



Internal Guidelines for Corporate Governance

Approved by Board of Directors at the meeting held on November 10, 2016 and further amended on May 26, 2018 and September 08, 2018

CAPRI GLOBAL CAPITAL LIMITED

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Internal Guidelines on Corporate Governance

1. OBJECTIVE

These Internal Guidelines on Corporate Governance (“Guidelines”) draws reference to the Master Circular Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 (“Directions”) issued by the Reserve Bank of India (“RBI”) vide its notification DNBR (PD) CC.No.053/03.10.119/ 2015-16 dated 1st July, 2015.

As per the Directions, inter alia all non-deposit accepting Non-Banking Financial Companies with asset size of Rs.500 crore and above (NBFCs-ND-SI), as per its last audited balance sheet should frame internal guidelines on Corporate Governance with the approval of the Board of Directors and it shall be published on the company's website for the information of various stakeholders. Capri Global Capital Limited (“Company”) being an NBFC–ND-SI, is accordingly covered by the Directions.

These guidelines are to be read in conjugation with Companies Act, 2013, rules made thereunder, Master Circulars and Directions issued by Reserve Bank of India (RBI), Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations , 2015 and other statute, laws, standards or other governmental instructions relating to Corporate Governance.

2. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Company’s Philosophy on Corporate Governance is a combination of voluntary practices and compliance with laws and regulations leading to delegation of operational powers to experienced staff members, effective control oversight mechanism, strategies and policies which are constantly reviewed and strengthened to be in alignment with market realities and overall management of the organisation. In ensuring that the desired levels of corporate governance practices are imbibed in the organisation and with a focus on its own fiduciary & trusteeship role, the Board of Directors of the Company seeks to evolve, strengthen and adopt structures and policies which would align and direct the actions of the organisation towards creating wealth and shareholder value. The Board has adopted various code and policies to carry out duties and functions in most ethical and compliant manner and some of them are:

- i. Code of Conduct for the Board and Senior Managerial Personnel;
- ii. Nomination & Remuneration Policy;
- iii. Fair Practice Code;
- iv. Asset Liability Management Policy;
- v. Lending Policies for business verticals;
- vi. KYC Policy;
- vii. Investment Policy;
- viii. Board Evaluation Policy;
- ix. Whistle Blower Policy;
- x. Corporate Social Responsibility Committee;
- xi. Code of Conduct for insiders for dealing with Unpublished information and trading in Companies Securities.

3. GUIDELINES ON CORPORATE GOVERNANCE

In pursuance of the Directions issued by the Reserve Bank of India, the Company has framed the following internal guidelines on Corporate Governance.

4. BOARD OF DIRECTORS

The Company shall maintain an optimum combination of Executive and Non-executive Directors, Independent and woman director pursuant to the extent statutory provisions/ regulatory guidelines. Eminent persons, having an independent standing in their respective field/profession, who can effectively contribute to the Company's business and policy decisions, should be considered by the Nomination & Remuneration Committee for appointment as Director on the Board. The number of directorships and memberships held in various committees of other companies by such persons should also be considered. The Board should consider the recommendations of the Nomination & Remuneration Committee and take appropriate decisions with regard to continuance of and induction of new members on the Board of the Company, after ascertaining the 'fit and proper' status.

The Board shall review and approve business strategy and oversees the actions and results of the management to ensure that the long-term objectives of enhancing stakeholder value are achieved.

Composition

The Composition of the Board shall be governed by the Articles of Association of the Company read with the applicable provisions of Companies Act, 2013 (the Act), the rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Meetings of the Board

At least four meetings shall be held during a year and the time interval between the two meetings shall not be more than 120 days. The facility to participate in the meeting through video conferencing shall be made available to the Directors travelling abroad or present at other locations.

5. BOARD COMMITTEES

Board shall constitute a set of committees with specific terms of reference/ mandate, as to effectively focus on the issues falling under their jurisdiction. Minutes of proceedings of Committee meetings shall be circulated to the Directors and placed before the Board at their meetings for noting on quarterly basis.

The facility to participate in the meeting through video conferencing shall be made available to the Directors travelling abroad or present at other locations.

Pursuant to the extent statutory provisions/ regulatory guidelines and business requirements the Board shall mandatorily constitute the following Committees:

I. Audit Committee

The Board shall constitute a qualified and independent Audit Committee. The Audit Committee shall comprise of minimum three directors and two third of the members should be Independent Directors possessing considerable experience and expertise in accounting and financial management. The Audit Committee shall be led by an independent Director.

The representatives of the Statutory Auditors shall be permanent invitees to the Audit Committee meetings. The Internal Auditor should report directly to the Audit Committee.

