



# Guidelines on Corporate Governance 2024

This document details the Guidelines on Corporate Governance of the Company

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axio is the brand name of CapFloat Financial Services Private Limited, an NBFC register with RBI

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## 1. Background

CAPFLOAT FINANCIAL SERVICES Pvt Ltd (the "Company") is committed to conducting its business in accordance with applicable laws, rules and regulations and to uphold the highest standards of Corporate Governance, business ethics and ethical conduct through transparency and accountability.

Corporate governance encourages robust and effective decision-making through processes, practices and policies and as a company we intend to ensure the corporate governance be followed both in true letter and spirit.

## 2. RBI GUIDELINES ON CORPORATE GOVERNANCE

The Company is a Non-Banking Financial Institution - Non Deposit accepting - Systemically Important (NBFI-ND-SI) registered with Reserve Bank of India (RBI).

In order to adopt best practices and greater transparency in operations, the company adopted the Corporate Governance Guidelines as required under the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 having DoR.FIN.REC.No.45/03.10.119/2023-24 dated 19th October 2023.

## 3. GOVERNANCE

### **BOARD OF DIRECTORS**

One of the most important functions of the Board of Directors is to provide guidance and direction to the functioning of the Company, as per its mandate. Towards this goal, the Board members individually and collectively will have to play their role in a most efficient manner.

Further the Board of Directors along with its various Committees shall provide leadership and strategic guidance to the Company's management. The Company's management shall act in accordance with the supervision, control and direction by the Board of Directors of the

Company.

The Board has a vital role to play in the matters relating to policy formulation, implementation and strategic issues which are crucial for the long term development of the Company. In performing its duties, the Board meets regularly and act in the best interests of the Company including its shareholders, employees, customers and creditors. The Board is constituted as per the provisions of the Companies Act, 2013.

### **COMMITTEES OF THE BOARD**

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board shall constitute a set of Committees with specific terms of reference / scope. The Committees shall operate as empowered agents of the Board as per their charter / terms of reference. The Board has constituted and shall in future constitute several committees to deal with specific matters and delegated powers for different functional areas.

The various Committees constituted and to be constituted shall be in accordance with the requirements under the applicable directions/guidelines issued by the Reserve Bank of India and under the provisions of Companies Act, 2013 ("Act") for improving board effectiveness and efficiency in areas where more focused, specialized and technical oriented discussions are required.

The company: -

- a) has an Audit Committee, consisting of 3 members of the board and shall perform functions as required under the applicable law;
- b) has a Nomination Committee to ensure 'Fit & Proper' status of proposed / existing directors and such other functions as required under the applicable laws;
- c) has a Risk Management Committee to manage the integrated risks and shall perform functions as required under the applicable law;
- d) has formed a Technology Strategy Committee to review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance and shall perform functions as required under the applicable laws;

f) In addition to above the Board has constituted the following Committees of the Company for the effective functioning of the Company:

Sl No.	Committee
1	Asset - Liability Committee (ALCO) Asset And Liabilities Committee
2	Banking and Finance Committee (BFC)
3	Debenture Committee (DCM)

And in addition to above, the Board may decide to constitute such other committee as required if there arises a need to support the Board's function

The minutes of the meetings or periodical updates about the decisions taken by such Committees shall be placed before the Board for its noting.

**BOARD EVALUATION**

The evaluation of Board and its members shall be carried out by the Board members as indicated in the Companies Act, 2013

**SEPARATE MEETING OF THE INDEPENDENT DIRECTORS**

Independent Directors are required to evaluate the performance of Non-Independent Directors, Chairman and Board as a whole, The Independent Directors of the company shall hold at least one meeting in a financial year or on any other frequency as prescribed under the applicable laws, to review the performance of Non-Independent Directors, performance of the Chairperson of company and Board & Committees of the Board, as a whole, taking into account the views of Executive Directors and Non-Executive Directors.

**4. FIT AND PROPER CRITERIA**

The company has put in place a policy, with the approval of the Board of Directors, for ascertaining fit and proper criteria of the Directors at the time of appointment and on a continuing basis and

will submit required quarterly statement on change of Directors

## 5. STATUTORY AUDITORS

The Statutory Audit firm and its partners shall rotate periodically as required under the provisions of the Act, and RBI guidelines. In line with the Circular dated April 27, 2021 on 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs), has been issued by RBI with the basic objectives of putting in place ownership-neutral regulations, ensuring independence of auditors, avoiding conflict of interest in auditor's appointments and to improve the quality and standards of audit in RBI Regulated Entities.

## 6. POLICIES OF THE COMPANY

The Company, in line with the requirement of the Companies Act, 2013, the guidelines issued by the Reserve Bank of India and others acts, rules, and regulations applicable to the Company, shall frame and adopt required policies from time to time which shall form part and parcel of the overall corporate governance framework of the Company. These policies will be reviewed and updated at regular intervals based statutory requirement or on modification or amendments of various acts, rules, regulations, statues applicable to the Company.

## 7. DISCLOSURES

In addition, the Company shall make required disclosures in the Annual Report, as may be statutorily required under the various RBI guidelines and provisions of the Act.