

## Corporate Governance Report

### 1. Company's philosophy on Corporate Governance

The basic Philosophy of Corporate Governance of the Company is to achieve business excellence and enhance the shareholder value, keeping in view the interests of the stakeholders. The Company stands by transparency in all dealings. The Company believes that strong Corporate Governance is indispensable for healthy business growth and is an important instrument of investor protection to be resilient in a vibrant capital market.

The Company is therefore conscious of the fact that to achieve success, a high level of ethical values is to be maintained by the Management and all other employees.

### 2. Board of Directors

#### 2.1 Composition

The Board of Directors comprises Four Directors, including three Non-Executive Directors. Out of three non executive directors, two directors are Independent Directors. The Non-Executive and Independent Directors are eminent professionals having rich and sound experience.

The names and categories of the Directors on the Board and the other relevant information as on 31<sup>st</sup> March, 2018 are as under:

Names of the Directors	Category	No. of other Directorships held*	Member/ Chairman of other Board committees @	No. of Shares held in the Company
Mr. K.K. Sarda	Promoter Non-Executive	7	-	4800
Mr. Saurabh Rathi	Executive	4	2	-
Mr. Navin Shah	Independent Non-Executive	7	2	-
Mrs. Ritu Jain	Independent Non-Executive	4	1	-

\* excluding directorships in foreign companies

@ Committee positions only of the Audit Committee and Stakeholders' Relationship Committee in Public Companies (including the Company) have been considered.

^ None of the Directors are related to each other.

#### 2.2 Board Meetings

The members of the Board are provided with the requisite information mentioned in the Listing Regulations well before the Board Meetings. Four meetings of the Board of Directors were held during the year ended 31<sup>st</sup> March, 2018 as given hereunder:

1. 30<sup>th</sup> May, 2017
2. 14<sup>th</sup> August, 2017

3. 14<sup>th</sup> November, 2017
4. 14<sup>th</sup> February, 2018

The attendance recorded for each of the Directors at the Board Meetings during the year ended on 31<sup>st</sup> March, 2018 and of the last Annual General Meeting is as under:

Name of the Directors	No. of Board Meeting attended	Last AGM attended
Mr. K.K. Sarda	4	Yes
Mr. Saurabh Rathi	4	Yes
Mr. Navin Shah	2	Yes
Mrs. Ritu Jain	4	Yes

### **2.3 Governance policies**

Your Company strives to conduct its business and strengthen relationships in a manner that is dignified, distinctive and responsible. Your Company adheres to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Accordingly, your Company has adopted various codes and policies to carry out its duties in an ethical manner. Some of these codes and policies are:

- ✓ Code of Conduct
- ✓ Corporate Social Responsibility Policy
- ✓ Vigil Mechanism and Whistle Blower Policy
- ✓ Policy for determining Material Subsidiaries
- ✓ Code of Conduct for Prohibition of Insider Trading
- ✓ Policy for Selection of Directors and determining Directors Independence
- ✓ Remuneration Policy for Directors, Key Managerial Personnel and other Employees
- ✓ Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions

### **2.4 Meetings of independent directors**

Your Company's independent directors met once during the year without the presence of the management. Independent Directors discussed matters pertaining to the Company's affairs and shared their views/suggestions to the Board. The Independent Directors takes appropriate steps to present Independent Directors views to the other Board members.

### **2.5 Code of conduct**

Your Company has in place a comprehensive Code of Conduct (the Code) applicable to the Senior Executives and the Directors. The Code is applicable to Non-executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law.

The Code has been circulated to Directors and Senior Executives and its compliance is affirmed by them annually. A declaration signed by the Wholetime Director is given below:

"I hereby confirm that the Company has obtained from all the members of the Board and senior executives, affirmation that they have complied with the Code of Conduct for Board of Directors and Senior Executives in respect of the financial year 2017-18."

Saurabh Rathi  
Wholetime Director"

## 2.6 Particulars of Directors seeking appointment / reappointment

Details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) in respect of the Directors seeking appointment/reappointment at the ensuing Annual General Meeting to be held on 29.09.2018 are given as under:

1	<b>Name</b>	<b>Mr. Kamal Kishore Sarda</b>
2	<b>Brief Resume</b>	
	i) <b>Age</b>	66 years
	ii) <b>Qualification</b>	B.E. (Mech.)
	iii) <b>Date of appointment</b>	19 <sup>th</sup> July, 2002
3	<b>Experience</b>	More than 40 years of experience in iron & steel industry.
4	<b>Other Directorships/ Partnerships</b>	Sarda Energy & Minerals Ltd. Prosperous Housing Finance Ltd. Sarda Hydro Power Pvt. Ltd. Parvatiya Power Ltd. Sarda Energy Ltd. Sarda Metals & Alloys Ltd. Madhya Bharat Power Corporation Ltd. Chhattisgarh Hydro Power LLP Sarda Family Investments
5	<b>Chairman/ Member of Committees</b>	<u>Chhattisgarh Investments Ltd.</u> Chairman in Risk Management Committee & Member in Nomination & Remuneration Committee, CSR Committee.  <u>Sarda Energy &amp; Minerals Ltd.</u> Chairman in Risk Management Committee & Member in Nomination & Remuneration Committee & CSR Committee.
6	<b>Shareholding in the Company</b>	4800 shares
7	<b>Relationship with Directors</b>	No relationship with Directors

