

# REPORT ON CORPORATE GOVERNANCE

(The Report on Corporate Governance forms part of the Directors' Report for the year ended March 31, 2017)

## PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company firmly believes in good corporate governance and endeavors to implement the Code of Corporate Governance in its true spirit. The philosophy of the Company in relation to corporate governance is to ensure transparency in all its operations, make disclosures, and enhance shareholder value without compromising in any way on compliance with the extant laws and regulations. The Company believes that good governance brings sustained corporate growth and long-term benefits for stakeholders.

The Corporate Governance philosophy of the Company is driven by the following fundamental principles which ensures:

- conduct of the affairs of the Company in an ethical manner;
- transparency in all dealings;
- highest level of responsibility and accountability in dealing with various stakeholders of the Company;
- compliance with applicable statutes and regulations; and
- timely dissemination of all unpublished price sensitive information and matters of interest to stakeholders through proper channel.

The stipulations mandated by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations"), which *inter alia* lists down various corporate governance related practices and requirements, which listed companies are required to adopt and follow have been fully complied with by your Company. This Report outlines the governance practices followed by the Company in compliance with the said requirements of the Listing Regulations.

## BOARD OF DIRECTORS ("Board")

The Board of Directors includes the Executive, Non-Executive and Independent Directors with a majority of Independent Directors so as to ensure proper governance and management.

The Corporate Governance principles of the Company have been formulated to ensure that the Board remains informed, independent and participates actively in the affairs of the Company. The Company also strives to enhance stakeholders' value by taking measures to continuously improve Corporate Governance standards.

The Directors at Capital First Limited ('Capital First') possess the highest personal and professional ethics, integrity and values and are committed to represent the long-term interest of the stakeholders. The Company's business is led by

Mr. V. Vaidyanathan, Chairman and Managing Director under the overall supervision of the Board.

The Company's Corporate Governance framework is based on having a composition wherein half of the Board comprises of Independent Board Members. Further, the constitution of Board Committees satisfies all statutory requirements of regulatory authorities including the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs (MCA), and committees are chaired by Independent Directors, wherever required by law. Committees have been suitably constituted for significant and material matters and also have a blend of Executive Management Members to assist the Committees. The Board plays an effective supervisory role through the above governance framework.

## Composition of the Board

During the year under review, the Board of Directors of the Company had an optimum combination of Professional and Independent Directors with excellent knowledge and experience in various fields relating to the business activities of the company.

As at March 31, 2017, the Board of Directors of the Company consisted of, five Independent Directors, two Non-Executive Director and three Executive Director.

During the Financial Year 2016-17, Mr. Apul Nayyar (DIN 01738973) and Mr. Nihal Desai (DIN 03288923) pursuant to the approval of the Board at its Meeting held on April 04, 2016 and Members at the 11<sup>th</sup> Annual General Meeting of the Company were appointed as Whole Time Directors and Key Managerial Personnel of the Company as per the provisions of Companies Act, 2013 and applicable law and were designated as 'Executive Director' of the Company with effect from April 04, 2016 for a period of two years.

Further, the Board of Directors at their Meeting held on March 29, 2017 had *inter alia* approved re-appointment of Mr. Naresh Chand Singhal (DIN 00004916), Mr. Swaminathan Sundararajan Mittur (DIN 00169775) and Mr. Hemang Harish Raja (DIN 00040769) as Non-Executive Independent Directors for a term of five consecutive years with effect from April 01, 2017 to hold office up to March 31, 2022 subject to approval of members in the ensuing Annual General Meeting of the Company.

None of the Directors hold directorship in more than Ten Public Limited Companies or act as an Independent Director in more than Seven Listed Companies, none of the Directors acts as a member of more than Ten Committees or Chairman of more than Five Committees as on March 31, 2017 across all Public Limited Companies in which they are Directors.

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None of the Non-Executive Directors held any equity shares or convertible instruments of the Company during the financial year ended March 31, 2017. None of the Directors had any relationships inter-se.

During the financial year 2016-17, seven Meetings of the Board of Directors were held on following days:

April 04, 2016, May 13, 2016, August 03, 2016, November 09, 2016, November 11, 2016, January 31, 2017 and March 29,

2017 with the time gap between any two consecutive Meetings being not more than one hundred and twenty days at any point in time.

