

# REPORT ON CORPORATE GOVERNANCE

(The Report on Corporate Governance forms part of the Directors' Report for the year ended March 31, 2018)

## 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- timely dissemination of all unpublished price sensitive information and matters of interest to stakeholders through proper channel.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, 2018, the Board of Directors of the Company consisted of five Independent Directors, two Non-Executive Directors and three Executive Directors.

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 and the same were approved by members in the 12<sup>th</sup> Annual General Meeting.

During the financial year 2017-18, the term of Dr. (Mrs.) Brinda Jagirdar (DIN 06979864), Non-Executive Independent Director of the Company who was appointed for a term of three years with effect from September 24, 2014, expired on September 23, 2017. The Board of Directors at its Meeting held on August 02, 2017 on recommendation of Nomination & Remuneration Committee had re-appointed Dr. (Mrs.) Brinda Jagirdar as Non-Executive Independent Director of the Company for a term of five years with effect from September 24, 2017 to hold office up to September 23, 2022 and she shall not be liable to retire by rotation. The aforesaid re-appointment of Dr. (Mrs.) Brinda Jagirdar as Non-Executive Independent Director was approved by members through Postal Ballot results on September 07, 2017.

Further, during the financial year 2017-18, Mr. Dinesh Kanabar (DIN 00003252) Non-Executive Independent Director of the Company who was appointed for a term of three years with effect from January 06, 2015, expired on January 05, 2018. The Board of Directors at its Meeting held on October 31, 2017 on recommendation of Nomination & Remuneration Committee had re-appointed Mr. Dinesh Kanabar as Non-Executive Independent Director of the Company for a term of five years with effect from January 06, 2018 to hold office up to January 05, 2023 and he shall not be liable to retire by rotation. The aforesaid re-appointment of Mr. Dinesh Kanabar as Non-Executive

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Independent Director was approved by members through Postal Ballot results on January 21, 2018.

Post financial year 2017-18, the term of Mr. Apul Nayyar (DIN 01738973) and Mr. Nihal Desai (DIN 03288923), Executive Directors of the Company who were appointed for a term of two years with effect from April 04, 2016 expired on April 03, 2018. The Board of Directors at their Meeting held on April 03, 2018 on recommendation of Nomination & Remuneration Committee had re-appointed Mr. Apul Nayyar and Mr. Nihal Desai as Executive Directors who shall act as Whole Time Directors and Key Managerial Personnels of the Company for a term of one year with effect from April 04, 2018 to hold office up to April 03, 2019. The aforesaid re-appointment of Mr. Apul Nayyar and Mr. Nihal Desai shall be subject to the approval of members in the 13<sup>th</sup> 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, 2018 across all Public Limited Companies in which they are Directors.

None of the Non-Executive Directors held any equity shares or convertible instruments of the Company during the financial year ended March 31, 2018. None of the Directors had any relationships inter-se.

During the financial year 2017-18, seven Meetings of the Board of Directors were held on following days:

May 10, 2017, July 05, 2017, August 02, 2017, October 31, 2017, December 18, 2017, January 13, 2018 and January 24, 2018 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 2017-18 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, 2018, 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	#Member
Mr. V. Vaidyanathan	Chairman & Managing Director	07	07	Yes	01	-	01
Mr. N. C. Singhal	Non-Executive & Independent Director	07	07	Yes	03	01	03
Mr. Vishal Mahadevia	Non-Executive Director	07	05	Yes	04	-	04
Mr. M. S. Sundara Rajan	Non-Executive & Independent Director	07	07	Yes	09	05	09
Mr. Hemang Raja	Non-Executive & Independent Director	07	07	Yes	02	01	02
Dr. (Mrs.) Brinda Jagirdar	Non-Executive & Independent Director	07	07	Yes	04	01	04
Mr. Dinesh Kanabar	Non-Executive & Independent Director	07	06	*No	01	02	02
Mr. Narendra Ostawal	Non-Executive Director	07	06	No	04	01	04
Mr. Apul Nayyar	Executive Director	07	06	Yes	01	-	01
Mr. Nihal Desai	Executive Director	07	07	Yes	01	-	-

