

## ADANI CAPITAL PRIVATE LIMITED

### CORPORATE GOVERNANCE POLICY

#### Preamble

Corporate governance is a term that refers broadly to the rules, processes, or laws by which businesses are operated, regulated, and controlled. The term can refer to internal factors defined by the officers, stockholders or constitution of a corporation, as well as to external forces such as consumer groups, clients, and government regulations. It is the key to protecting the interests of various stake holders in the corporate sector. The importance of corporate governance in the success of the company is widely known.

A well-defined and enforced corporate governance provides a structure that, works for the benefit of everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well as to formal laws.

This Policy was adopted by the Company pursuant to the approval of the Board of Directors at their meeting held on 29<sup>th</sup> June 2018. Further, this Policy was amended pursuant to the approval of the Board of Directors at their meeting held on 23<sup>rd</sup> May 2022.

**Corporate Governance at Adani Capital Private Limited (ACPL) to have the following Main principles:**

- Constitution of a Board of Directors of appropriate composition, size, varied expertise and commitment to discharge its responsibilities and duties.
- Ensuring timely flow of information to the Board and its Committees to enable them to discharge their functions effectively.
- Independent verification and safeguarding integrity of the Company's financial reporting.
- A sound system of risk management and internal control.
- Timely and balanced disclosure of all material information concerning the Company to all stakeholders.
- Transparency and accountability.
- Compliance with all the applicable act, rules and regulations.
- Fair and equitable treatment of all its stakeholders including employees, customers, shareholders and investors.

## ADANI CAPITAL PRIVATE LIMITED

### CORPORATE GOVERNANCE POLICY

#### **Board of Directors**

The Company's Board has a primary role of trusteeship to protect and enhance stakeholders' value through supervision and strategic inputs. The Board along with its Committees provides supervision and exercises appropriate controls and in addition to basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

The Board shall have a suitable combination of Executive and Non-Executive Directors. All the Directors shall meet the 'fit and proper' criteria as prescribed by the Reserve Bank of India.

A Director shall not hold the office of director in more than 20 (twenty) companies including 10 (ten) public companies. The Directors shall submit disclosures as required under the provisions of applicable laws and the codes and policies adopted by the Company.

#### **Meetings of the Board**

At least 4 meetings of the Board shall be held in every calendar year and at least 1 (one) meeting will be held every calendar quarter, with a maximum time gap of 120 (one hundred and twenty) days between two Board meetings.

The decisions of the Board shall be taken by simple majority of the Directors and each Director shall exercise one vote.

The Company shall strive to comply with the following guidelines in letter and in spirit.

#### **Board Independence**

Independent Directors are expected to play a key role in the decision-making process of the Board by participating in the process of framing the overall strategy of the Company. Independent Directors appointed on the Board of the Company shall fulfil the criteria of independence as set out under the provisions of Companies Act, 2013 and other applicable laws in this regard. They shall submit an annual declaration affirming compliance with the criteria of independence for every financial year and such declaration shall be submitted whenever there is any change in circumstances which may affect their independence.

## ADANI CAPITAL PRIVATE LIMITED

### CORPORATE GOVERNANCE POLICY

An Independent Director shall hold office for a term of up to five consecutive years and shall be eligible for re-appointment for another term of up to five consecutive years on passing of a special resolution by the Company. Provided that an Independent Director, who completes two consecutive term(s) shall be eligible for appointment as Independent Director in the Company only after the expiration of three years of ceasing to be an Independent Director in the Company.

#### **Board Compensation Review**

The remuneration payable to the Directors shall be determined by the Nomination and Remuneration Committee and shall be recommended to the Board for its consideration and approval. The remuneration payable shall be in accordance with the Board approved Remuneration Policy and applicable laws.

The Non-Executive Independent Directors of the Company will be paid remuneration by way of sitting fees for attending Meetings of the Board and its Committees.

#### **Internal guidelines for the Corporate Governance**

In order to establish a framework for ensuring the compliance with the corporate governance in letter and in spirit, the Board has established following committees:

- 1) Audit Committee;
- 2) Nomination and Remuneration Committee;
- 3) Risk Management Committee;
- 4) Asset Liability Management Committee;
- 5) Credit & Investment Committee;
- 6) Corporate Social Responsibility Committee; and

other Committee(s) have been constituted in accordance with the provisions of the Companies Act, 2013, guidelines / directions issued by the RBI as applicable to the Company and for internal requirements and operational convenience. The composition, terms of reference and functioning of the Committee(s) shall be decided by the Board of Directors in accordance with the provisions of the applicable laws.