The details of the number of Board and Annual General Meeting attended by each Director during the financial year 2016-17 and Directorship and/or Membership/Chairmanship of the Committees of Board (except Private Companies, Non-Profit Companies and Foreign Companies) held by each of them as on March 31, 2017, are given below:

Name of the Director	Category	Attendance Particulars			No. of outside Directorships	No. of committee positions held (including in company)	
		No. of Board Meetings held during tenure of the Director	No. Board Meetings attended by the Director	Attended the last AGM		Chairman	<sup>®</sup> Member
Mr. V. Vaidyanathan	Chairman & Managing Director	07	07	Yes	01	-	01
Mr. N. C. Singhal	Non-Executive & Independent Director	07	07	Yes	05	02	04
Mr. Vishal Mahadevia	Non-Executive Director	07	04	No	03	-	04
Mr. M. S. Sundara Rajan	Non-Executive & Independent Director	07	<sup>^</sup> 06	Yes	08	05	10
Mr. Hemang Raja	Non-Executive & Independent Director	07	07	Yes	02	01	02
Dr. (Mrs.) Brinda Jagirdar	Non-Executive & Independent Director	07	07	Yes	03	01	03
Mr. Dinesh Kanabar	Non-Executive & Independent Director	07	<sup>^</sup> 06	Yes	01	02	02
Mr. Narendra Ostawal	Non-Executive Director	07	05	No	01	01	01
<sup>#</sup> Mr. Apul Nayyar	Executive Director	07	07	Yes	01	-	01
<sup>#</sup> Mr. Nihal Desai	Executive Director	07	07	Yes	-	-	-

<sup>#</sup> Mr. Apul Nayyar & Mr. Nihal Desai have been appointed as “Executive Director” effective from April 04, 2016.

<sup>^</sup> Mr. Dinesh Kanabar attended Board Meeting held on November 11, 2016 via tele-conference and Mr. M. S. Sundara Rajan attended Board Meeting held on March 29, 2017 via tele-conference and the same were not included for the purpose of the attendance of respective Meetings in accordance with the provisions of Companies Act, 2013 read with Rules and applicable law.

<sup>®</sup> The Chairman of the Committee is also counted as member of the Committee. For the purpose of computation of Committee membership, only membership of Audit Committee and Stakeholders Relationship Committee are considered.

### COMMITTEES OF THE BOARD OF DIRECTORS:

Under the aegis of the Board of Directors, several committees have been constituted which have been delegated powers for different functional areas. The Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility (CSR) Committee have been constituted pursuant to and in accordance with the provisions of the Companies Act, 2013, Listing Regulations, rules and regulations prescribed by Reserve Bank of India and other applicable laws.

The details of Committees of Board of Directors required as per Companies Act, 2013 and Listing Regulations are given below:

### AUDIT COMMITTEE

#### Terms of Reference:

The terms of reference of the Audit Committee are in compliance with the provisions of Companies Act, 2013 and Listing Regulations as amended from time to time.

In addition to the matters provided in Listing Regulations and requirements of Section 177 of the Companies Act, 2013 and Reserve Bank of India, the Committee reviews the reports of the Internal Auditors, periodically meets the Statutory Auditors of the Company and discusses their findings, observations, suggestions, scope of audit etc. and also reviews internal control systems and accounting policies followed by the Company.

## REPORT ON CORPORATE GOVERNANCE (CONTD.)

The Committee also reviews the financial statements with the management, before their submission to the Board.

The terms of reference of the Audit Committee of the Board of Directors of the Company, *inter alia* includes:

1. Overseeing the Company's financial reporting process and reviewing with the management, the financial statements before submission to the Board for approval;
2. Recommending to the Board the appointment, re-appointment and replacement of the Statutory Auditor and fixing their fees;
3. Evaluation of internal financial controls and risk management systems;
4. Reviewing the internal audit function of the Company; and
5. Such other matters as specified under Listing Regulations, requirements of Section 177 of the Companies Act, 2013 and Reserve Bank of India or as may be delegated by the Board of Directors of the Company.

### Composition and Attendance at Meeting:

The Audit Committee comprises of following four Members and three of them are Independent Directors:

- |                            |            |
|----------------------------|------------|
| 1. Mr. Dinesh Kanabar      | - Chairman |
| 2. Mr. N. C. Singhal       | - Member   |
| 3. Mr. Vishal Mahadevia    | - Member   |
| 4. Mr. M. S. Sundara Rajan | - Member   |

Mr. Satish Gaikwad, Head - Legal, Compliance and Company Secretary, acts as a Secretary to the Committee.