# 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.

\* Mr. Dinesh Kanabar, Chairman of Audit Committee of Capital First Limited (CFL), due to unavoidable circumstances was not able to attend the 12<sup>th</sup> Annual General Meeting of the Company held on Wednesday, July 05, 2017 and he had authorized in his absence, Mr. N. C. Singhal, Non-Executive Independent Director and member of Audit Committee of CFL, to represent on his behalf and accordingly the same was represented.

### 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 & Remuneration Committee and Corporate Social Responsibility (CSR) Committee

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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. 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 six times, i.e. May 10, 2017, July 05, 2017, August 02, 2017, October 31, 2017, January 13, 2018 and January 24, 2018.

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	05
Mr. N. C. Singhal	06
Mr. Vishal Mahadevia	04
Mr. M. S. Sundara Rajan	05

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

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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 09, 2017, August 02, 2017, October 31, 2017 and January 24, 2018.

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	04
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.

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, 2018, the Company has 1,37,683 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 01 complaint/ correspondence/ grievance. All the complaints/ correspondence/ grievances were resolved/ replied during the year and none are pending as on March 31, 2018.

### 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 09, 2017.

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	01
Dr. (Mrs.) Brinda Jagirdar	01
Mr. Vishal Mahadevia	Nil
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

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- 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 and three of them are Independent Directors:

- Mr. N. C. Singhal - Chairman
- Mr. Hemang Raja - Member
- Mr. M. S. Sundara Rajan - Member
- 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 five times, i.e. on May 09, 2017, August 02, 2017, September 13, 2017, October 31, 2017 and December 18, 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	05
Mr. Vishal Mahadevia	03
Mr. Hemang Raja	05
Mr. M. S. Sundara Rajan	04

The minutes of the Nomination and Remuneration Committee Meetings 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 09, 2017 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 its 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 09, 2017.

### 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 Circulars/ Notifications/ 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 <https://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.

The Notice period of Executive Directors shall be governed as per Company's Policy.

The Board of Directors at their Meeting held on April 03, 2018 on recommendation of Nomination & Remuneration Committee, had re-appointed Mr. Apul Nayyar (DIN 01738973) and Mr. Nihal Desai (DIN 03288923) as Executive Directors who shall act as Whole Time Directors and Key Managerial Personnels of the Company for a term of one year with effect from April 04, 2018 to hold office up to April 03, 2019. The Board at their Meeting held on May 04, 2018 also approved the payment of remuneration of ₹ 2.80 Crore (Rupees Two Crore and Eighty Lakhs Only) per annum payable to Mr. Apul Nayyar and Mr. Nihal Desai respectively pursuant to the said re- appointment and also the bonus of ₹ 1.80 Crore (Rupees One Crore and Eighty Lakhs Only) for the financial year 2017-18 which shall be payable in financial year 2018-19 to them respectively. The aforesaid re-appointment of Mr. Apul Nayyar and Mr. Nihal Desai and remuneration and bonus shall be subject to the approval of members in the 13<sup>th</sup> Annual General Meeting of the Company.

The Board of Directors at their Meeting held on May 04, 2018 on recommendation of Nomination & Remuneration Committee, had also approved increase in remuneration of Mr. V. Vaidyanathan (DIN 00082596), Chairman & Managing Director by 10%, consisting of Salary of ₹ 5.50 Crore (Rupees Five Crore and Fifty Lakhs Only) per annum from April 01, 2018 and bonus of ₹ 2.80 Crore (Rupees Two Crore and Eighty Lakhs Only) per annum being effective for the financial year 2017-18 and payable in financial year 2018-19 and thereafter for the remaining period of his tenure.