Minutes of meetings of Board Committees and other Committee as specified by the Board shall be placed before the Board for its perusal, discussion and noting. The decisions of the Committees shall be taken by simple majority of the members of the respective Committees and each member shall exercise one vote. Chairman of the Committee(s) shall not be entitled to a second or casting vote at any meetings of the Committee(s).

## ADANI CAPITAL PRIVATE LIMITED

### CORPORATE GOVERNANCE POLICY

The constitution and role of each of these committees are described hereunder:

#### A) Audit Committee

The Audit Committee shall be responsible to deal with all material questions concerning the auditing and accounting policies of the Company and their financial controls and systems or any other function as may be determined by the Board.

#### Terms of reference of Audit Committee

- Recommendation for appointment, remuneration and terms of appointment of auditors;
- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- Examination of the financial statements and the auditors' report thereon;
- Approval or any subsequent modification of transactions with related parties
- Scrutiny of inter-corporate loans and investments
- Valuation of undertaking or assets of the company as may be necessary
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised by the Company
- Review of the observations of the auditors, if any
- Review of financial statements before submission of the same to the Board focusing mainly on :
  - changes in accounting policies and practices;
  - the going concern assumption;
  - Compliance with accounting standards;
- Investigate any matter specifically referred by the Board

The audit committee shall meet at least twice in a year. Minutes of the Audit committee to be approved by the Chairman and to be noted and confirmed at the ensuing Board meeting.

## B) Nomination and Remuneration Committee

The role of nomination and remuneration committee shall be to identify persons who are qualified to become director, recommend the Board their appointment, removal and also carry out evaluate performance of every director.

The committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director keeping ('fit & proper' criteria). The committee shall also formulate a policy relating to the remuneration of directors.

The committee shall keep in mind the following while formulating the remuneration policy:

- (a) The level and composition of remuneration that is reasonable and sufficient to attract, retain and motivate directors of the competence required to run the Company
- (b) Remuneration shall be clearly linked to the performance and appropriate performance benchmarks

The chairperson or any other member of the committee shall strive to attend the general meetings of the Company.

The Nomination committee shall meet at such periodic intervals as required. Minutes of the Nomination committee should be approved by the Chairman and to be noted and confirmed at the ensuing Board meeting.

### Terms of reference of Nomination and Remuneration Committee:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- ii. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- iii. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- iv. To look into the entire gamut of remuneration packages for the Executive Director(s) and senior personnel's of the Company and revise their remuneration suitably within the limits prescribed under any statutory acts, amendments, modifications or enactments thereof

**ADANI CAPITAL PRIVATE LIMITED**

**CORPORATE GOVERNANCE POLICY**

- v. To formulate and implement one or more Employees' Stock Option Scheme(s) for the benefit of the employees including Directors of the Company.
- vi. To determine the commissions payable to the Directors within the prescribed limits and as approved by the shareholders of the Company
- vii. To undertake such other acts or activities as may be determined by the Board of the Company.
- viii. And other Terms, as specified in Nomination and Remuneration Policy.

**C) Risk Management Committee**

The risk management committee shall have 3 members of which at least 1 shall be independent.

The Risk Management Committee shall be responsible for setting up and reviewing risk management policies of the Company from time to time. The Risk Management Committee shall primarily be responsible for identifying, monitoring, managing and mitigating the credit risk, market risk, operational risk and other risks of the Company that can be applicable to the Company considering the business operations of the Company through integrated risk management systems, strategies and mechanisms.

The Risk Management committee shall meet on a quarterly basis review and assess its workings. Minutes of the Committee should be approved by the Chairman and noted at the ensuing Board meeting.

**D) Asset Liability Management Committee**

The Asset Liability Management committee shall have at least three members and as per the applicable provisions of Regulation/Guidelines issued by RBI in this regard

The role of Asset Liability Management committee shall be to:

- 1) monitor asset – liability mismatch
- 2) strategize on mitigation of the mismatch

The Committee shall meet 4 times every in a year with a minimum of one meeting every financial quarter to discuss asset/liability management

## ADANI CAPITAL PRIVATE LIMITED

### CORPORATE GOVERNANCE POLICY

issues. Informal meetings may be held on an as needed basis. Minutes of the ALCO meetings will be placed before the Board of Directors for noting.

