



Corporate Governance

REPORT ON CORPORATE GOVERNANCE

As shareholders across the globe evince keen interest in the practices and performance of companies, Corporate Governance has emerged on the centre stage of the way the corporate world functions. Effective and transparent corporate governance is necessary to maintain public trust and achieve business success. Corporate Governance is about commitment to values and ethical business conduct. It is about how an organisation is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders.

The Company has initiated the practice of incorporating the Corporate Governance Report in the Annual Report in compliance with SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015. A concerted attempt has been made to bring in transparency and professionalism to ensure ethical standard in business activities while implementing the Corporate Governance Code. The management places on record that the mandatory compliances to constitute various committees as required by SEBI (LODR), Regulations 2015, are in place.

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in SEBI (LODR), Regulations, 2015 as applicable to the Company is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to good corporate governance and has implemented the Corporate Governance norms as prescribed by SEBI. The Company's philosophy of Corporate Governance is based on preserving core values and ethical business conduct which enhances the efficiency of the Board and inculcates a culture of transparency, accountability and integrity across the Company.

2. BOARD OF DIRECTORS

The Company is fully compliant with the Corporate Governance Norms in terms of constitution of the Board which is well blended with a good combination of Executive and Independent Directors. The Board has complete access to any information within the Company & of any employee of the Company.

Pursuant to SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015, the Board meets at least once in every quarter to review quarterly/annual financial results and other items on the agenda and gap between two Board Meetings is not more than 120 Days. The Board is apprised of all the important information relating to the business of the Company including those listed in SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015.

As on March 31, 2019, strength of the Board of Directors was Four (4) whose composition is given below:
Promoter, Chairman, and Managing Director - 1
Promoter, Non-Independent Director - 1
Independent Directors - 2

Attendance of Directors at Board Meetings during the financial year and the last AGM and Number of Directorships/Committee positions of Directors as on 31st March, 2019, were as under:

The details of attendance of each Director at the Board Meetings, last Annual General Meeting, and number of other directorship and membership in the Committees thereof, are as under

Name of the Director	Category	Designation	No. of Meetings held	Attendance Particulars		Number of other Directorships	Names of Listed Companies in which Director	Number of Committee positions held in other Companies*	
				Board Meetings	Last AGM			Mem ber	Chairm an
Mr. Madanlal Khandelwal (00414717)	Chairman Executive Director	Managing Director	06	06	Yes	01	01	0	0
Mrs. Radhika Khandelwal (00414678)	Non Independent & Non-Executive Director	Director	06	06	Yes	0	0	0	0
Mr. Ram Nath Karol (00414741)	Independent Director	Director	06	06	Yes	0	0	0	0
Mr. Goverdhan Dass Sethi (01216222)	Independent Director	Director	06	06	Yes	0	0	0	0

List of core skills/expertise/competencies identified by the Board of Directors as required in the context of its business and sector to function effectively and those actually available with the Board

The Company's Board comprises qualified members who bring in required skills, competence and expertise which allow them to make effective contribution to the Board and its Committees. The Board members are committed to ensure that the Company is in compliance with the highest standards of corporate governance.

The below summarizes the list of core skills/ expertise/ competencies identified by the Board of Directors for conducting effectively business of the Company

- Industry knowledge
- Professional approach
- Financial Expertise
- Leadership acumen

3.AUDIT COMMITTEE

The Audit Committee pursuant to the provisions of Section 177 of the Companies Act, 2013 at the Board level of Company acts as a link between the Auditors, the Management and the Board of Directors and oversees the financial reporting process. The Audit Committee interacts with the Internal Auditors, Statutory Auditors, Secretarial Auditors and reviews and recommends their appointment and remuneration, terms of appointment. The Audit Committee is provided with all necessary assistance and information for enabling them to carry out its function effectively.

THE TERMS OF REFERENCES OF THE AUDIT COMMITTEE ARE BROADLY AS UNDER:

- 1) Overseeing of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the term of appointment with fixation of audit fees.
- 3) Approval of payment to Statutory Auditors for any other services rendered by them.
- 4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - ✓ Matters required to be included in the director's responsibility statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - ✓ Changes, if any, in accounting policies, significant adjustment made in the financial statements arising out of audit findings.
 - ✓ Disclosure of any related party transactions and qualifications in the draft audit report.
 - ✓ Compliance of listing and other legal requirements relating to financial statements.
- 5) Reviewing with the management the quarterly financial statements before submission to the Board for approval.
- 6) Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading department, reporting structure coverage and frequency of internal audit.
- 8) Discussion with internal auditors or any significant findings and follow up there on.
- 9) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post- audit discussion to ascertain any area of concern.