The aforesaid revision in remuneration and bonus payable to Mr. V. Vaidyanathan shall be subject to the approval of members in the 13<sup>th</sup> Annual General Meeting of the Company.



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Details of Equity Shares and Stock Options held and remuneration of Directors for the year ended March 31, 2018:

Name of the Director	Equity Shares held (Nos.)	Stock Options Held (Nos.)	Sitting Fees (in ₹)	^Gross Remuneration (in ₹)	Gross Commission for FY 2016-17 paid during FY 2017-18 (in ₹)	Gross Commission for FY 2017-18 payable during FY 2018-19 (in ₹)
Mr. V. Vaidyanathan	40,40,576*	89,50,000	N.A.	7,58,21,918	N.A.	N.A.
Mr. N. C. Singhal	N.A.	N.A.	9,70,000	N.A.	20,00,000	22,00,000
Mr. Vishal Mahadevia	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. M. S. Sundara Rajan	N.A.	N.A.	5,50,000	N.A.	20,00,000	22,00,000
Mr. Hemang Raja	N.A.	N.A.	7,50,000	N.A.	20,00,000	22,00,000
Dr. (Mrs.) Brinda Jagirdar	N.A.	N.A.	4,70,000	N.A.	20,00,000	22,00,000
Mr. Dinesh Kanabar	N.A.	N.A.	4,20,000	N.A.	20,00,000	22,00,000
Mr. Narendra Ostawal	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Apul Nayyar	7,20,000	1,30,000	N.A.	3,87,90,532	N.A.	N.A.
Mr. Nihal Desai	75,000	5,55,000	N.A.	3,79,63,998	N.A.	N.A.

^ Gross Remuneration includes salary, leave encashment and bonus but does not include provident fund.

\* Excludes 5,00,000 fully paid up equity shares of Capital First Limited donated by Mr. V. Vaidyanathan to Rukmani Social Welfare Trust during the year.

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).

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, Tenth, Eleventh and Twelfth 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
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	a) Reclassification of Authorised Share Capital of the Company. 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.

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General Meeting	Date, Time and Venue	Special Resolutions passed
		<p>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.</p> <p>d) Approval for increase in borrowing limits under Section 180 (1)(c) of the Companies Act, 2013.</p> <p>e) Approval for issue of Non-Convertible debentures in one or more tranches on a private placement basis.</p>
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	<p>a) Approval for increase in borrowing limits under Section 180 (1)(c) of the Companies Act, 2013.</p> <p>b) Approval for issue of Non-Convertible debentures in one or more tranches on a private placement basis.</p> <p>c) Approval of 'CFL Employee Stock Option Scheme 2016' for Employees of the Company.</p> <p>d) Approval of 'CFL Employee Stock Option Scheme 2016' for Employees of Capital First Limited Subsidiary(ies).</p>
Twelfth Annual General Meeting	July 05, 2017 at 3:00 p.m. at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018	<p>a) Approval for re-appointment of Mr. N. C. Singhal (DIN 00004916) as Non-Executive Independent Director of the Company.</p> <p>b) Approval for re-appointment of Mr. M. S. Sundara Rajan (DIN 00169775) as Non-Executive Independent Director of the Company.</p> <p>c) Approval for re-appointment of Mr. Hemang Raja (DIN 00040769) as Non-Executive Independent Director of the Company.</p> <p>d) Approval for 'CFL Employee Stock Option Scheme 2017' for Employees of the Company.</p> <p>e) Approval for 'CFL Employee Stock Option Scheme 2017' for Employees of Capital First Limited Subsidiary(ies).</p> <p>f) Approval for increase in borrowing limits under Section 180 (1)(c) of the Companies Act, 2013.</p> <p>g) Approval for issue of Non-Convertible debentures in one or more tranches on a private placement basis.</p> <p>h) Approval for raising of funds through issue of Securities.</p> <p>i) Approval for change in place of keeping, maintaining, preserving and inspection of registers, returns etc.</p>

