

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 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*	Member/ Chairman of other Board committees @	No. of Shares held in the Company
Mr. K.K. Sarda	Promoter Non-Executive	8	-	4800
Mr. Saurabh Rathi	Executive	4	2	-
Mr. Navin Shah	Independent Non-Executive	6	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. Five meetings of the Board of Directors were held during the year ended 31st March, 2017 as given hereunder:

1. 30th May, 2016
2. 13th August, 2016

3. 14th November, 2016
4. 21st January, 2017
5. 14th February, 2017

The attendance recorded for each of the Directors at the Board Meetings during the year ended on 31st March, 2017 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	5	Yes
Mr. Saurabh Rathi	5	Yes
Mr. Navin Shah	1	Yes
Mrs. Ritu Jain	5	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 2016-17."

Saurabh Rathi
Wholetime Director"

2.6 Particulars of Directors seeking appointment / reappointment

Particulars of Directors seeking appointment/reappointment at the ensuing Annual General Meeting to be held on 29.09.2017 are given as under:

1	Name	Mr. Kamal Kishore Sarda
2	Brief Resume	
	i) Age	65 years
	ii) Qualification	B.E. (Mech.)
	iii) Date of appointment	19 th July, 2002
3	Experience	More than 40 years of experience in iron & steel industry.
4	Other Directorships/ Partnerships	Sarda Energy & Minerals Ltd. Prachi Agriculture & Properties Pvt Ltd. Sarda Hydro Power Pvt. Ltd. Parvatiya Power Ltd. Sarda Energy Ltd. Sarda Metals & Alloys Ltd. Madhya Bharat Power Corporation Ltd. Prosperous Housing Finance Ltd.
5	Chairman/ Member of Committees	<u>Chhattisgarh Investments Ltd.</u> Chairman in Risk Management Committee & Member in Nomination & Remuneration Committee, CSR Committee. <u>Sarda Energy & Minerals Ltd.</u> Chairman in Risk Management Committee & Member in Nomination & Remuneration Committee & CSR Committee.
6	Shareholding in the Company	4800 shares
7	Relationship with Directors	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

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

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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 at the meetings

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

At the invitation of the Company, representatives from various business units of the Company, internal auditors, cost auditors, statutory auditors and secretary who acted as secretary to the Audit Committee also attended the Audit Committee meetings to respond to queries raised at the Committee meetings.

Nomination & Remuneration Committee

The Nomination Committee is responsible for:

- 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;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;

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- 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.

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	17.40	0.36	-	-	17.76	-

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	25000	-	25000
Mr. Navin Shah	5000	-	5000
Mrs. Ritu Jain	25000	-	25000

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 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 the : NIL
year

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

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Number of pending complaints : No complaint was pending for redressal as on 31st March 2017.

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); and
- (c) delegating powers for approving CSR spend within the framework of CSR policy.
- (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 are as under:

<u>Date</u>	<u>Time</u>	<u>Location</u>
27 th September, 2014	12.30 p.m.	Vanijya Bhawan, 1 st Floor, Sai Nagar, Raipur
30 th September, 2015	03.00 p.m.	Vanijya Bhawan, 1 st Floor, Sai Nagar, Raipur
29 th September, 2016	03.00 p.m.	Vanijya Bhawan, 1 st Floor, Sai Nagar, Raipur

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

- 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 27th 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 27th 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 27th 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 27th September, 2014

5. Means of communication

Quarterly, half-yearly and annual results are submitted to the stock exchange in accordance with the Listing Regulations and published in Central Chronicle (English) and Amrut Sandesh (vernacular) newspapers.

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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: 29.09.2017
: Time: 4.00 p.m.
: Venue: Vanijya Bhawan, 1st Floor, Sai Nagar
Devendra Nagar Road, Raipur

Financial calendar for 2017-18 (tentative)

Financial results for the quarters ended:

30th June, 2017 : 2nd week of August, 2017
30th September, 2017 : 2nd week of November, 2017
31st December, 2017 : 2nd week of February, 2018
31st March, 2018 : 2nd Week of May, 2018(if unaudited)
Last week of May, 2018 (if audited)

Annual General Meeting (for F.Y. 2017-18) September, 2018

Book Closure Date 28.08.2017 – 01.09.2017
(both days inclusive)

Dividend payment date On or before 4th October, 2017

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 2017-18.

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

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 31st March, 2017

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 31st March, 2017

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

Market price data: High/low during the year 2016-17:

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 31st March, 2017, 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, 1st 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) 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, 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.

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.

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

c) 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.

d) Compliance

Financial Statements: All Accounting Standards mandatorily required have been followed without exception in preparation of the financial statements. There is no non compliance of any of the requirements of Corporate Governance Report as required under the Listing regulations.

Listing Regulations : Further, 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.

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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.

e) 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 ON 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 31st March, 2017, 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.

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 clauses (b) to (i) of Regulation 46(2) as the Company is not maintaining a website.

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: 14.08.2017

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


CA Ajay Kumar
(Partner)
M. No. 072020