#### **E) Credit & Investment Committee**

The credit and investment committee shall have 4 members.

The Credit & Investment Committee is responsible for the deployment of capital / resources of the Company. It shall approve credit proposals in accordance with Risk Framework and Policy approved by the Board of Directors of the Company.

The Committee shall meet as and when required.

#### **Management of Connected lending relationships**

The Company shall have due regard to conflict of interests the directors may have while evaluating the credit proposals.

The Company shall not grant any loans, advance or non-fund based facility to:

- a) its directors or their relatives;
- b) to any firm in which any of its Directors is interested as Partner, Manager, Employee or Guarantor;
- c) any individual in respect of whom any of its Directors is a Guarantor;
- d) any company of which, or the subsidiary or the holding company of which, any of the Directors of the Company is a Director, Managing Agent, Manager, Employee, or Guarantor or any firm in which the holds substantial interest
- e) any entity, whether incorporated or not which uses as a part of its name or in connection with its business, the name of the NBFC or any such word as would show its association with the NBFC

#### **F. Corporate Social Responsibility (CSR) Committee**

The CSR Committee shall decide upon the corporate social responsibility activities of the Company and the CSR expenditure to be incurred by the Company and recommend the same to the Board for its consideration and approval. The Committee shall be responsible for monitoring the CSR Policy of the Company.

**ADANI CAPITAL PRIVATE LIMITED**

**CORPORATE GOVERNANCE POLICY**

At least one meeting of the Committee shall be held every year.

**Terms of reference of Corporate Social Responsibility Committee:**

- (i) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013
- (ii) Recommend the amount of expenditure to be incurred on the activities referred to in clause (i)
- (iii) Monitor the Corporate Social Responsibility Policy of the company from time to time.
- (iv) Update the Board on the implementation of various programmes and initiatives."

**G. Finance Committee**

Finance Committee shall deliberate and approve all matters as mentioned in the Terms of Reference given hereunder:

**Terms of reference of Finance Committee as under:**

- (i) Allotment of all type of securities/money market instruments on such terms and conditions as may be agreed from time to time in this regard.
- (ii) Issue of shares certificate/ debenture certificate/ letter of allotment or any type of certificates which is required for the allotment of the securities.
- (iii) To borrow moneys
- (iv) To invest funds of the Company.
- (v) To grant loans or give guarantee or provide security in respect of loans
- (vi) To consider and approve/accept the letters of sanction by the term lending institutions /Banks/NHB and other bodies corporate, opening and/or closing of the current accounts/cash credit/overdraft/fixed deposits or other account(s) with any bank and authorize the Directors/officers of the Company for the purpose.
- (vii) To authorize operation of such accounts of the company with its bankers and to vary the existing authorization to operate the same and granting of general/specific power of attorney to the officers at



## ADANI CAPITAL PRIVATE LIMITED

### CORPORATE GOVERNANCE POLICY

the branches for routine matters and any such matters pertaining to the routine functions.

- (viii) To approve the change/s of rate of interest of all loan products or on debentures, debts or any other instruments/financial products issued by the company.
- (ix) To open and close the current account(s) with any bank(s) at any place outside the territory of India and to finalize/vary the authorization(s) to operate the same.
- (x) To open and close the securities/demat/custodian account(s) with any depository/ participant at any place in India and abroad and to finalize/vary the authorization(s) to operate the same.
- (xi) To consider and approve the split of share certificate(s)/ Debenture Certificate(s)/ all type of securities certificate(s).
- (xii) To consider and approve the transfer/ transmission of shares/ Debentures/ all type of securities.
- (xiii) To consider and approve proposals for direct assignment and securitization and transfer of assets from time to time.
- (xiv) Any other matter with as may be delegated by the Board from time to time.

#### **Conflict of Interest:**

The Company expects its Directors, officers and other employees to act ethically at all times and to acknowledge their adherence to the policies and codes adopted by the Company.