### POSTAL BALLOT

During the financial year 2017-18, the Company has passed the following resolutions by Postal Ballots:

Sr. No.	Date of Declaration of Postal Ballot Results	Special Resolutions	Votes in favour of the resolution		Votes against the resolution	
			No. of votes	% to total votes	No. of votes	% to total votes
1.	September 08, 2017	Increased the shareholding limit for Registered Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) upto an aggregate limit of 50% of the paid-up equity share capital of the Company.	71257100	99.9989	806	0.0011
# Invalid votes cast were 25017 shares						

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Sr. No.	Date of Declaration of Postal Ballot Results	Special Resolutions	Votes in favour of the resolution		Votes against the resolution	
			No. of votes	% to total votes	No. of votes	% to total votes
		Approved re-appointment of Dr. (Mrs.) Brinda Jagirdar (DIN 06979864) as Non-Executive Independent Director of the Company. # Invalid votes cast were 25017 shares	71265056	99.9973	1947	0.0027
2.	January 22, 2018	Approved formulation of CMD Stock Option Scheme viz. 'CMD Stock Option Scheme - 2017' # Invalid votes cast were 67 shares	69876085	96.4009	2608808	3.5991
		Approved Grant of stock options exceeding more than 1% of paid up capital under CMD Stock Option Scheme - 2017 # Invalid votes cast were 475 shares	69872559	96.3971	2611566	3.6029
		Approved re-appointment of Mr. Dinesh Kanabar (DIN 00003252) as Non-Executive Independent Director of the Company. # Invalid votes cast were 475 shares	72637955	99.9975	1833	0.0025

M/s. Parikh & Associates, Company Secretaries, were appointed as the scrutinizer for carrying out the aforesaid postal ballot(s) process in a fair and transparent manner.

Resolution(s), if any, to be passed through Postal Ballot during the financial year 2018-19 will be taken up as and when necessary.

### PROCEDURE FOR POSTAL BALLOT

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting (e-voting) facility, in addition to physical ballot, to all its members. For this purpose, the Company has engaged the services of NSDL.

Postal ballot notices and forms are dispatched, along with prepaid postage business reply envelopes to registered members/ beneficiaries. The same notice is sent by email to members who have opted for receiving communication through the electronic mode. The Company also publishes a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members who want to exercise their votes by physical postal ballot are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Those using the e-voting option are requested to vote before the close of business hours on the last date of e-voting.

The scrutinizer completes his scrutiny and submits his report to the Chairman, and the consolidated results of the voting are announced by the Chairman/ authorized officer. The results are also displayed on the Company website, [www.capitalfirst.com](http://www.capitalfirst.com),

besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The last date for the receipt of postal ballot forms or e-voting shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

### 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, 2018. 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.



## REPORT ON CORPORATE GOVERNANCE (CONTD.)

### 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, 2018 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, half yearly and annual 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 2017-18.

#### 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.

and are widely published in a prominent English newspaper and in a regional language newspaper. The quarterly/ half yearly/ 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 & institutional investors and other general information about the Company are also available on the Company's website.

### GENERAL SHAREHOLDER INFORMATION

#### 1. Annual General Meeting:

- Day, Date and Time : Wednesday, July 04, 2018; 3:00 p.m.

- Venue : Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

#### 2. Financial Year : The financial year of the Company is from April 01 to March 31 of the following year.

- First Quarter Results : Fourth week of July, 2018

- Second Quarter Results : Fourth week of October, 2018

- Third Quarter Results : Fifth week of January, 2019

- Fourth Quarter Results : First week of May, 2019

**Note:** The above dates are indicative

#### 3. Dates of Book Closure : June 28, 2018

#### 4. Dividend Payment Date : On or after July 05, 2018, subject to the approval by shareholders at the ensuing Annual General Meeting.

