

**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**

**Composition**

The Board of Directors comprises Five Directors, including four Non-Executive Directors. Out of four, 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 also the number of Directorships and committee memberships held by them in other companies are as under:

Names of the Directors	Category	No. of other Directorships held*	No. of other Board committees member/ Chairman <sup>@</sup>	No. of Board Meetings attended	Last AGM attended	No. of Shares held in the Company
Mr. K.K. Sarda	Promoter Non-Executive	6	-	4	Yes	4800
Mr. Ghanshyamdas Mundra	Non-Executive	9	3	4	No	-
Mr. Saurabh Rathi	Executive	4	-	4	Yes	-
Mr. Navin Shah	Independent Non-Executive	9	-	1	No	-
Mrs. Ritu Jain <sup>#</sup>	Independent Non-Executive	4	-	2	Yes	-

\* excluding directorships in foreign companies

<sup>#</sup> appointed w.e.f. 27.09.2014

<sup>@</sup> In accordance with Clause 49 of the Listing Agreement, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies (excluding Chhatisgarh Investments Ltd.) have been considered

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

### Lead independent director

The Company's Board of Directors has designated Mr. Navin Shah, as the Lead Independent Director. The Lead Independent Director's role is as follows:

- ✓ To preside over all meetings of Independent Directors
- ✓ To ensure there is an adequate and timely flow of information to Independent Directors
- ✓ To liaise between the Management and the Independent Directors
- ✓ To perform such other duties as may be delegated to the Lead Independent Director by the Board/ Independent Directors

### Meetings of independent directors

Your Company's independent directors met once during the year without the presence of executive directors or management personnel. Independent Directors shall hold such meet at least once in every financial year. Such meeting(s) is/are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views to the Lead Independent Director. The Lead Independent Director takes appropriate steps to present Independent Directors' views to the other Board members.

### Code of conduct

Your Company has in place a comprehensive Code of Conduct (the Code) applicable to the all the employees 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 Management Personnel and its compliance is affirmed by them annually. A declaration signed by the Wholetime Director is given below:

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"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, Senior Management and Employees in respect of the financial year 2014-15."

Saurabh Rathi  
Wholetime Director

### 2.2 Number of Board meetings held

Four meetings of the Board of Directors were held during the year ended 31<sup>st</sup> March, 2015 as under:

Date of meeting	No. of Directors present
06 <sup>th</sup> June, 2014	4
12 <sup>th</sup> August, 2014	3
14 <sup>th</sup> November, 2014	3
06 <sup>th</sup> February, 2015	3

### 2.3 Particulars of Directors seeking appointment / reappointment

Particulars of Directors seeking appointment/reappointment at the ensuing Annual General Meeting to be held on 30.09.2015 are given as under:

1	<b>Name</b>	<b>Mr. Ghanshyam Das Mundra</b>
2	<b>Brief Resume</b>	
	i) <b>Age</b>	53 years
	ii) <b>Qualification</b>	Chartered Accountant
	iii) <b>Date of appointment</b>	16 <sup>th</sup> March, 1995
3	<b>Experience</b>	More than 25 years of experience in the field of finance and accounting.
4	<b>Other Directorships/ Partnerships</b>	Sarda Energy & Minerals Ltd. Prayag Thermoplasts Pvt Ltd. Good Minerals Development Pvt. Ltd. Fair Energy & Minerals Pvt. Ltd. Jaichandi Energy & Natural Resources Development Pvt. Ltd. Minmet International Resources Pvt. Ltd. Orient Press Ltd. Revenue Trading Pvt. Ltd. Clifford Multitrading Pvt. Ltd. Mundra Agro Firm
5	<b>Chairman/</b>	<u>Chhattisgarh Investments Ltd.</u>

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	<b>Member of Committees</b>	Chairman in Asset Liability Management Committee & Member in Audit Committee, Stakeholders Relationship Committee & Risk Management Committee.  <u>Sarda Energy &amp; Minerals Ltd.</u> Member of Audit Committee, Stakeholders Relationship Committee & Risk Management Committee.
6	<b>Shareholding in the Company</b>	-
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. G. D. Mundra  
Mrs. Navin Shah