The Directors, senior management and other employees of the Company shall endeavour to avoid any conflict of interest with respect to their dealings with the Company. A conflict of interest exists when benefits or interests of one person or entity conflict with the interests or benefit of the Company. If a Director has a potential conflict of interest in a matter under consideration by the Board or a Committee, such Director shall disclose his interest in accordance with the provisions of applicable laws and abstain from deliberations and voting on such matter. A Director who is interested in any proposed transaction shall not exercise any influence over other Board/Committee Members in any manner whatsoever. Officers and other employees must disclose the circumstances of any possible conflict of interest to his / her supervisor and the Managing Director and CEO, for a determination about whether a potential or actual conflict exists. If an actual or potential conflict is determined, the Company may take whatever corrective action appears appropriate according to the circumstances. Failure to disclose facts shall constitute grounds for disciplinary action.

## AUDITORS:

### Statutory Auditors

The Board and the Audit Committee of the Company shall be responsible to appoint Statutory Auditors who demonstrate professional ability and independence in conformity with the Policy on appointment of Statutory Auditors of the Company. The Company shall review the independence and performance of the Statutory Auditors and the effectiveness of the audit process periodically. Declaration shall be obtained from the Auditors affirming their eligibility for being appointed as the Statutory Auditors of the Company.

Further, the Company shall rotate the partner/s of the Chartered Accountant firm(s) conducting the statutory audit of the Company every three years or such other earlier period as may be decided by the Board, so that same partner does not conduct audit of the company continuously for more than a period of three years. However, the partner so rotated shall be eligible for conducting the audit of the Company after an interval of three years.

### Internal Auditors

The Board of Directors of the Company shall appoint Internal Auditors in accordance with the provisions of applicable laws and regulations who shall perform independent and objective assessment of the internal controls, processes and procedures instituted by the management and accordingly monitor its adequacy and effectiveness.

### Codes and Policies:

In accordance with the applicable provisions of the Companies Act, 2013, the directions / guidelines issued by the Reserve Bank of India and applicable to the Company from time to time and for internal requirements and operational convenience, the Company has framed and adopted the following policies and codes. These are going to be reviewed at regular intervals and shall be updated / revised as and when required under the applicable laws or due to change in the functioning or the structure of the Company. The codes and policies approved by the Company *inter-alia* includes the following:

## ADANI CAPITAL PRIVATE LIMITED

### CORPORATE GOVERNANCE POLICY

- (a) Code of Conduct for Directors and Employees;
- (b) Code for Independent Directors
- (c) "Fit & Proper" Person Criteria for Directors ;
- (d) Board Performance Evaluation Policy;
- (e) Risk Framework and Policy;
- (f) Interest Rate Policy ;
- (g) Liquidity Management Framework;
- (h) Whistle Blower Policy / Vigil Mechanism
- (i) Related Party Transaction Policy
- (j) Fair Practice Code;
- (k) Policy on Know Your Customer and Anti Money Laundering Policy;
- (l) Nomination and Remuneration Policy;
- (m) Corporate Social Responsibility (CSR) Policy
- (n) Policy on Appointment of Statutory Auditors
- (o) Guidelines to determine the "fit and proper" person
- (p) Grievance redressal Policy
- (q) IT Policy
- (r) Information Security Policy
- (s) Access Control Policy
- (t) Cyber Security Policy
- (u) Outsourcing Policy
- (v) Code of Conduct for DSA
- (w) Outsourcing Policy
- (x) RCU Policy
- (y) Open Architecture Policy for Conduct of Insurance Distribution through Corporate Agency Model
- (z) Policy for Preservation of Documents

#### Disclosures

The Company is committed to make adequate disclosures based on the principles of transparency, timeliness, fairness and continuity. The Board of Directors and employees of the Company shall ensure and make necessary disclosures to the Company, the Regulator(s) / Statutory Authorities, the Shareholders, Investors, Members or other stakeholders as may be required by the applicable laws and the codes / policies of the Company.

The Board of Directors of the Company or such other person authorized by the Board or any law / regulation, shall ensure that all the disclosures statutorily required to made on behalf of the Company are duly made to the Regulatory / Statutory authorities or such other persons as maybe required under applicable laws / regulations.



**ADANI CAPITAL PRIVATE LIMITED**  
**CORPORATE GOVERNANCE POLICY**

**COMPLIANCE OFFICER**

The Compliance Officer shall be appointed by the Board of Directors.

---