

# Annexure X of the Board's Report

## Corporate Governance Report

In accordance with Regulation 34 (3) read with Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations') the details of compliance by the Company with the norms on Corporate Governance are as under:

### 1. Company's philosophy on Code of Governance

Corporate governance refers to the framework, mechanisms, processes and relations by which corporations are directed and managed. Your Company is committed to the adoption of best governance practices and their adherence in true spirit at all times.

Himadri's governance practices oversee business strategies and ensure accountability, ethical behaviour, transparency and fairness to all stakeholders. Your Company puts into practice the corporate governance framework through board governance processes, internal control and audit processes. In line with the above philosophy, your Company continuously strives for excellence and focuses on enhancement of long-term stakeholder value through adoption of best governance and disclosure practices.

Corporate Governance as practiced by your Company translates into being fair and civic-minded, fulfilling its duties to the entire spectrum of stakeholders, and, most importantly, making integrity an article of faith across all its operations. We started on sound and straightforward business principles, considering the interests of our stakeholders and welfare of our employees as foundation of our long term success, in addition to unwavering adherence to its philosophy and values.

#### Corporate Governance and Ethics

As a Company we have always worked on the side of ethics and have shunned expediency in any form. We believe that if something is important enough to be done, it is important that we do it ethically. We supplement our traditionally held values of ethical behavior and moral conduct with explicit rules and regulations that guide our efforts in financial, propriety, customer care and business excellence.

We uphold the policy of "Leadership with trust" that has come to play a vital role in how our customers perceive us. This is important, given the climate of unparalleled public distrust of people in positions of power and authority in contemporary business and politics.

The Company conforms to the requirements of the Corporate Governance as stipulated in Part C of the Schedule V of the SEBI Listing Regulations that are implemented in a manner so as to achieve the objectives of the principles stated in the clause with respect to Rights of Shareholders, Role of Stakeholders in Corporate Governance, Disclosure and Transparency, Responsibilities of the Board and Other responsibilities prescribed under these regulations.

A Management Discussion and Analysis Report has been given as a separate Annexure forming the part of the Annual Report.

### 2. Board of Directors ("Board")

The Board is entrusted with the ultimate responsibility of the management, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. The Board of Directors is at the core of our Corporate Governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders.

### a) Composition of the Board as on 31 March 2017

The Company has an appropriate composition of Executive, Non-Executive and Independent Non-Executive Directors. As on 31 March 2017, the Board consisted of 9 (Nine) directors, out of which 3 (Three) Directors are Executive, 1 (One) is Nominee Director i.e Woman director (non-executive) and 5 (Five) are Independent Non-Executive Directors. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 (hereinafter referred to as "the Act, 2013") and Regulation 17 (1) of SEBI Listing Regulations.

The Independent Directors does not have or had any material pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year apart from receiving the sitting fees and reimbursement of expenses incurred for attending the Board/Committee meetings. All the Independent Directors satisfied the criteria/conditions of independence as laid down in Regulation 16(1) (b) of the SEBI Listing Regulations.

None of the Directors on the Board is a member of more than 10 (Ten) Committees and Chairman of more than 5 (Five) Committees as specified in Regulation 26 (1) of the SEBI Listing Regulations, across all the Companies in which he/she is a Director. For assessment of these criteria, the limit under Regulation 26 (1), the membership / chairmanship of the Audit Committee and the Stakeholders' Relationship Committee alone has been considered.

### b) Disclosure of Relationships between Directors inter-se

Sl No.	Name of the Director	Category	Relationship between Directors inter-se*
1	Mr. Shyam Sundar Choudhary	Promoter, Executive	Brother of Mr. B. L. Choudhary and Mr. V. K. Choudhary
2	Mr. Bankey Lal Choudhary	Promoter, Managing Director	Brother of Mr. S.S. Choudhary and Mr. V. K. Choudhary
3	Mr. Vijay Kumar Choudhary	Promoter, Executive	Brother of Mr. B. L. Choudhary and Mr. S. S. Choudhary
4	Ms. Rita Bhattacharya	Nominee Director (Non-Executive) of LIC of India	NA
5	Mr. Hardip Singh Mann	Independent, Non-Executive	NA
6	Mr. Sakti Kumar Banerjee	Independent, Non-Executive	NA
7	Mr. Santimoy Dey	Independent, Non-Executive	NA
8	Mr. Hanuman Mal Choraria	Independent, Non-Executive	NA
9	Mr. Santosh Kumar Agrawala	Independent, Non-Executive	NA

\* Relative as per Section 2(77) of the Act, 2013



**# Mr. Krishnava Satyaki Dutt has resigned from the Company w.e.f 7 July 2016 and Mr. Pavninder Singh, has resigned from the Company w.e.f 11 January 2017, hence, their names are not included in the above table**

#### **c) Board procedure and access to information**

The Board is responsible for the management of the business of the Company and meets regularly for discharging its role and functions.