All the Members of the Committee have vast experience and knowledge of finance, accounts and corporate laws with the Chairman of the Committee being an eminent Chartered Accountant, who has finance, accounting and taxation related expertise.

The quorum for the Meeting of the Audit Committee is as per applicable laws.

During the year under review, the Committee met four times, i.e. May 13, 2016, August 03, 2016, November 09, 2016 and January 31, 2017. The details of the attendance of Directors at Audit Committee Meetings held during the financial year are as under:

Name	Number of Audit Committee Meetings Attended
Mr. Dinesh Kanabar	04
Mr. N. C. Singhal	04
Mr. Vishal Mahadevia	03
Mr. M. S. Sundara Rajan	04

The minutes of the Audit Committee Meetings forms part of the documents placed before the Meetings of the Board. In addition, the Chairman of the Audit Committee appraises the

Board Members about the significant discussions held at Audit Committee Meetings.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

#### Terms of Reference:

The terms of reference of the Stakeholders Relationship Committee are in compliance with the provisions of Companies Act, 2013 and Listing Regulations as amended from time to time, which *inter alia* includes carrying out such functions for redressal of grievances of shareholders, debenture holders and other security holders, including but not limited to, transfer of shares, non-receipt of annual report, non-receipt of dividend and any other grievance that a shareholder or investor of the Company may have against the Company. The Committee also oversees and approves Transfer / Transmission / Dematerialisation of shares, issue of Duplicate / Consolidated / Split Share Certificate(s) etc.

The Company has appointed Link Intime India Private Limited as its Registrar and Share Transfer Agent (RTA). The Stakeholders Relationship Committee recommends measures for overall improvement in the quality of investor services.

### Composition and Attendance at Meeting:

The Stakeholders Relationship Committee comprises of the following three Members and two of them are Independent Directors:

1. Dr. (Mrs.) Brinda Jagirdar - Chairperson
2. Mr. Hemang Raja - Member
3. Mr. V. Vaidyanathan - Member

Mr. Satish Gaikwad, Head - Legal, Compliance and Company Secretary, acts as a Secretary to the Committee and is also the Compliance Officer of the Company under Listing Regulations. As the Compliance Officer he is responsible for overseeing the redressal of the investors' grievances.

During the year under review, the Committee met four times, i.e. on May 11, 2016, August 03, 2016, November 09, 2016 and January 31, 2017. The details of the attendance of Directors at Meetings of the Committee held during the financial year are as under:

Name	Number of Stakeholders Relationship Committee Meetings Attended
Dr. (Mrs.) Brinda Jagirdar	04
Mr. Hemang Raja	03
Mr. V. Vaidyanathan	04

The minutes of the Stakeholders Relationship Committee Meetings forms part of documents placed before the Meetings of the Board of Directors.

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The equity shares of the Company are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). As on March 31, 2017, the Company has 1,20,639 shareholders.

At the beginning of the year, there were no complaints/ correspondences which were pending. During the year under review, the Company and Link Intime India Private Limited, the Registrar and Share Transfer Agent, received 07 complaints/correspondence/grievances. All the complaints/correspondence/grievances were resolved/replied during the year and none are pending as on March 31, 2017.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

#### Terms of Reference:

The terms of reference of Corporate Social Responsibility Committee (CSR) broadly comprises of following responsibility:

- To indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on CSR Activities, monitor the CSR Policy of the Company from time to time, institute a transparent monitoring mechanism for implementation of CSR Projects or Programmes or activities undertaken by the Company.
- To perform any other function or duty as stipulated by the Companies Act, 2013 or under any applicable laws or as may be delegated by the Board of Directors of the Company from time to time.

#### Composition and Attendance at Meeting:

The Corporate Social Responsibility Committee comprises of the following four Members and two of them are Independent Directors:

- |                               |            |
|-------------------------------|------------|
| 1. Mr. Hemang Raja            | - Chairman |
| 2. Dr. (Mrs.) Brinda Jagirdar | - Member   |
| 3. Mr. Vishal Mahadevia       | - Member   |
| 4. Mr. V. Vaidyanathan        | - Member   |

Mr. Satish Gaikwad, Head - Legal, Compliance and Company Secretary acts as a Secretary to the Committee.

During the year under review, the Committee met once, i.e. on May 11, 2016.