COMPOSITION AND ATTENDANCE

The Audit Committee comprises of three Directors viz. Ram Nath Karol, Goverdhan Dass Sethi and Radhika Khandelwal, with majority being independent. Ram Nath Karol is the Chairman. Two of the members are having experience in finance, law and business. The Statutory Auditors, Internal Auditors and Senior Executives of the Company are invited to attend the meetings of the Committee, whenever necessary. The Company Secretary acts as the Secretary of the Committee.

During the year under review the Audit Committee met 5 times on to deliberate on various matters.

The Composition and Attendance of the Audit Committee Meeting is as follows:

Name	Category	Designation	No. of meetings during F.Y.2018-19	
			Held	Attended
Ram Nath Karol	Non- Executive & Independent Director	Chairman	5	5
Goverdhan Dass Sethi	Non- Executive & Independent Director	Member	5	5
Radhika Khandelwal	Non- Executive Director	Member	5	5

4. NOMINATION AND REMUNERATION COMMITTEE

The terms of reference of the committee inter alia include the following:

- 1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- 2) Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- 3) Devising a policy on diversity of Board of Directors;
- 4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- 5) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- 6) Any other matter as the Board may decide from time to time.

Succession planning for Board of Directors and Senior Management Employees, identifying and selection of candidates for appointment of Directors/Independent Directors based on certain laid down criteria's, identifying potential individuals for appointment of Key Managerial personnel and other senior managerial position and review the performance of the Board of Directors and Senior Management personnel including Key managerial personnel based on certain criteria approved by the Board. While reviewing the performance, the committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talents, remuneration commensurate with the performance of individual and group and also maintains a balance between fixed and incentive pay reflecting both short and long term objectives of the Company.

COMPOSITION

During the year under review the Nomination and Remuneration Committee has met 2 times during the year. Further, the Composition of the Nomination and Remuneration Committee Meeting is as follows:

Name	Category	No. of meetings during F.Y.2018-19		Designation
		Held	Attended	
Ram Nath Karol	Non- Executive & Independent Director	2	2	Chairman
Goverdhan Dass Sethi	Non- Executive & Independent Director	2	2	Member
Radhika Khandelwal	Non- Executive Director	2	2	Member

APPOINTMENT, REMUNERATION AND EVALUATION OF DIRECTORS

The Board based on recommendations of the Nomination and Remuneration Committee laid down following policies:

- ✓ Appointment and removal of Directors , KMP and Senior Management
 - The NRC will have the responsibility and authority to decide the essential and desirable skills/competencies/Experience/criteria of independence required from the individuals for the office of director, KMP and senior management Personnel.
 - The experience required from Directors, KMP and Senior Management personnel.
 - The NRC will review the criteria for the role and define the role specifications for the appointment.
 - The NRC shall review the criteria for the role and define the role specifications for appointment.
 - In case of directors and KMP, in addition to above specifications the NRC shall ensure that the candidate possesses the requisite qualifications and attributes as per Applicable laws.
- ✓ Identifying candidates who are qualified to become Directors, KMP and senior Management personnel

The NRC may assign the responsibility of identifying the candidates for the final interview by the NRC to the following

- To the Managing Director / whole time Director and Chairman of NRC in case of selection of directors
- To the Managing Director/ whole time Director in case of selection of KMP and Senior Managerial Personnel.
- The NRC shall identify members of the Board who will interview the candidate recommended to the NRC as above.

- Upon selection of the candidate, the NRC shall make a recommendation to the Board for appointment of Director /KMP/Senior Management Personnel.
- The appointment of directors and KMP shall be subject to the compliance of the Act, Clause 49 of listing agreement and Articles of Association.

✓ **Selection of Independent Directors**

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field and who can effectively contribute to the Company's business and policy decisions are considered by NRC for appointment, as independent Directors on the Board. The committee inter alia, considers qualification, positive attributes, area of experience and number of directorship held in other Companies by such person in accordance with the Company's policy for selection of Directors and determining Director's independence. The Board considers the committee's recommendation, and take appropriate decision. Every Independent Director at the first meeting of the Board in which he participates as Director and thereafter at the first meeting Board in every financial year, gives a declaration that he meets the criteria of independence as provided in the law.

✓ **Term of appointment**

- The term of appointment of Directors shall be governed by provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.
- The term of KMP (other than the MD) and Senior Management Personnel shall be governed by the prevailing policy of the Company.