#### 5. Listing Details

##### A. Equity Shares

The Company's Equity Shares are listed on:

##### BSE Limited (BSE)

Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

##### National Stock Exchange

of India Limited (NSE)  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G-Block,  
Bandra-Kurla Complex,  
Bandra (East),  
Mumbai - 400 051

##### Stock Code

BSE : 532938

NSE : CAPF

The requisite Listing fees have been paid in full to both the Stock Exchanges.

##### International Securities Identification Number (ISIN):

INE688I01017

### MEANS OF COMMUNICATION

Quarterly/ Half yearly/ 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

## REPORT ON CORPORATE GOVERNANCE (CONTD.)

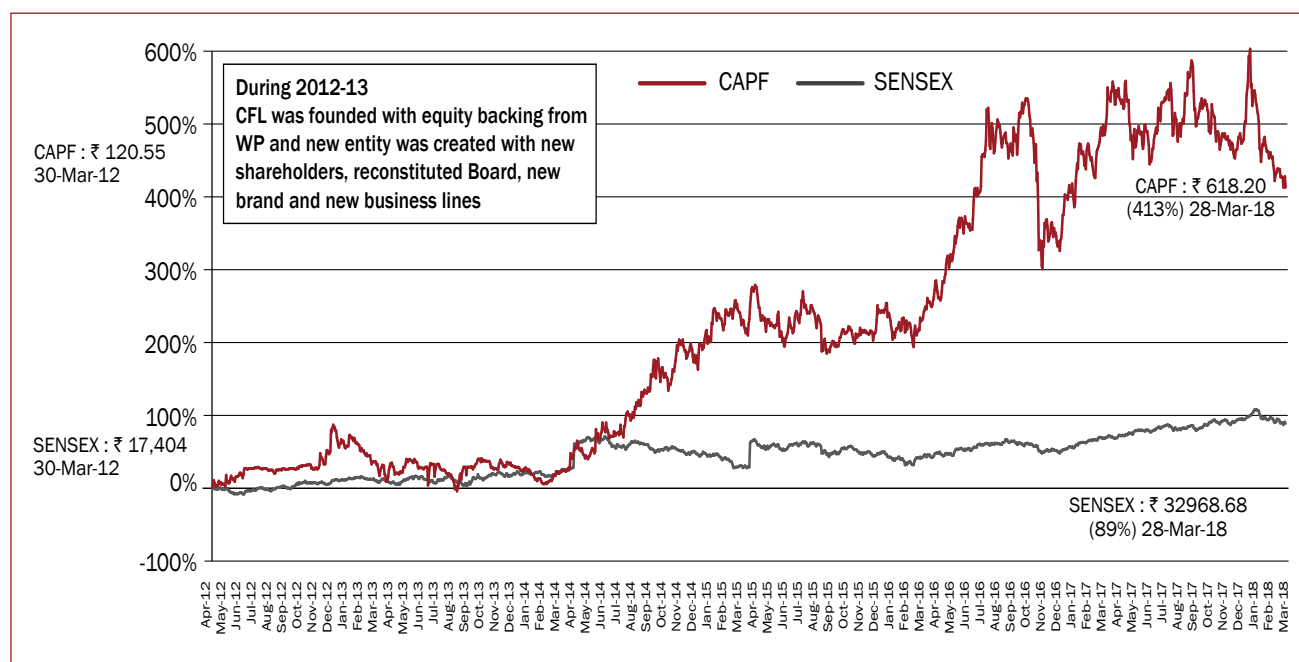
### B. Non-Convertible Debentures

The Non-Convertible Debentures (NCDs) of the Company are listed on the Debt Segment of NSE, Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. The Company has paid the requisite Listing fees in full.