#### **Nomination & Remuneration Committee**

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

#### **Stakeholders' Relationship Committee**

Mr. Navin Shah (Chairman)  
Mr. G. D. Mundra

#### **Corporate Social Responsibility Committee**

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

#### **Risk Management Committee**

Mr. K.K. Sarda (Chairman)  
Mr. G.D. Mundra

#### **Asset Liability Management Committee**

Mr. G.D. Mundra (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 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	2	2	2	1	1
Attendance:						
Mr. K.K. Sarda	NA	2	N.A.	2	1	N.A.
Mr. Saurabh Rathi	NA	N.A.	N.A.	2	N.A.	N.A.
Mr. G.D. Mundra	4	N.A.	2	N.A.	1	1

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Mr. Navin Shah	4	2	2	2	N.A.	N.A.
Mrs. Ritu Jain	2	#0	N.A.	N.A.	N.A.	1

@ Nomination & Remuneration Committee reconstituted w.e.f. 14.11.2014.

\* Stakeholders' Relationship Committee reconstituted w.e.f. 14.11.2014.

# Mrs. Ritu Jain was appointed as Director w.e.f. 27.09.2014 and appointed as member of Nomination & Remuneration Committee w.e.f. 14.11.2014

### 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 in its function. Minutes of proceedings of Committee meetings are circulated to the Directors and placed before 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 Clause 49 of the Listing Agreement.

#### **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) Devising a policy on Board diversity;
- d) 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.
- e) To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme

*Remuneration policy:* The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as Annexure C to the Directors' Report. 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. Further, the Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors. The criteria for performance evaluation is annexed as Annexure B to the Director's 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.

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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	12.70	-	-	-	12.70	-

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 Sarada	25000	-	25000
Mr. G. D. Mundra	15000	-	15000
Mr. Navin Shah	15000	-	15000
Mrs. Ritu Jain	5000	-	5000

### **Stakeholders' Relationship Committee**

The Stakeholders' Relationship Committee considers and resolves the grievances of security holders of the company including debenture holders 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 : NIL  
the year

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

Number of pending complaints : No complaint was pending for redressal as  
on 31<sup>st</sup> March 2015.

### **Corporate Social Responsibility Committee**

The role of the Committee is to:

- 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;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- delegating powers for approving CSR spend within the framework of CSR policy.
- 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 are as under:

<u>Date</u>	<u>Time</u>	<u>Location</u>
29 <sup>th</sup> September, 2012	10.00 a.m.	Vanijya Bhawan, 1 <sup>st</sup> Floor, Sai Nagar, Raipur
30 <sup>th</sup> September, 2013	11.30 a.m.	Vanijya Bhawan, 1 <sup>st</sup> Floor, Sai Nagar, Raipur
27 <sup>th</sup> September, 2014	12.30 p.m.	Vanijya Bhawan, 1 <sup>st</sup> Floor, Sai Nagar, Raipur

The following Special Resolutions were passed in the last three Annual General Meetings:

- Resolution for ratification of action of the company for filing with the Registrar of Companies, the correct explanatory statements for the Special Resolutions passed u/s 81(1A) in the Extraordinary General Meetings held on 16.03.2009 and 25.07.2009 - In the AGM held on 29<sup>th</sup> September, 2012
- Resolution u/s 180(1)(c) authorizing board to borrow, together with the money already borrowed, upto a sum not exceeding a sum equal to paid up equity capital plus free reserves plus Rs. 500 crore at any point of time in the AGM held on 27<sup>th</sup> September, 2014
- Resolution u/s 180(1)(a) authorizing board to create security on its immovable/movable assets, upto an aggregate limit of paid up equity shares capital plus free reserves plus Rs. 500 crore in favour of its lenders in the AGM held on 27<sup>th</sup> September, 2014
- Resolution u/s 186 authorising board to make any loan, investment or give guarantee or provide any security beyond the prescribed ceiling given under the Companies Act, 2013 but not exceeding Rs. 500 Crore at any given point of time in the AGM held on 27<sup>th</sup> September, 2014
- Resolution pursuant to Clause 49 of the Listing Agreement for entering into any contract or arrangement with related parties of the Company in the AGM held on 27<sup>th</sup> September, 2014