## 3. Committees of the Board

3.1 The details of the Board Committees and other related information are provided hereunder:

### **Audit Committee**

Mrs. Ritu Jain (Chairman)  
Mr. Navin Shah  
Mr. Saurabh Rathi

### **Nomination & Remuneration Committee**

Mr. Navin Shah (Chairman)  
Mr. K K Sarda  
Mrs. Ritu Jain

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### **Stakeholders' Relationship Committee**

Mr. Navin Shah (Chairman)  
Mr. Saurabh Rathi

### **Corporate Social Responsibility Committee**

Mr. Navin Shah (Chairman)  
Mr. K. K. Sarda  
Mr. Saurabh Rathi

### **Risk Management Committee**

Mr. K.K. Sarda (Chairman)  
Mr. Saurabh Rathi

### **Asset Liability Management Committee**

Mr. Mr. Saurabh Rathi (Chairman)  
Mrs. Ritu Jain

Ms. Shalini Nautiyal, Company Secretary, acts as the Secretary to all the Board Committees.

### **3.2 Meetings of the Board Committees and attendance particulars of Directors at the meetings**

<b><u>Board Committees</u></b>	<b><u>Audit Committee</u></b>	<b><u>Nomination &amp; Remuneration Committee@</u></b>	<b><u>Stakeholders' Relationship Committee</u></b>	<b><u>Corporate Social Responsibility Committee</u></b>	<b><u>Risk Management Committee</u></b>	<b><u>Asset Liability Management Committee</u></b>
Meetings held	4	4	1	2	1	1
Attendance:						
Mr. K.K. Sarda	NA	4	N.A.	2	1	N.A.
Mr. Saurabh Rathi	4	N.A.	1	2	1	1
Mr. Navin Shah	4	4	1	2	N.A.	N.A.
Mrs. Ritu Jain	4	4	N.A.	N.A.	N.A.	1

### **3.3 Procedure at Committee Meetings**

The Company's guidelines relating to Board meetings are applicable to Committee meetings as far as practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist it in discharge of its duties/function(s). Minutes of proceedings of Committee meetings are circulated to the Directors and placed at the Board meetings for noting.

### **3.4 Terms of Reference of Board Committees**

#### **Audit Committee**

The terms of reference of the committee are as per the provisions of Section 177 of the Companies Act, 2013, read with the Listing Regulations.

As per the requirement/instructions of the Committee, representatives from various business units of the Company, Internal Auditors, Cost Auditors, Statutory Auditors, President and such other persons as the Committee may feel necessary, also attend the Audit Committee meeting(s) to respond to queries raised at the Committee meeting(s).

**Nomination & Remuneration Committee**

The Nomination Committee is responsible for:

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b) Formulation of criteria for evaluation of Independent Directors and the Board;
- c) evaluation of every director's performance;
- d) determining 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;
- e) Devising a policy on Board diversity;
- f) 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 their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
- g) administering, monitoring and formulating detailed terms and conditions of the Employees' Stock Option Scheme

**Performance Evaluation:** The Company has laid down criteria for performance evaluation of the Board, Committees, Independent Directors and other Directors. The said criteria are given as **Annexure B** to the Director's Report.

**Remuneration policy:** The Company's Remuneration Policy is directed towards rewarding performance based on review of achievements at periodical intervals. The remuneration policy is in consonance with the existing industry practice. The Company's remuneration policy for Directors, Key Managerial Personnel and other employees is annexed as **Annexure C** to the Directors' Report.

The Executive Directors have been paid remuneration as per terms of their appointment. The Non-Executive Directors have been paid sitting fees for meetings of the Board and/or Committees attended by them.

*Details of remuneration to Wholtime Directors are as under:*

(Rs. in lac)

Name of the Director	Salary	Perquisites & Allowances	Retiral Benefits	Commission	Total	Stock Options granted*
Mr. Saurabh Rathi	23.65	-	-	-	23.65	-

Note:

\* No stock options were granted during the year.

