

CORPORATE GOVERNANCE UNDER SEBI (LODR), 2015

Sl. No.	Regulation No	Subject	Particulars
1.	Regulation 16(1)(b)	Independent Director	<p>Independent Director" means a non-executive director, other than a nominee director of the listed entity –</p> <ul style="list-style-type: none"> - who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience; - who is or was not a promoter of the listed entity or its holding, subsidiary or associate company; - who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company; - who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year; - none of whose relatives has or had pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or Rs. 50 lakhs or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year; - who, neither himself, nor whose relative(s) holds or has held the position of a key managerial

			<p>personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;</p> <ul style="list-style-type: none"> - who, neither himself, nor whose relative(s) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed,
2.	Regulation 17(1)	Composition of Board of Directors	<p>The Composition of Board of directors of the listed entity shall be as follows:</p> <p>Executive/Non Executive:</p> <ul style="list-style-type: none"> - Board of Directors shall have an optimum combination of executive and non-executive directors:- • One Women Director • At least 50% of Board of Directors shall comprise of Non-Executive Director. <p>Independent Director:</p> <ul style="list-style-type: none"> - If Chairman of the Board is Non-Executive director • at least (1/3) one-third of the board of directors shall comprise of independent directors. - where the listed entity does not have a regular non-executive chairperson • at least (1/2) half of the board of directors shall comprise of independent directors - where the regular non-executive chairperson is a promoter of the listed entity; or is related to any promoter; or is related to person occupying management positions at the level of board of director; or at one level below the board of directors;

			<ul style="list-style-type: none"> • at least (1/2) half of the board of directors of the listed entity shall consist of independent directors.
4.	Regulation 17(2)	Frequency of Meeting	<ul style="list-style-type: none"> - At least 4 Board meeting - Maximum Gap Between two meetings 120 days
5.	Regulation 17(3)	Review of Compliance report	<ul style="list-style-type: none"> - The board of directors shall <i>periodically review</i> compliance reports pertaining to all laws applicable to the listed entity. - The board of directors shall <i>periodically review steps taken</i> by the listed entity to rectify instances of non-compliances.
6.	Regulation 17(4) & (5)	Duties of Board of Directors	<ul style="list-style-type: none"> - Plans for Ordinary succession of appointment: The board of directors of the listed entity shall satisfy itself that plans are in place for orderly succession for appointment to the board of directors and senior management. - Code of Conduct: The board of directors shall lay down a Code of Conduct for all members of board of directors and senior management of the listed entity. - Duties of Independent Director: The code of conduct shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013.
7.	Regulation 17(6)	Fees or Compensation	<ul style="list-style-type: none"> - The board of directors shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors and shall require approval of Shareholders in General Meetings. - The requirement of obtaining approval of shareholders in General Meeting shall not apply to payment of sitting fees to Non- Executive Directors, if made within the limits prescribed under Companies Act, 2013.

			<p><i>Approval of shareholders mentioned above, shall specify the limits for the maximum number of stock options that may be granted to non-executive directors, in any financial year and in aggregate.</i></p> <p>- Independent Director shall not entitle to any Stock Option.</p>
3.	Regulation 17(8)	Compliance Certificate	The Chief Executive Officer and the Chief Financial Officer shall provide the compliance certificate to the board of directors.
4.	Regulation 17(10)	Performance evaluation	<p>The performance evaluation of independent directors shall be done by the entire board of directors.</p> <p>However, in the above evaluation the directors who are subject to evaluation shall not participate.</p>
3.	Regulation 18	Audit Committee	<p>➤ Every Listed Entity shall constitute a Qualified and independent audit committee in accordance with the terms subject to the followings:-</p> <ul style="list-style-type: none"> - The audit committee shall have minimum Three directors as members and - 2/3 (Two-thirds) of the members of committee shall be independent directors. - All members of Committee shall be financially literate and at least one member has expertise in accounting or related financial management. - The chairperson of the audit committee shall be an independent director and he shall be present at AGM to answer shareholder queries. - The Company Secretary shall act as the secretary to the audit committee. <p>➤ The listed entity shall conduct the</p>

			<p>meetings of the audit committee in the following manner:</p> <ul style="list-style-type: none"> - Four Meetings in a year - Maximum gap between two meetings 120 days - Quorum shall be 2 members or 1/3rd of the members of the audit committee, whichever is greater, with at least 2 independent directors. - The audit committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary. <p><i>Note: - The Role of the audit committee and the INFORMATION TO BE REVIEWD by the audit committee shall be as specified in Part C of Schedule II.</i></p>
4.	Regulation 19	Nomination and remuneration committee	<ul style="list-style-type: none"> ➤ The Board of Directors shall constitute the nomination and remuneration committee as follows: <ul style="list-style-type: none"> - The committee shall comprise of at least three directors. - All the directors of the committee shall be Non-Executive directors and - At least 50% of the directors shall be Independent directors. ➤ The Chairperson of the nomination committee shall be independent director. However, where chairperson of listed entity is executive or non-executive, may appoint as a member and shall not chair such committee. ➤ The chairperson of such committee

			may present at the AGM, to answer the shareholder's queries.
5.	Regulation 20	Stakeholder Relationship Committee	<p>Purpose of constitution :- To look into the mechanism of redressal of grievances of :-</p> <ul style="list-style-type: none"> - shareholders, - debenture holders and - other security holders <p>➤ The chairperson of such committee shall be a Non-Executive Director.</p>
6.	Regulation 21	Risk Management Committee	<p>➤ The board of directors shall constitute Risk Management Committee, shall be define the role and responsibility of the Risk Management Committee, and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.</p> <p>➤ The majority of members of such Committee shall consist of members of the board of directors.</p> <p>➤ The Chairperson of such committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.</p>
7.	Regulation 24	Subsidiary Companies	<p>Corporate governance requirements with respect to subsidiary of listed entity</p> <ul style="list-style-type: none"> - At least one independent director of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India. - The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary. - The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity. - The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant

			<p>transactions and arrangements entered into by the unlisted subsidiary.</p> <ul style="list-style-type: none"> - A listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal. - Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal. - Where a listed entity has a listed subsidiary, which is itself a holding company, the provisions of this regulation shall apply to the listed subsidiary in so far as its subsidiaries are concerned.
16.	Regulation 25	<p>Obligations with respect to Independent directors:-</p> <ul style="list-style-type: none"> - Limit of Directorship as Independent Director - Tenure of Independent Director 	<p>Obligations with respect to Independent directors:-</p> <ul style="list-style-type: none"> ➤ A person shall serve as an independent director <i>not more than seven listed entities</i>. If such person is whole time director in any entities then he shall be serving as independent director <i>not more than three listed entities</i>. ➤ Maximum tenure of independent director shall be up to <i>five consecutive years</i> on the Board of a company. He shall be eligible for re-appointment on <i>passing of a special resolution</i> by the company and disclosure of such appointment

		<ul style="list-style-type: none"> - Meeting of Independent Director - Agenda for the Meeting of Independent Director - Liability of Independent Director - Intermittent vacancy of an Independent Director 	<p>in the Board's report.</p> <ul style="list-style-type: none"> ➤ The independent directors of the listed entity shall hold at least one meeting in a year. Non-Independent Director and Members of the Management will not present in such Meeting. All the Independent Directors shall strives to present in such Meeting. ➤ The Independent director in the meeting shall :- <ul style="list-style-type: none"> - Review the performance of non- independent directors and the board of directors as a whole. - Review the performance of the chairperson of the listed entity. (Taking into account the views of executive directors and non-executive directors) <ul style="list-style-type: none"> - Assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties. ➤ An independent director shall be held liable, ONLY in respect of such acts of omission or commission by the listed entity which had occurred:- <ul style="list-style-type: none"> - with his knowledge and - attributable through processes of board of directors, and - with his consent or connivance or - Where he had not acted diligently with respect to the provisions contained in these regulations. ➤ Any Intermittent Vacancy of an Independent director shall be filled-up by the Board of Directors at the earliest but not later than:
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		<ul style="list-style-type: none"> - Duties of the Company towards Independent Director 	<ul style="list-style-type: none"> - Immediate <i>Next Board Meeting OR</i> - <i>3 (Three) Months</i> from the date of such vacancy, <i>whichever is Later</i> <p>➤ The listed entity shall familiarize the independent directors through various programmes about the listed entity, including the following:</p> <ul style="list-style-type: none"> - Nature of the industry in which the listed entity operates; - Business model of the listed entity; - Roles, rights, responsibilities of independent directors; and - Any other relevant information
17.	Regulation 26	Obligations of Directors and Senior Management	<p>For the purpose of considering the limit of companies Private Company, Foreign Company and Section 8 of Companies Act, 2013 company are excluded.</p> <p>A Director shall not be :-</p> <ul style="list-style-type: none"> - Member in more than 10 committees - Chairman in more than 5 committees <p>For reckoning the limit, ONLY Audit committee and Stakeholder's relationship Committee are considered.</p>
18.	Regulation 27	Quarterly Compliance Report on Corporate Governance	<p>➤ The listed entity shall submit a quarterly compliance report on corporate governance in the format as specified by SEBI from time to time to the recognized stock exchange(s) <i>within fifteen days from close of the quarter.</i></p> <p>➤ Details of all material transactions with related parties shall be disclosed.</p> <p>➤ Report shall be sign either by Compliance officer or by Chief Executive officer.</p>

MDAR

Management Discussion & Analysis Report

1. Industry structure & developments
2. Opportunities & Threats
3. Segment wise performance
4. Internal Control system
5. Human Resource

NOTE → Annual Compliance Certificate from either **Auditor OR Practising CS** regarding compliance of Corporate Governance Conditions shall be annexed with the **Director's Report**.

Q. **What Disclosure are Made** in the section of corporate governance Section in the Annual Report ?

ANS.

1. BOD
2. Audit Committee
3. Nomination
4. Stakeholder R. C
5. General meetings
6. Declaration by CEO Stating that members of BOD Series Management have complied with code of conduct

Role of Audit Committee includes

1. Oversight of the listed Company's financial reporting process
2. Recommend appointment of auditors
3. Review with Management the quarterly annual financial & auditor's report before submission to the Board of approval.
4. Approval of Related Party Transactions
5. Scrutiny of Inter Group Loans and Investment
6. Review with the Management, performance of statutory & internal auditors, adequacy of internal controls
7. Review the functioning of whistle Blower Mechanism
8. What item should be Mandatorily Reviewed by Audit Committee

Senior Management means all officers/ personnel who are members of core management team (excluding BOD.)

This Comporises of all members of management **one level** below the executive directors.

Example → **Internal Audit (head)** finance Controller Head of procuremet **Basically all functinal heads**