The details of the attendance of Directors at Meeting of the Committee held during the financial year are as under:

Name	Number of Corporate Social Responsibility Committee Meeting Attended
Mr. Hemang Raja	Nil
Dr. (Mrs.) Brinda Jagirdar	01
Mr. Vishal Mahadevia	01
Mr. V. Vaidyanathan	01

The minutes of the Corporate Social Responsibility Committee Meetings forms part of documents placed before the Meetings of the Board of Directors.

### NOMINATION AND REMUNERATION COMMITTEE

#### Terms of Reference:

The terms of reference of the Nomination and Remuneration Committee are in compliance with the provisions of Companies Act, 2013 and Listing Regulations as amended from time to time, and it broadly includes the following:

- Identifying and selection of candidates for appointment as Director(s)/Independent Director(s) based on certain laid down criteria;
- Performing all such functions as are required to be performed by the Committee with regard to ESPS/ ESOPs under the Regulations issued by Securities and Exchange Board of India from time to time; and
- Such other matters as specified under Listing Regulations, Requirements of Section 178 of the Companies Act, 2013 and Reserve Bank of India or as may be delegated by the Board of Directors of the Company.

#### Composition and Attendance at Meeting:

The Nomination and Remuneration Committee comprises of following four Members out of which three Members are Independent Directors:

- |                            |            |
|----------------------------|------------|
| 1. Mr. N. C. Singhal       | - Chairman |
| 2. Mr. Hemang Raja         | - Member   |
| 3. Mr. M. S. Sundara Rajan | - Member   |
| 4. Mr. Vishal Mahadevia    | - Member   |

Mr. Satish Gaikwad, Head - Legal, Compliance and Company Secretary, acts as a Secretary to the Committee.

During the year under review, the Committee met three times, i.e. on April 04, 2016, May 11, 2016 and March 29, 2017. The details of the attendance of Directors at Meetings of the Committee held during the financial year are as under:

Name	Number of Nomination and Remuneration Committee Meetings Attended
Mr. N. C. Singhal	03
Mr. Vishal Mahadevia	02
Mr. Hemang Raja	02
Mr. M. S. Sundara Rajan	03

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The minutes of the Meeting of Nomination and Remuneration Committee forms part of the documents placed before the Meetings of the Board of Directors.

A process of evaluation was followed by the Board of Directors for its own performance and that of its Committees and individual Directors and also the necessary evaluation was carried out by Nomination and Remuneration Committee and Independent Director at their respective meetings held for the purpose.

### MEETING OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Regulations, a separate Meeting of Independent Directors was held on May 13, 2016 to review the performance of Non-Independent Directors and the Board as whole, and the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and it's Committees which is necessary to effectively and reasonably perform and discharge their duties. The meeting was conducted to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent

Directors and members of the Management. All the Independent Directors were present at the aforesaid meeting held on May 13, 2016.

### POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION POLICY

Pursuant to the requirement of Companies Act, 2013 read with Rules, provision of Listing Regulations and Circular/ Notification/ Directions issued by Reserve Bank of India from time to time, the Board of Directors on the recommendation of Nomination and Remuneration Committee had adopted Nomination and Remuneration Policy of Directors, Key Managerial Personnel, Senior management and other employees. The said Policy also includes criteria for making payments to Non-Executive Directors.

The detailed Policy is available on the website of the Company. The web link is <http://www.capitalfirst.com/investor/corporate-governance>

There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large.

Details of Equity Shares and Stock Options held and remuneration of Directors for the year ended March 31, 2017:

Name of the Director	Equity Shares held (Nos.)	Stock Options Held (Nos.)	Sitting Fees (in ₹)	^Gross Remuneration (in ₹)	Gross Commission for FY 2015-16 paid during FY 2016-17 (in ₹)	Gross Commission for FY 2016-17 payable during FY 2017-18 (in ₹)
Mr. V. Vaidyanathan	35,49,576	74,91,000	N.A.	7,40,06,849	N.A.	N.A.
Mr. N. C. Singhal	N.A.	N.A.	7,60,000	N.A.	17,50,000	20,00,000
Mr. Vishal Mahadevia	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. M. S. Sundara Rajan	N.A.	N.A.	4,30,000	N.A.	17,50,000	20,00,000
Mr. Hemang Raja	N.A.	N.A.	4,40,000	N.A.	17,50,000	20,00,000
Dr. (Mrs.) Brinda Jagirdar	N.A.	N.A.	4,40,000	N.A.	17,50,000	20,00,000
Mr. Dinesh Kanabar	N.A.	N.A.	3,70,000	N.A.	17,50,000	20,00,000
Mr. Narendra Ostawal	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Apul Nayar	6,65,000	1,35,000	N.A.	*3,51,33,983	N.A.	N.A.
Mr. Nihal Desai	80,000	5,20,000	N.A.	*3,18,45,158	N.A.	N.A.