✓ **Removal of Director, KMP and Senior Management Personnel**

Removal of Director, KMP and Senior Management personnel may be warranted due to reasons such as disqualification prescribed under applicable laws and /or disciplinary reasons.

✓ **Remuneration of Director, KMP and Senior Managerial Personnel**

- The remuneration payable to managing Director shall be determined by the NRC and recommended to the Board for approval. Such remuneration is further subject to approval of shareholders as per applicable provisions of the Act.
- Remuneration payable to Non-Executive Directors: Only the sitting fee will be paid to Non-Executive Directors which shall be determined by NRC.
- Remuneration to KMP and Senior Managerial personnel: The NRC will approve policy for remuneration payable to KMP and senior Managerial personnel. The NRC will approve remuneration payable to KMP and Senior Managerial Personnel Which will finally be approved by Board.

✓ **Performance Evaluation of Board, Committees and Directors**

- Board is committed to assessing its own performance as Board is to identify its strength and areas in which it may improve its functioning.
- NRC is responsible for carrying out evaluation of every Director's performance and the NRC will frame criteria for the same.
- The evaluation of Board and Chairman will be reviewed by Independent Directors at their meeting.
- The directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders Grievance Committee.
- The Performance of the Board is evaluated by each individual Director as well as collectively by the Board on the Annual Basis towards the end of the Financial Year.
- The Board performance is evaluated on the basis of number of Board and Committee meetings attended by individual director, participation of director in the affairs of the Company, duties performed by each director and targets achieved by Company during the year.
- Performance of Independent Directors is evaluated based on objectivity and constructiveness while exercising duties, providing independent Judgment and risk management etc.
- The criteria for performance evaluation cover the areas such as Qualifications, experience, knowledge and competency, fulfillment of functions, ability to function as a team, imitative, availability and attendance, commitment, integrity, preparedness for the meeting, staying updated on developments, active participation at the meetings.

✓ **Diversity of Board of Directors**

NRC will ensure the diversity of Board of Directors is in order with the requirement of size of the Company. Further, NRC will ensure scope of work of Directors in the Company and portfolios which are going to be allocated to them shall be based on diverse experience of Directors.

✓ **Remuneration of Non- Executive / Executive Directors:**

All decisions relating to the remuneration of the Directors were taken by the Board of Directors of the Company and in accordance with the Share holders' approval wherever necessary.

Details for remuneration paid / to be paid to the Directors for the year under review are as under

Name of the Director	Business relationship with the Company	Salary, benefits, bonus etc paid during the year 2018-19	Commission due/paid/payable for 2018-19	Sitting fess (for Board and its Committees)
Madan Lal Khandelwal	Chairman & Managing Director	12,00,000.00	--	--
Radhika Khandelwal	Non-Executive Director	--	--	--
Ram Nath Karol	Independent Director	--	--	--
Goverdhan Dass Sethi	Independent Director	--	--	--

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

Stakeholders Relationship Committee comprises of three Directors namely Radhika Khandelwal (Chairman of the Committee), Goverdhan Dass Sethi and Ram Nath Karol.

The Committee administers transfer and transmission of shares, Issue of duplicate certificates, change of status of members, change of name, transposition, sub-division of share certificates, consolidation of shares, dematerialization/ rematerialization of shares and resolve the grievances of various security holders of the Company. Committee meets time to time as per its requirements. The Committee facilitates prompt and effective redressal of stakeholder/investors complaints.

- Number of complaints received - NIL
- Number of complaints solved to the satisfaction of shareholders - NIL
- Number of pending share transfers - NIL
- As at 31st March, 2019 no shares were pending for transfer.

6. SHARE TRANSFER COMMITTEE

Share Transfer Committee hereby constituted to carry on the below mentioned duties:

- To approve transfer/transmission of shares both in physical and electronic form.
- To sub-divide, consolidate and issue share certificates as recommended by Registrar and Share Transfer Agent.
- To authorize affixation of common seal of the Company.
- To issue Share certificates in place of those which are damaged or in which the pages are Completely exhausted provided the original certificates are surrendered to the Company .as recommended by the Registrar and Share Transfer Committee

During the year under review, the Share Transfer Committee met 8 times on to deliberate on various matters. The Composition and Attendance of the Share Transfer Committee Meeting is as follows:

Name	Category	Designation	No. of meetings during F.Y.2018-19	
			Held	Attended
Ram Nath Karol	Non- Executive & Independent Director	Chairman	8	8
Goverdhan Dass Sethi	Non- Executive & Independent Director	Member	8	8
Radhika Khandelwal	Non- Executive Director	Member	8	8