*Details of remuneration to Non-Executive Directors are as under:*

(Amt. in rupees)

Name of the Director	Sitting fees	Commission	Total
Mr. Kamal Kishore Sarda	20000	-	20000
Mr. Navin Shah	10000	-	10000
Mrs. Ritu Jain	20000	-	20000

None of the Non Executive Directors has any material financial interest in the Company apart from the remuneration by way of fees received by them from the Company during the year.

**Stakeholders' Relationship Committee**

The Stakeholders' Relationship Committee considers and resolves the grievances of security holders of the company and also reviews and approves share transfers/duplicate share issues/share transmissions/dematerialization process.

Company Secretary – Ms. Shalini Nautiyal is the Compliance Officer.

The number of complaints received during the year : NIL

The number of complaints not solved to the satisfaction of shareholders : NIL

Number of pending complaints : No complaint was pending for redressal as on 31<sup>st</sup> March 2018.

**Corporate Social Responsibility Committee**

The role of the Committee is to:

- (a) formulate and recommend to the Board, suitable Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in terms of Schedule VII of the Companies Act, 2013;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- (c) delegating powers for approving CSR spend within the framework of CSR policy; and
- (d) monitor the Corporate Social Responsibility spending of the company from time to time.

**Risk Management Committee**

The role of the Committee is to frame suitable risk management policy, subject to the approval of the Board of Directors and ensure its implementation.

**Asset Liability Management Committee**

The role of the Committee is to monitor the asset liability gap and strategize action to mitigate the risk associated.

**4. General Body Meetings**

The venue, date and time of the last three Annual General Meetings and the details of Special Resolutions passed thereat are as under:

<b><u>Date</u></b>	<b><u>Time</u></b>	<b><u>Location</u></b>	<b><u>Special Resolutions passed</u></b>
30 <sup>th</sup> September, 2015	03.00 p.m.	Vanijya Bhawan, 1 <sup>st</sup> Floor, Sai Nagar, Raipur	No Special Resolution was passed in the meeting
29 <sup>th</sup> September, 2016	03.00 p.m.	Vanijya Bhawan, 1 <sup>st</sup> Floor, Sai Nagar, Raipur	No Special Resolution was passed in the meeting
29 <sup>th</sup> September, 2017	04.00 p.m.	Vanijya Bhawan, 1 <sup>st</sup> Floor, Sai Nagar, Raipur	No Special Resolution was passed in the meeting

## 5. Means of communication

Quarterly, half-yearly and annual results are submitted to the stock exchange in accordance with the Listing Regulations. The Company provides the copies of the results to all the shareholders individually. Neither official news releases nor any presentations have been made to the institutional investors or to the analysts during the year.

## 6. General shareholder information

Annual General Meeting : Date: 29.09.2018  
: Time: 4.00 p.m.  
: Venue: Vanijya Bhawan, 1<sup>st</sup> Floor, Sai Nagar  
Devendra Nagar Road, Raipur

### Financial calendar for 2018-19 (tentative)

#### Financial results for the quarters ended:

30<sup>th</sup> June, 2018 : 2<sup>nd</sup> week of August, 2018  
30<sup>th</sup> September, 2018 : 2<sup>nd</sup> week of November, 2018  
31<sup>st</sup> December, 2018 : 2<sup>nd</sup> week of February, 2019  
31<sup>st</sup> March, 2019 : 2<sup>nd</sup> Week of May, 2019(if unaudited)  
Last week of May, 2019 (if audited)

Annual General Meeting (for F.Y. 2018-19) September, 2019

Book Closure Date 27.08.2018 – 31.08.2018  
(both days inclusive)

Dividend payment date(for F.Y. 2017-18) On or before 4<sup>th</sup> October, 2018

Listing on stock exchanges :  
Equity shares

The shares of the Company are listed on the following exchanges:  
i. Madhya Pradesh Stock Exchange Ltd., Indore  
ii. The Calcutta Stock Exchange Ltd., Kolkata

The shares of the company are listed on the above mentioned stock exchanges. ISIN Number of the Company (NSDL & CDSL) is INE078P01016

The Company has paid annual listing fees to Calcutta Stock Exchange for the equity shares for the financial year 2018-19. Further, as SEBI has derecognised the Madhya Pradesh Stock Exchange Ltd. (MPSE), no fees was paid to MPSE for the F.Y. 2018-19.

Registrar and share transfer agents : M/s. Bigshare Services Pvt. Ltd.  
1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road,  
Marol, Andheri East, Mumbai – 400059 (MH)

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Share transfer system : Share transfers in physical form can be lodged with the R & T Agent at the above address. Transfers are processed within the stipulated time, if the documents are complete in all respects. All share transfer requests are approved by the Stakeholders' Relationship Committee or the persons authorised by the Board/Committee.

### Market price data: High/low during the year 2017-18:

There is no trading in the shares of the Company. Accordingly, the market price data for the equity shares of the company is not available.