### 6. Market Price Data during the financial year ended March 31, 2018:

Month	BSE		NSE	
	High (Amount in ₹)	Low (Amount in ₹)	High (Amount in ₹)	Low (Amount in ₹)
April, 2017	809.00	737.85	813.45	737.90
May, 2017	814.80	648.00	814.00	647.00
June, 2017	737.40	643.00	737.80	642.10
July, 2017	789.00	663.00	790.00	662.05
August, 2017	798.90	678.60	798.90	677.00
September, 2017	839.00	713.00	839.00	712.00
October, 2017	773.00	702.05	772.90	701.55
November, 2017	764.95	658.05	765.65	657.70
December, 2017	713.65	658.70	713.60	657.80
January, 2018	902.00	691.20	901.85	692.10
February, 2018	742.45	633.75	743.00	635.95
March, 2018	682.00	610.00	681.50	609.80

Performance of the share price of the Company in comparison with BSE SENSEX:



## REPORT ON CORPORATE GOVERNANCE (CONTD.)

### 7. Distribution of equity shareholdings as at March 31, 2018:

Sr. No.	Category (No. of Shares)			Shareholders		Share Amount	
				Number	% to Total	In ₹	% to Total
	(1)			(2)	(3)	(4)	(5)
1	Upto	-	500	1,33,210	96.75	5,74,33,800	5.80
2	501	-	1,000	2,262	1.64	1,74,48,340	1.76
3	1,001	-	2,000	1,087	0.79	1,60,39,830	1.62
4	2,001	-	3,000	345	0.25	87,09,160	0.88
5	3,001	-	4,000	164	0.12	58,37,210	0.59
6	4,001	-	5,000	122	0.09	56,13,890	0.57
7	5,001	-	10,000	214	0.16	1,53,95,220	1.56
8	10,001	and	above	279	0.20	86,31,74,990	87.22
	<b>Total</b>			<b>1,37,683</b>	<b>100.00</b>	<b>98,96,52,440</b>	<b>100.00</b>

### 8. Categories of equity shareholdings as on March 31, 2018:

Category	No. of Shares	%
Promoter and Promoter Group	3,51,85,602	35.55
Mutual Funds	1,42,15,685	14.37
Banks, Financial Institutions, Insurance Companies	9,29,203	0.94
Foreign Portfolio Investors / Foreign Institutional Investors	1,93,47,787	19.55
Bodies Corporate	22,99,948	2.32
Foreign Company	47,80,000	4.83
Individuals	1,87,66,594	18.96
Non-Resident Individuals	14,13,897	1.43
Others*	20,26,528	2.05
<b>Total</b>	<b>9,89,65,244</b>	<b>100.00</b>

\* Includes Clearing Members, Hindu Undivided Family, IEPF Account, Alternate Investment Funds and Trusts.

### 9. Registrar and Share Transfer Agents

: **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)

### 10. Dematerialisation of shares and liquidity

: Equity shares of the Company are under compulsory Demat trading. As on March 31, 2018, a total of 9,89,64,287 equity shares aggregating to 99.99% of the total issued, subscribed and paid-up equity share capital of the Company, are in dematerialised form.

### 11. Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity

: Not Applicable

### 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.

## REPORT ON CORPORATE GOVERNANCE (CONTD.)

- 13. Plant Locations** : Not Applicable
- 14. Address for correspondence** : **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
- 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	362	2896
Number of shareholders who approached for transfer of shares during the year	5	40
Number of shareholders to whom shares were transferred from suspense account during the year	5	40
Outstanding shares in the suspense account at the end of the year <sup>#</sup>	357	2856

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.

<sup>#</sup>During the financial year 2017-18, the Company transferred the aforesaid 2856 outstanding shares lying in the Unclaimed suspense account to Investor Education and Protection Fund Account.

**On behalf of the Board of Directors**

Place : Mumbai  
Date : May 04, 2018

**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 2017-18.

**For Capital First Limited**

Place : Mumbai  
Date : May 04, 2018

**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, 2018, 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.,  
Practicing Company Secretaries**

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

Place : Mumbai  
Date : May 04, 2018