#### 5. Disclosure

##### Related Party Transactions

During the period under review, the Company had entered into material transaction with its related parties. None of the transactions with any of related parties were in conflict with the Company's interest. Related-party transactions during the year have been disclosed in detail in point 28 of notes to accounts as required under Accounting Standard 18, issued by the Institute of Chartered Accountants of India.

The Company's major related party transactions are generally with its associates. 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.

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 in the constitution of Board of Directors which was caused by the resignation of an Independent director from the Board w.e.f. 31.03.2014. However, the vacancy was duly filled by appointment of Mrs. Ritu Jain as independent director w.e.f. 27.09.2014. Further, no penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

### 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.

### Compliance

The Company has complied with the mandatory requirements of the Listing Agreement except evoting facility was not provided to the shareholders at Annual General Meeting because of limited number of shareholders, however consent of all the shareholders was obtained.

## **6. Means of communication**

Quarterly, half-yearly and annual results are submitted to the stock exchange in accordance with the Listing Agreement and published in Central Chronicle (English) and Amrut Sandesh (vernacular) newspapers. Neither official news releases nor any presentations have been made to the institutional investors or to the analysts during the year.

## **7. General shareholder information**

Annual General Meeting	:	Date:	30.09.2015
	:	Time:	3.00 p.m.
	:	Venue:	Vanijya Bhawan, 1 <sup>st</sup> Floor, Sai Nagar Devendra Nagar Road, Raipur

### **Financial calendar for 2015-16 (tentative)**

#### **Financial results for the quarters ended:**

30 <sup>th</sup> June, 2015	:	2 <sup>nd</sup> week of August, 2015
30 <sup>th</sup> September, 2015	:	1 <sup>st</sup> week of November, 2015
31 <sup>st</sup> December, 2015	:	1 <sup>st</sup> /2 <sup>nd</sup> week of February, 2016
31 <sup>st</sup> March, 2016	:	2 <sup>nd</sup> Week of May, 2016(if unaudited) Last week of May, 2016 (if audited)



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Annual General Meeting (for F.Y. 2015-16)

September, 2016

Book Closure Date

24.08.2015 – 29.08.2015  
(both days inclusive)

Dividend payment date

On or before 5<sup>th</sup> October, 2015

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 the Madhya Pradesh Stock Exchange and Calcutta Stock Exchange for the equity shares for the financial year 2015-16.

Registrar and share transfer agents

: M/s. Sharepro Services (India) Pvt. Ltd.  
Sam Hita Warehousing Complex  
Warehouse no.52 & 53, Plot No.13 AB  
2<sup>nd</sup> Floor, Sakinaka  
Mumbai – 400072

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 persons authorised by the Board.

### Shareholding pattern as on 31<sup>st</sup> March, 2015

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, 2015

Shareholding of nominal value (Rs.)	Shareholders		Share amount	
	Number	% to total	Rs.	% to total
Up to 5,000	2	10.00	4000	0.16

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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
<b>Total</b>	<b>20</b>	<b>100.00</b>	<b>25,80,000</b>	<b>100.00</b>

### Market price data: High/low during the year 2014-15:

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.

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, 2015, out of the total 2,58,000 equity shares, approximately 2,41,650 (93.66%) {PY 236200 (91.55)} 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



**CERTIFICATE**

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, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.


The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement except for providing evoting facility to its 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.

Place: Raipur (C.G)  
Date: 14.08.2015

For, Ajay Sindhvani & Co.  
Chartered Accountants  
FRN No. 015455C

  
CA Gurvinder Singh Chhabra  
(Partner)  
M. No. 415492