The composition and terms of reference of the Audit Committee should be in accordance with section 177 of the Companies Act, 2013, requirements prescribed in Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Meetings of the Audit Committee

The committee shall meet at least once every quarter.

II. Nomination & Remuneration Committee ('NR')

The Board shall constitute a Nomination & Remuneration Committee lead by an Independent Director. The NR Committee shall comprise of at least three non-executive directors and majority of them should be Independent Directors.

The Board of Directors of the company shall adopt Nomination and Remuneration Policy, inter alia to deal with the manner of selection of Board of Directors, KMP and Managing Director, their remuneration and shall lay down the 'fit and proper' criterion for selection & continuance on the Board of the Company. The NR Committee shall administer the Nomination & Remuneration Policy and the Employee's Stock Option Scheme.

The Composition and terms of reference of the NR Committee shall be in compliance with provisions of section 178 of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Share Based Employee Benefits) Regulations, 2014

Meetings of the NR Committee

The committee shall meet at least once every year.

III. Risk Management Committee (RMC)

The Board shall constitute a Risk Management Committee lead by Executive Director/ Managing Director. The RMC shall primarily be responsible for review of operational risk, information technology risk and integrity risk, taking strategic actions to mitigate the risk associated with the nature of the business and appraise the Board of Directors at regular intervals regarding risk management policy and strategy.

Meetings of the RMC

The committee shall meet at least once every quarter.

IV. Stakeholders' Relationship Committee (SRC)

The Board shall constitute a Stakeholders' Relationship Committee. The Committee shall be lead by an Independent Director. The Committee shall primarily be responsible to review all matters connected with redressal of shareholders complaints, transfer of securities and improvement of service levels to investors.

The composition and terms of reference of the Committee shall be in accordance with section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Meeting of the SRC

The committee shall meet at least once every six months.

V. Corporate Social Responsibility Committee (CSR)

The Board shall constitute a "Corporate Social Responsibility Committee". The Committee shall be lead by an Independent Director. The Committee shall primarily be responsible to assisting the Board in discharging its Corporate Social Responsibilities by formulating, monitoring and implementation of the framework of policy adopted by the Board.

The composition and terms of reference of the Committee shall be in accordance with section 135 of the Companies Act, 2013.

Meeting of the CSR

The committee shall meet at least once every six months.

6. EXECUTIVE COMMITTEES OF THE BOARD

Board shall constitute a set of committees, lead by a Board member and senior executives of the Company contributing as members. Minutes of proceedings of these committees shall be placed before the Board at their meetings for noting on quarterly basis.

The facility to participate in the meeting through video conferencing shall be made available to the Directors/Members of the Committee travelling abroad or present at other locations.

Pursuant to the extent statutory provisions/ regulatory guidelines and business requirements the Board shall mandatorily constitute the following Committees:

I. Asset Liability Management Committee (ALCO)

The Board shall constitute an Asset Liability Management Committee, which shall be lead by Managing Director/Executive Director of the Company. Head of Finance, Risk, Information Technology & Treasury should be members of the committee.

The ALCO shall be primarily responsible for cash flow and balance sheet planning, managing interest rate risks and liquidity risks associated with the business of the Company. It shall monitor the asset liability gap and strategize to mitigate the risk.

The Composition of the ALCO and its terms of reference shall be in compliance with the requirements of RBI Directions.

Meetings of the ALCO

The committee shall meet at least once every quarter.

II. Investment Committee/Credit Committee

The Board shall constitute Investment Committee/Credit Committee which shall decide on all proposals for investment & lending received by the Company within the exposure norms as laid down in the credit policies of business verticals and investment policy of the Company. The Investment Committee shall be lead by an Independent Director.

Meetings of the Investment Committee/Credit Committee

The committee shall meet as and when required and shall meet at least four times in a year.

7. ROTATION OF STATUTORY AUDITORS/AUDIT PARTNER(S)

The appointment of the statutory auditor shall be made in compliance of the provisions of the Companies Act, 2013, rules made thereunder, Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 and the RBI directions. Partner of the statutory audit firm shall be subject to rotation every three years.

8. RELATED PARTY TRANSACTIONS

The Board shall formulate a Policy on “Related Party Transactions” (RPT). All Related Party Transactions shall be reported to the Audit Committee for its approval or for referring the same for approval in accordance with the policy laid down in that regard.

Identification of Potential Related Party Transactions and Materiality criteria:

Each director and Key Managerial Personnel shall be responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her relative, including any additional information regarding the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee shall determine whether the transaction constitutes a Related Party Transaction requiring compliance with the Policy. The RPT policy shall also define the “Material related Party Transaction”.

Prohibitions related to Related Party Transactions:

All Related Party Transactions shall require prior approval of the Audit Committee. All Material Related Party Transactions shall require approval of the shareholders through Special Resolution.