### Shareholding pattern as on 31<sup>st</sup> March, 2018

Sl. No.	Category	No. of shares	Percentage
1	Promoters	183050	70.95%
2	Bodies corporate/Firms	250	0.10%
3	Others	74700	28.95%
	Total	2,58,000	100.00 %

### Distribution of shareholding as on 31<sup>st</sup> March, 2018

Shareholding of nominal value (Rs.)	Shareholders		Share amount	
	Number	% to total	Rs.	% to total
Up to 5,000	2	10.00	4000	0.16
5,001 – 10,000	-	-	-	-
10,001 – 20,000	3	15.00	50000	1.94
20,001 – 30,000	1	5.00	30000	1.16
30,001 – 40,000	1	5.00	40000	1.55
40,001 – 50,000	4	20.00	190500	7.38
50,001 – 1,00,000	2	10.00	120500	4.67
1,00,001 and above	7	35.00	2145000	83.14
Total	20	100.00	25,80,000	100.00

Dematerialisation of securities : Your company has an arrangement with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for dematerialisation of equity shares.

As on 31<sup>st</sup> March, 2018, out of the total 2,58,000 equity shares, approximately 2,41,650 (93.66%) {PY 241650 (93.66%)} equity shares have been dematerialised.

Plant location : The site of the Company is at  
Tilda Road  
Village Kharora  
Dist. Raipur



Address for correspondence : Chhatisgarh Investments Limited  
Vanijya Bhawan, 1<sup>st</sup> Floor  
Sai Nagar, Devendra Nagar Road,  
Raipur [C.G.] 492 001  
Ph: 0771-2214211/12  
Fax: 0771-2214213  
e-mail: cil\_rpr@rediffmail.com

## **7. Disclosure**

### a) Related Party Transactions

During the period under review, the Company had not entered into any material significant related party transactions that may have potential conflict with the interest of the Company.

None of the transactions with any of related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 28 of Standalone Financial Statements, forming part of the Annual Report.

The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sectoral specialization and the Company's long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements, liquidity and capital resources of Associates.

All related party transactions are negotiated on an arms length basis and are intended to further the company's interests.

b) Company is not having exposure to foreign exchange.

c) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

During the last three years, there was no non-compliance by the company except under Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 the Company was required to maintain a functional website containing the basic information about the company; however, the company does not have its official website. As the Company has limited number of shareholders, all the information required to be placed on the website is circulated/ provided to the shareholders proactively and is also provided through the annual report/on the request received from the members.

Further, under Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 the Company was required to provide E-voting facility to its shareholder; however the Company had not provided the E-voting facility to its shareholder for the Annual General Meeting. Since the company has only 20 (twenty) shareholders, all being either relatives or close friends of the promoters / Directors and therefore it was considered that providing the E-voting facility to its shareholders would not serve any purpose as the intent of the E-voting was to ensure better participation of the members of the Company which was otherwise available.

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Further, under Regulation 47 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the Company has not published the financial results in the news papers. Since the number of shareholders are very limited and being close friends & relatives of the promoters, it was deemed economical to provide the copies of the same to all the shareholders individually.

Further, no penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

### d) Whistle Blower policy

The Company has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Head HR or the Compliance Officer who report to the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

### e) Compliance

Financial Statements: All Accounting Standards mandatorily required have been followed without exception in preparation of the financial statements.

Listing Regulations : There is no non compliance of any of the requirements of Corporate Governance as required under the Listing regulations except as disclosed in 7(c) above.

The Company has complied with the corporate governance requirements specified in regulation 17 to 27

Unclaimed Dividend/ Transfer of shares to IEPF : The Company was not required to transfer any amount to the Investor Education and Protection Fund for earlier period in accordance with section 125 of the Act.

### f) Material Financial & Commercial transactions by Senior Management

There were no material financial and commercial transactions by Senior Management as defined in Regulation 26 of the Listing Regulations where they have any personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To the Members of  
Chhatisgarh Investments Limited

We have examined the compliance of conditions of Corporate Governance by Chhatisgarh Investments Ltd., for the year ended 31<sup>st</sup> March, 2018, as stipulated in the Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [collectively referred to as SEBI Listing Regulations, 2015].

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our examination in accordance with the Guidance Note on Report or Certificates for Special Purposes (Revised) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for firms that perform Audits and Review of Historical Financial Information, and other Assurance and Related Service Engagement.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015 except maintaining a functional website. As explained, since the Company has limited number of shareholders, all the information required to be placed on the website is circulated/ provided to the shareholders proactively and is also provided through the annual report/on the request received from the members.

We state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Pruthi And Company  
Chartered Accountants  
FRN: 013951C

ABHISHEK PRUTHI  
Partner  
M. No.: 079944

Place: Raipur  
Date: 14.08.2018