The Board of the Company reviewed all information provided periodically for discussion and consideration at its meetings as provided under the Act, 2013 (including any amendment and re-enactment thereof) and SEBI Listing Regulations *inter alia* the agendas mentioned in Part A of Schedule II of SEBI Listing Regulations.

Detailed agenda is circulated to the Directors well in advance as stipulated under the Act, 2013 and Secretarial Standard - 1 ("SS-1"). All material information are incorporated in the agenda for facilitating meaningful and focused discussion at the meetings. Where it is not practicable to enclose any document to the agenda, the same is placed before the meeting. Additional item(s) on the agenda, if required are permitted to be discussed at the meeting.

Board makes timely strategic decisions, to ensure operations are in line with strategy; to ensure the integrity of financial information and the robustness of financial and other controls; to oversee the management of risk and review the effectiveness of risk management processes; and to ensure that the right people are in place and coming through. Non-executive directors are expected to provide an effective monitoring role and to provide help and advice as a sounding board for the executive directors. All this is in the long term interest of the Company and should be based on the optimum level of information, through smooth processes, by people with the right skills mix and in a constructive manner. The Independent Directors play an important role in deliberations at the Board and Committee meetings and bring to the Company their expertise in the fields of business, commerce, finance, management and law.

The Board meets at least once in a quarter to review the quarterly results and other items on the agenda. Additional meetings are held, when necessary. The meetings of the Board are generally convened at the Company's Corporate Office at Kolkata. In case of urgency or when the Board meeting is not practicable to be held, the matters are resolved via resolution by circulation, which is then noted by the Board in its next meeting.

Video conferencing facilities are also used to facilitate Directors travelling/residing at other locations to participate in the meetings.

The minutes of the Board Meetings are circulated in advance as per the requirement of SS-1 to all the Directors and confirmed at subsequent Meeting.

The Board also reviews the declarations made by the Managing Director / Chief Financial Officer / Unit Heads of the Company regarding compliance of all applicable laws on a quarterly basis.

The Board also periodically reviews compliance by the Company with the applicable laws/statutory requirements concerning the business and affairs of the Company.

#### **d) Meetings of the Board of Directors**

During the financial year 2016-17, the Board met 4 (Four) times, i.e. on 23 May 2016, 11 August 2016, 14 November 2016 and 13 February 2017. The maximum time in between two meetings was not more than 120 days and the required information were made available to the Board. The dates for the Board Meetings were decided well in advance and communicated to the Directors and stock exchange(s). The agenda along with the explanatory notes were sent well in advance to each Director. Further the option of attending the Board/Committee meetings through video conference was also given to all the Directors.

#### **e) Separate Meeting of Independent Directors**

Schedule IV of the Act, 2013 and the SEBI Listing Regulations mandates the Independent Directors of the Company to hold atleast one meeting in a year, without the attendance of non-independent directors and members of the management. During the financial year 2016-17, 1 (One) separate meeting of Independent Directors was held on 13 February 2017 without the presence of the non-independent directors and the members of the Management, *inter alia*, to review performance of Non-Independent Director & the Board as a whole, to review performance of the Chairman and to assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board.

#### **f) Performance Evaluation**

Pursuant to the provisions of the Act, 2013 and SEBI Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, of individual Directors individually and that of the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committees and Corporate Social Responsibility Committee.

A discussion was done considering the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluation of the board and committees are carried out on the basis of criteria and questionnaires as approved before the Nomination & Remuneration Committee.

The performance evaluation of the Independent Directors was carried out by the entire Board (excluding the director being evaluated). The Directors expressed their satisfaction with the evaluation process.

Attendance of Directors at the Board Meetings of the Company held during the year ended 31 March 2017 and the last Annual General Meeting (AGM), Number of Other Directorship(s) and other Board Committee Membership(s) held as on 31 March 2017 are given hereunder.