^ Gross Remuneration includes salary, leave encashment and bonus but does not include Provident Fund.

\* Includes bonus for the financial year 2015-16 paid in financial year 2016-17, when Mr. Apul Nayar and Mr. Nihal Desai were not a Director of the Company and excludes perquisite value consequent to exercise of stock options.

N.A.: Not Applicable.

### CODE OF CONDUCT

The Company has adopted the Code of Ethics and Business Conduct for Directors and Senior Management (Code). The Code has been circulated to all the Members of the Board and Senior Management and the same has been put on the Company's website i.e. [www.capitalfirst.com](http://www.capitalfirst.com). The Board of Directors and Senior Management have affirmed their compliance with the Code and a declaration signed by the Chairman & Managing Director of the Company forms part of the Annual Report.

### SUBSIDIARY COMPANY

The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings.

Copies of the Minutes of the Audit Committee and Board Meetings of Subsidiary Companies are individually given to all the Directors and are tabled at the subsequent Board Meetings. The Company does not have any Material Subsidiary Company(ies).



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The Company had formulated a policy for determining 'Material Subsidiary' and the same has been put on the Company's website and the web link is <http://www.capitalfirst.com/investor/corporate-governance>

### WHISTLE BLOWER POLICY AND VIGIL MECHANISM

As per the provisions of Section 177 of Companies Act, 2013 every listed company or such class or classes of companies, as may be prescribed shall establish a vigil mechanism for the directors and employees to report their genuine concerns in such manner as may be prescribed. We affirm that no employee/personnel of the Company were denied access to the Chairman of the Audit Committee.

Accordingly, the Company has in place the Whistle Blower Policy pursuant to the requirements prescribed by the Companies Act, 2013 and the Listing Regulations and the same has been put on the

Company's website and the web link is <http://www.capitalfirst.com/investor/corporate-governance>

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has familiarized its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

The details of the said familiarization programme is provided on the website of the Company and the web link is <http://www.capitalfirst.com/investor/corporate-governance>

### GENERAL BODY MEETINGS

During last three years, Ninth, Tenth and Eleventh Annual General Meetings of the equity shareholders of the Company were held. The details of the said Meetings and the Special Resolutions passed thereat are as follows:

General Meeting	Date, Time and Venue	Special Resolutions passed
Ninth Annual General Meeting	June 18, 2014, at 3:00 p.m. at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	<ul style="list-style-type: none"> <li>a) Alteration in Articles of Association.</li> <li>b) Approval of CMD Stock Options Scheme 2014.</li> <li>c) Approval to grant, offer and issue options equal to or exceeding 1% of the issued capital to Mr. V. Vaidyanathan under CMD Stock Options Scheme 2014.</li> </ul>
Tenth Annual General Meeting	July 20, 2015 at 3:00 p.m. at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	<ul style="list-style-type: none"> <li>a) Reclassification of Authorised Share Capital of the Company.</li> <li>b) Approval for revision in remuneration payable to Mr. V. Vaidyanathan, Chairman and Managing Director (DIN 00082596) from April 01, 2015 to August 09, 2015.</li> <li>c) Approval for re-appointment of Mr. V. Vaidyanathan, Chairman and Managing Director (DIN 00082596) for a period of five years with effect from August 10, 2015.</li> <li>d) Approval for increase in borrowing limits under Section 180 (1)(c) of the Companies Act, 2013.</li> <li>e) Approval for issue of Non-Convertible debentures in one or more tranches on a private placement basis.</li> </ul>
Eleventh Annual General Meeting	July 05, 2016 at 3:00 p.m. at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	<ul style="list-style-type: none"> <li>a) Approval for increase in borrowing limits under Section 180 (1)(c) of the Companies Act, 2013.</li> <li>b) Approval for issue of Non-Convertible debentures in one or more tranches on a private placement basis.</li> <li>c) Approval of 'CFL Employee Stock Option Scheme 2016' for Employees of the Company.</li> <li>d) Approval of 'CFL Employee Stock Option Scheme 2016' for Employees of Capital First Limited Subsidiary(ies).</li> </ul>

# REPORT ON CORPORATE GOVERNANCE (CONTD.)

## POSTAL BALLOT

There was no postal ballot held during the financial year 2016-17. Resolution(s), if any, to be passed through Postal Ballot during the financial year 2017-18 will be taken up as and when necessary.

