessment was based on inputs obtained in the course of monitoring the integrity of the financial statements and the significant financial reporting issues and judgements underlying the financial statements, and on its direct interactions with the external auditors. The Audit Committee's principal interactions with the auditors were its discussions of the audit work performed on areas of higher audit risk and the basis for the auditors' conclusions on those areas. These interactions were supplemented by others that enabled them, for example, to gauge the depth of the auditors' understanding of the Company's business. The Audit Committee's review focused on the level of experience and expertise of the audit team, their objectivity and professional scepticism, and their preparedness to challenge management in a knowledgeable, informed and constructive manner. The Committee's review also took account of feedback from management on the effectiveness of the audit process.

The Audit Committee considers that, at this stage in the Group's development, it is more efficient to use a single audit firm to provide certain non-audit services for transactions and tax matters. However, to regulate the position, the Committee will at the appropriate time establish a policy on the provision of non-audit services by the external auditor. That policy will set out the external auditor's permitted and prohibited non-audit services and a fee threshold requiring prior approval by the Audit Committee for any new engagement. The external auditor did not provide any non-audit services during the year.

Viability statement

A statement on the Directors' position regarding the Company as going concern is contained in the Directors' Report on pages 41 and 42. As part of an annual strategy session, the Directors have assessed the prospects of the Group over a period significantly longer than the 12 months required by the going concern. In this assessment, the Board has considered the principal risks faced by the Group, relevant financial forecasts and the availability of adequate funding. The Board conducted this assessment over a period to the end of calendar year 2024, primarily because this is the remaining period of repayment of term loans. Based on its review, the Board is satisfied the viability of the Group would be preserved and have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the two-year period of their assessment.

Shareholder Relations and the Annual General Meeting

The Board is committed to maintaining an ongoing dialogue with its shareholders. The Directors are keen to build a mutual understanding of objectives with its principal shareholders. To this end, the Chairman and Chief Financial Officer together with the Deputy Chairman met with a number of institutional shareholders during the year. The Directors also encourage communications with private shareholders and encourages their participation in the AGM.

Mr. N. Kumar is primarily responsible for ensuring the effective communication of shareholders' views to the Board as a whole and updates the Board accordingly. Board members keep abreast of shareholder opinion and discuss strategy and governance issues with them as appropriate.

Notice of the AGM will be sent to shareholders at least 21 clear days before the meeting. The voting results will be made available on the Company's website following the meeting.

The Company uses its corporate website (www.opgpower.com) to communicate with its institutional shareholders and private investors and posts the latest announcements, press releases and published financial information together with updates on current projects and other information about the Group.