Sl. No.	Directors' name	No of Shares held	Category	Attendance		Directorship in public Companies*	No. of committee position held in all Companies <sup>1</sup>	
				Board Meetings	Last AGM		As Member	As Chairman
1	Mr. Shyam Sundar Choudhary	3234280	Promoter Executive	4	Y	4	1	-
2	Mr. Bankey Lal Choudhary	1484280	Promoter Managing Director	4	Y	6	-	-
3	Mr. Vijay Kumar Choudhary	3266640	Promoter Executive	1	-	5	-	-
4	Mr. Pavninder Singh <sup>2</sup>	-	Nominee Director (Non-Executive) of BC India Investments	-	-	-	-	-
5	Ms. Rita Bhattacharya	-	Nominee Director (Non-Executive) of LIC of India	4	Y	1	-	-
6	Mr. Hardip Singh Mann	-	Independent Non-Executive	4	-	1	-	-
7	Mr. Krishnava Satyaki Dutt <sup>3</sup>	-	Independent Non-Executive	-	-	-	-	-
8	Mr. Sakti Kumar Banerjee	-	Independent Non-Executive	4	Y	1	2	-
9	Mr. Santimoy Dey	-	Independent Non-Executive	4	Y	2	2	1
10	Mr. Hanuman Mal Choraria	-	Independent Non-Executive	4	Y	1	2	1
11	Mr. Santosh Kumar Agrawala <sup>4</sup>	-	Independent Non-Executive	1	-	1	-	-

\*Directorship in Public Companies includes listed as well as reporting entity

<sup>1</sup>Pursuant to Regulation 26 of the SEBI (LODR) Regulations, 2015, Memberships/Chairmanships of only Audit Committee and Stakeholder's Relationship Committee in all Public Limited Companies (including Himadri Speciality Chemical Ltd) have been considered;

<sup>2</sup>Mr. Pavninder Singh has resigned from the Company w.e.f 11 January 2017;

<sup>3</sup>Mr. Krishnava Satyaki Dutt, has resigned from the Company w.e.f 7 July 2016;

<sup>4</sup>Mr. Santosh Kumar Agrawala has been appointed as an additional Director to act as an Independent Director w.e.f 14 November 2016.

#### g) Formal Letter of Appointment to the Independent Directors

During the financial year 2016-17, one new Independent Director was appointed at the Board Meeting held on 14 November 2016, subject to the approval of the Shareholders at the forthcoming Annual General Meeting, and in the case of existing Independent Directors who were duly appointed by the Shareholders at the Annual General Meeting held on 22 September 2015, the Company has already issued appointment letters as per provisions of Sections 149 and 152 read with Schedule IV of the Act, 2013 and rules made thereunder and Clause 49 of the erstwhile Listing

Agreement. Individual letter of appointment were issued to the Independent Directors on their appointment containing the terms and conditions of their appointment, role, duties and liabilities, evaluation process, code of conduct, etc. The specimen letter of appointment issued to the Independent Directors has been posted on the Company's website at <http://himadri.com/corporategovernance.php>

#### h) Familiarisation Programme for Independent Directors:

In terms of Regulation 25 of the SEBI Listing Regulations, the Company conducted a Familiarization Programme for Independent Directors to familiarize them about their



roles, rights and responsibilities in the Company, nature of the Industry in which the Company operates, business model of the Company etc. The details of the familiarisation programme are available on the website of the Company at <http://himadri.com/Familiarization%20Programme%202016-17.pdf>

#### i) Codes and Policies

The Board has adopted all applicable codes and policies as per the requirement of the Act, 2013, SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI Listing Regulations. The requisite codes and policies are posted on the Company's website at <http://himadri.com/corporategovernance.php> and references thereof have been given elsewhere in this Annual Report.

#### j) Code of Conduct for all Directors and Senior Management Personnel

In terms of Regulation 17 of the SEBI Listing Regulations, there exists a Code of Conduct, laid down by the Board, for all the Board Members and Senior Management of the Company. The Board of Directors laid down a separate Code for the Non-Executive Directors of the Company. The aforesaid Codes are available on the Company's website at [www.himadri.com/pdf/corporate-governance/Code-Policies/Code\\_of\\_Conduct\\_for\\_all\\_Director\\_and\\_Senior\\_Management.pdf](http://www.himadri.com/pdf/corporate-governance/Code-Policies/Code_of_Conduct_for_all_Director_and_Senior_Management.pdf) All Directors and Senior Management Personnel ("SMPs") of the Company as on 31 March 2017, have individually affirmed compliance with the said Code in terms of Regulation 26 of the SEBI Listing Regulations. A declaration signed by the Chief Executive Officer to this effect is enclosed at the end of this report. The Code of Conduct for the Non-Executive Directors is in line with the provisions of Section 149(8) and Schedule IV of the Act, 2013 and contains brief guidance for professional conduct by the Non-Executive Independent Directors.