## DISCLOSURES

### i) Related Party Transactions

The Company has no material significant related party transactions that may have a potential conflict with the interest of the Company. The details of transactions between the Company and the related parties are given under Notes to the Financial Statement for the year ended March 31, 2017. The Board has approved a policy for related party transactions which has been uploaded on the Company's website and the web link is <http://www.capitalfirst.com/investor/corporate-governance>

### ii) No Penalty or Strictures

There has been no instance of non-compliance by the Company on any matter relating to the capital markets and accordingly no penalties have been levied or strictures have been passed by the Securities and Exchange Board of India or Stock Exchange(s) or any other statutory authority during last 3 years.

### iii) Compliance

The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the Listing Regulations.

#### Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of Corporate Governance as on March 31, 2017 and are in compliance with the requirements of Corporate Governance as per Listing Regulations as applicable.

### iv) The extent of compliance in respect of non-mandatory requirements is as follows:

#### 1. The Board:

Requirement of reimbursement of expenses for Non-Executive Chairman is not applicable in the case of the Company.

### 2. Shareholders' Rights:

The quarterly and half yearly financial results are published in the newspapers and are also posted on the Company's website, the same are not being sent to each household of shareholders.

### 3. Modified opinion(s) in Audit Report:

There are no modified audit opinion(s) in the financial statements for the financial year 2016-17.

### 4. Separate post of Chairman and Chief Executive Officer:

The Company has a Chairman and Managing Director and as permitted by the Companies Act, Articles of Association of the Company, adequately captures for keeping the same as combined position. Further, the Company has a majority of Independent Directors, with excellent track record and background and all Board Committees are chaired by the Independent Directors. The Company maintains high degree of Corporate Governance.

### 5. Reporting of Internal Auditor:

The Internal Auditor reports directly to the Audit Committee.

### 6. CEO / CFO Certificate:

The MD and the CFO have certified to the Board, as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with regard to the financial statements.

## MEANS OF COMMUNICATION

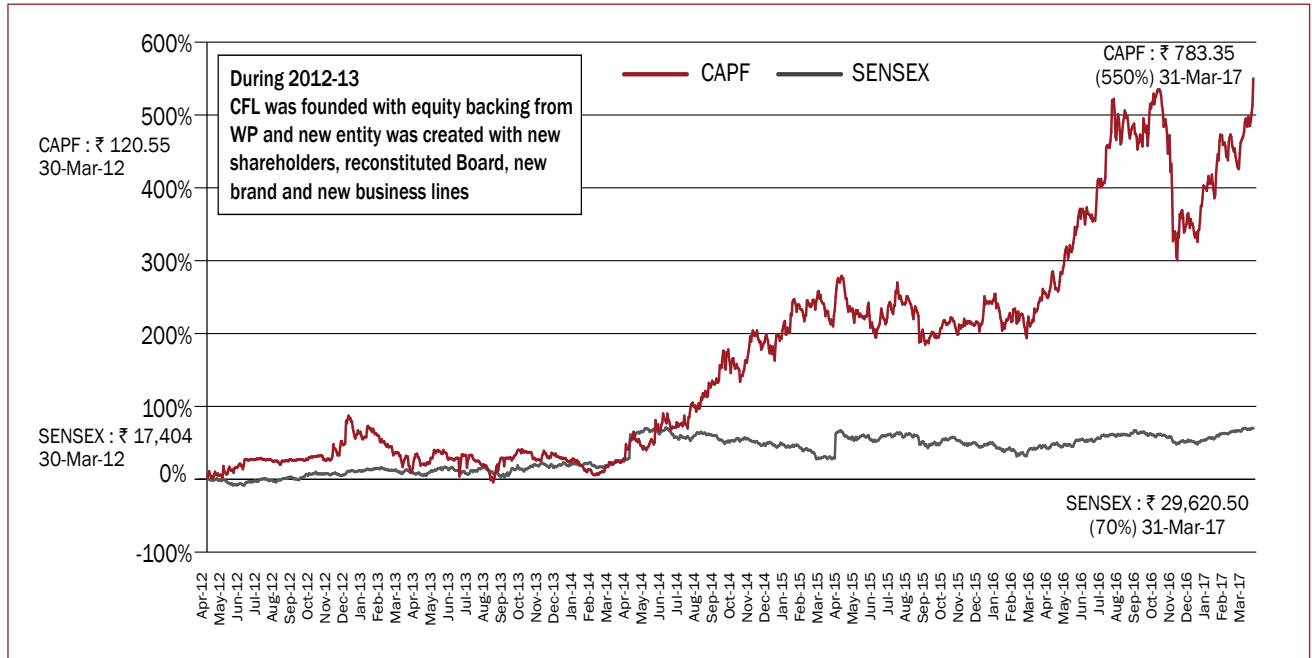
Quarterly/annual audited financial results are regularly submitted to all the Stock Exchanges where the shares of the Company are listed in accordance with the Listing Regulations and are widely published in a prominent English newspaper "Business Standard", "The Free Press Journal" and in a regional language newspaper "Navshakti", "Aapla Mahanagar". The quarterly/annual results are also displayed on the Company's website [www.capitalfirst.com](http://www.capitalfirst.com) soon after their declaration. All official press releases, presentations to analysts and institutional investors and other general information about the Company are also available on the Company's website.