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of the Company laid down Code of Conduct to regulate, monitor and report Insider Trading by the Company's employees and other connected persons and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information to ensure timely and adequate disclosure of price sensitive information to the Stock Exchange(s) by the Company to enable the investor community to take informed investment decisions with regard to the Company's securities. The Code of Conduct to regulate, monitor and report Insider Trading has replaced the Company's earlier code on Insider Trading framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992.

#### k) Brief Note on the Directors seeking appointment / re-appointment at the 29<sup>th</sup> Annual General Meeting

The Company has furnished information as required by Regulation 34 (2) read with Schedule V of the SEBI Listing Regulations relating to the Directors retiring by rotation and seeking re-appointment including re-appointment of executive / Whole Time Directors upon expiry of the tenure in the Notes appended to the Notice convening the 29<sup>th</sup> Annual General Meeting. Shareholders may kindly refer the same. The names of the companies in which the Directors hold directorship and membership of committees of the Board are given separately.

Information about Directors proposed to be appointed/re-appointed as required under Reg. 36(3) of SEBI Listing Regulations is furnished in the Notice convening the ensuing Annual General Meeting.

#### l) Committees of Board

The Board constituted various committees as mandated under Chapter IV of the SEBI Listing Regulations to function in specific areas and to take informed decisions within delegated powers. Each Committee exercises its functions within the scope and area as defined in its constitution guidelines. These Committees are constituted in conformity of the SEBI Listing Regulations and mentioned as follows:-

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee

#### m) Other Board Committees

The Board, in addition to the mandatory Committees under Chapter IV of the SEBI Listing Regulations constituted various other committees namely:

- Share Transfer Committee
- Finance and Management Committee
- Corporate Social Responsibility (CSR) Committee
- Internal Complaint Committee

### 3. Audit Committee

#### a. Composition, Meetings and Attendance

The Audit Committee comprised of three (3) Non-Executive Directors, of which all three are Independent Directors. Mr. Hanuman Mal Choraria, Chairman of the Committee is an Independent and Non-Executive Director with over three decades of experience in Corporate Law, Accounting and Taxation. All the members of the Audit Committee have adequate accounting and financial knowledge and the composition of the Committee is in compliance with the requirements of Section 177 of the Act, 2013 and Regulation 18 of the SEBI Listing Regulations with the Stock Exchanges.

The Managing Directors, Statutory Auditors, Internal Auditors and Chief Financial Officer are invited to attend meetings of the Audit Committee. The Key Managerial Personnel and departmental heads are also invited from time to time to provide feedback on the observation of the Internal Auditors. The Company Secretary acts as the Secretary to the Audit Committee.

The Audit Committee met 4 (four) times during the year with a maximum time in between two meetings was not exceeding four months, i.e., on 23 May 2016, 11 August 2016, 14 November 2016 and 13 February 2017. The Committee reviewed the results of operation and the statement of significant related party transactions submitted by management. The composition of the Audit Committee and the details of meetings attended by each of the members are given below:

Sl. No.	Names of members	Status	No of meetings attended
1	Mr. Hanuman Mal Choraria	Chairman, Independent Non-Executive	4
2	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive	4
3	Mr. Santimoy Dey	Member, Independent Non-Executive	4

## b. Terms of reference

The present terms of reference of the Audit Committee are aligned as per the provisions of Section 177 of the Act, 2013 and include the roles as laid out in Part C of Schedule II of the SEBI Listing Regulations. The brief description of the terms of reference of the Audit Committee in line with the Act, 2013 and the SEBI Listing Regulations is as follows:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a) 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 Act, 2013;
  - b) Changes, if any, in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions;
  - g) Modified opinion(s) in the draft audit report;
- (v) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (vii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions of the Company with related parties;
- (ix) Scrutiny of inter-corporate loans and investments;
- (x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xi) Evaluation of internal financial controls and risk management systems;
- (xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xiv) Discussion with internal auditors of any significant findings and follow up there on;
- (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (xvi) 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;
- (xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (xviii) To review the functioning of the Whistle Blower mechanism;
- (xix) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (xx) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

As stipulated in Part C of Schedule II of SEBI Listing Regulations, the Audit Committee also reviews management discussion and analysis of financial performance, significant related party transactions, and Internal Audit reports relating to internal control and appointment/removal and terms of remuneration of Internal Auditor.

The Audit Committee may also review such matters as considered appropriate by it or referred to it by the Board.