# REPORT ON CORPORATE GOVERNANCE (CONTD.)

## Performance of share price in comparison with BSE SENSEX:



## 7. Distribution of Shareholdings as at March 31, 2017:

Sr. No.	Category (No. of Shares)		Shareholders		Share Amount	
			Number	% to Total	In ₹	% to Total
	(1)	(2)	(3)	(4)	(5)	
1	Upto	- 500	1,17,638	97.51	4,14,25,810	4.25
2	501	- 1,000	1,444	1.20	1,11,03,320	1.14
3	1,001	- 2,000	718	0.59	1,05,30,930	1.08
4	2,001	- 3,000	254	0.21	64,59,310	0.66
5	3,001	- 4,000	115	0.10	40,81,340	0.42
6	4,001	- 5,000	98	0.08	45,77,430	0.47
7	5,001	- 10,000	179	0.15	1,34,35,250	1.38
8	10,001	and above	193	0.16	88,26,07,300	90.60
	<b>Total</b>		<b>1,20,639</b>	<b>100.00</b>	<b>97,42,20,690</b>	<b>100.00</b>

## 8. Categories of Shareholdings as on March 31, 2017:

Category	No. of Shares	%
Promoter and Promoter Group	5,94,85,602	61.06
Mutual Funds	42,35,935	4.35
Banks, Financial Institutions, Insurance Companies	18,40,304	1.89
Foreign Institutional Investors	6,23,542	0.64
Bodies Corporate	21,06,716	2.16
Foreign Company	47,80,000	4.91
Individuals	1,47,18,409	15.11
Non-Resident Individuals	11,01,849	1.13
Others*	85,29,712	8.76
<b>Total</b>	<b>9,74,22,069</b>	<b>100.00</b>

\* Includes Foreign Portfolio Investors, Clearing Members, Hindu Undivided Family and Trusts.

## REPORT ON CORPORATE GOVERNANCE (CONTD.)

9. Registrar and Share Transfer Agents : **Link Intime India Private Limited (for Equity and Debt Securities)**  
 C 101, 247 Park, L.B.S. Marg,  
 Vikhroli (West), Mumbai - 400 083,  
 Maharashtra, India  
 Tel. No.: +91 22 4918 6270  
 Fax No.: +91 22 4918 6060  
 E-mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
 Website: [www.linkintime.co.in](http://www.linkintime.co.in)
- TSR Darashaw Limited (for Debt Securities)**  
 6-10, Haji Moosa Patrawala Industrial Estate,  
 Nr. Famous Studio, 20,  
 Dr. E. Moses Road, Mahalaxmi,  
 Mumbai – 400 011  
 Tel: +91 22 6656 8484  
 Fax: +91 22 6656 8494  
 E-mail : [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)  
 Website: [www.tsrdarashaw.com](http://www.tsrdarashaw.com)
10. Dematerialisation of shares and liquidity : Equity shares of the Company are under compulsory Demat trading. As on March 31, 2017, a total of 9,74,13,844 equity shares aggregating to 99.99% of the total issued, subscribed and paid-up equity share capital of the Company, are in dematerialised form.
- 6,250 equity shares of ₹ 10 each were allotted to employee under various Employees Stock Option Schemes on March 30, 2017 and the credit application of shares with both the Depositories i.e. NSDL and CDSL was made on April 03, 2017. The shares were credited to CDSL with effect from April 10, 2017.
11. Outstanding GDRs / ADRs / Warrants or any Convertible instruments : Nil
12. Commodity price risk or foreign exchange risk and hedging activities : During the year under review, the Company has managed the foreign exchange risk on a fully hedged basis.
13. Plant Locations : Not Applicable
14. Address for correspondence : **Mr. Satish Gaikwad**  
 Head – Legal, Compliance & Company Secretary  
**Capital First Limited**  
 One Indiabulls Centre, Tower 2A & 2B, 10<sup>th</sup> Floor,  
 Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013.  
 Tel. No.: +91 22 4042 3400  
 Fax No.: +91 22 4042 3401  
 Website: [www.capitalfirst.com](http://www.capitalfirst.com)  
 E-mail: [secretarial@capitalfirst.com](mailto:secretarial@capitalfirst.com)  
 CIN: L29120MH2005PLC156795

## REPORT ON CORPORATE GOVERNANCE (CONTD.)

### **Registrar and Share Transfer Agent**

#### **Link Intime India Private Limited**

C 101, 247 Park, L.B.S. Marg,  
Vikhroli (West), Mumbai - 400 083,  
Maharashtra, India

Tel. No.: +91 22 4918 6270

Fax No.: +91 22 4918 6060

E-mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Website: [www.linkintime.co.in](http://www.linkintime.co.in)

### **15. Debenture Trustees**

#### **: IDBI Trusteeship Services Limited**

Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate,  
Mumbai - 400 001.

Tel. No.: +91 22 4080 7000

Fax No.: +91 22 6631 1776

E-mail: [itsl@idbitrustee.com](mailto:itsl@idbitrustee.com)

Website: <http://www.idbitrustee.com>

#### **Catalyst Trusteeship Limited**

(Erstwhile GDA Trusteeship Limited)

GDA House, Plot No. 85,  
Bhusari Colony (Right), Paud Road,  
Pune - 411 038

Tel. No.: +91 20 2528 0081

Fax No.: +91 20 2528 0275

E-mail: [dt@ctltrustee.com](mailto:dt@ctltrustee.com)

Website: [www.catalysttrustee.com](http://www.catalysttrustee.com)

### **16. Designated E-mail ID**

: [secretarial@capitalfirst.com](mailto:secretarial@capitalfirst.com)

### **17. Share Transfer System**

: Applications for transfers, transmission and transposition are received by the Company at its Registered Office or at the office(s) of its Registrars and Share Transfer Agent. As the shares of the Company are in dematerialised form, the transfers are duly processed by NSDL/ CDSL in electronic form through the respective depository participants. Shares which are in physical form are processed by the Registrars and Share Transfer Agent on a regular basis and the certificates are dispatched directly to the investors.

## REPORT ON CORPORATE GOVERNANCE (CONTD.)

18. Pursuant to the requirements of the Circular dated April 24, 2009, issued by the Securities and Exchange Board of India (“SEBI”) and in accordance with the Listing Regulations, the details are given below:-

Particulars	Aggregate number of shareholders	Outstanding shares in Unclaimed suspense account
Outstanding shares in the suspense account at the beginning of the year	364	2912
Number of shareholders who approached for transfer of shares during the year	2	16
Number of shareholders to whom shares were transferred from suspense account during the year	2	16
Outstanding shares in the suspense account at the end of the year	362	2896

The Company has opened a separate demat suspense account and has credited the said unclaimed shares in compliance with requirements of the SEBI Circular and as per Listing Regulations. All the corporate benefits in terms of securities, accruing on these unclaimed shares shall be credited to such account. Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

On behalf of the Board of Directors

Place : Mumbai  
Date : May 10, 2017

**V. Vaidyanathan**  
Chairman & Managing Director  
DIN: 00082596

## CODE OF CONDUCT - DECLARATION

In accordance with Regulation 34(3) and Regulation 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I confirm that the Members of the Board of Directors and the Senior Management personnel of Capital First Limited have affirmed compliance with the Company’s Code of Conduct for the financial year 2016-17.

For Capital First Limited

Place : Mumbai  
Date : May 10, 2017

**V. Vaidyanathan**  
Chairman & Managing Director  
DIN 00082596

# CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,  
The Members,  
Capital First Limited

We have examined the compliance of conditions of corporate governance by Capital First Limited ("the Company"), for the year ended on March 31, 2017, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Makarand M. Joshi & Co.,  
Company Secretaries**

**Makarand Joshi**  
Partner  
FCS No.: 5533  
CP No.: 3662

Place : Mumbai  
Date : May 04, 2017