## 4. Nomination and Remuneration Committee

### a. Composition, Meetings and Attendance

The Nomination and Remuneration Committee of the Company has been constituted in accordance with the provisions of Section 178 of the Act, 2013 as well as in terms of Regulation 19 of the SEBI Listing Regulations comprised of requisite number of Independent Non-Executive Directors. Mr. Santimoy Dey, the Independent Non-executive Director is the Chairman of the Committee. The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

The Committee met 4 (four) times during the year i.e. on 11 August 2016, 28 October 2016, 4 January 2017 and 27 January 2017 and reviewed the remuneration paid/payable to its Whole-time Directors, Key Managerial Personnel and Senior Executives. The details of meetings attended by each of the members are given below:

Sl. No.	Names of members	Status	No of meetings attended
1	Mr. Santimoy Dey	Chairman, Independent Non-Executive	4
2	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive	4
3	Mr. Hanuman Mal Choraria	Member, Independent Non-Executive	4

**b. Terms of Reference**

The present terms of reference of the Nomination and Remuneration Committee is aligned as per the provisions of Section 178 of the Act, 2013 and include the roles as laid out in Part D Para (A) of Schedule II of the SEBI Listing Regulations. The brief description of the terms of reference of the Nomination and Remuneration Committee in line with the Act, 2013 and the SEBI Listing Regulations is as follows:

- i) formulation of the criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- ii) formulation of criteria for evaluation of performance of independent directors and the Board;
- iii) devising a policy on diversity of Board of Directors;
- iv) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- v) 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.

**c. Remuneration policy**

The Board of Directors of the Company has on the recommendation of the Nomination and Remuneration Committee of the Board approved a Nomination and Remuneration Policy of the Company which, *inter alia*, covers Policy on appointment, remuneration and removal of Directors, Key Managerial Personnel and Senior Management, Policy on succession planning and Policy on Board diversity. This policy is available in the Investor Relations section of the Company's website at [www.himadri.com/pdf/corporate-governance/Code-Policies/Nomination\\_and\\_Remuneration\\_Policy.pdf](http://www.himadri.com/pdf/corporate-governance/Code-Policies/Nomination_and_Remuneration_Policy.pdf)

**d. Criteria for Performance Evaluation of Independent Directors**

The Nomination and Remuneration Committee laid down the criteria for performance evaluation of Independent Non-Executive Directors. They are enumerated as below:

- a. **Qualifications: Details of professional qualifications of the member**
- b. **Experience:** Details of prior experience of the member, especially the experience relevant to the entity
- c. **Knowledge and Competency.**
- d. **How the person fares across different competencies as identified for effective functioning of the entity and the Board (The entity may list various competencies and mark all directors against every such competency)**
- e. **Whether the person has sufficient understanding and knowledge of the entity and the sector in which it operates**
- f. **Fulfilment of functions:** Whether the person understands and fulfils the functions to him/her as assigned by the Board and the law (ex. Law imposes certain obligations on independent directors)

- g. **Ability to function as a team:** Whether the person is able to function as an effective team- member
- h. **Initiative:** Whether the person actively takes initiative with respect to various areas
- i. **Availability and attendance:** Whether the person is available for meetings of the Board and attends the meeting regularly and timely, without delay.
- j. **Commitment:** Whether the person is adequately committed to the Board and the entity
- k. **Contribution:** Whether the person contributed effectively to the entity and in the Board meetings
- l. **Integrity:** Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)
- m. **Independence:** Whether person is independent from the entity and the other directors and there is no conflict of interest
- n. **Independent views and judgement:** Whether the person exercises his/ her own judgement and voices opinion freely

**e. Remuneration to Directors and Disclosures****i) Non-Executive Directors**

The Non-Executives / Independent Directors are not being paid any remuneration by the Company, except sitting fees for attending the meetings. Further, the Company has not entered into any pecuniary relation or transaction with non-executive directors during the financial year 2016-17 save and except as provided hereunder.

Remuneration to Independent / Non-Executive Directors (Sitting fees)

Sl. No	Name of the Directors	Amount of sitting fees paid (₹ )
1	Mr. S.K. Banerjee	156,000
2	Mr. Hardip Singh Mann	100,000
3	Mr. Krishnava Satyaki Dutt	NIL
4	Mr. Pavninder Singh	NIL
5	Ms. Rita Bhattacharya	80,000
6	Mr. Santimoy Dey	156,000
7	Mr. Hanuman Mal Choraria	132,000
8	Mr. Santosh Kumar Agrawala	40,000

**Shareholding of Non-Executive Director(s)**

As on 31 March 2017, none of the Non-executive directors were holding any shares or convertible instruments in the Company.

**ii) Executive Directors**

All managerial remuneration for Executive Director/ Whole-time Directors were approved by the shareholders at the Annual General Meeting and paid in accordance with Schedule V appended to the Companies Act, 2013. The Remuneration package of the Directors is given hereunder:

a) All elements of remuneration package of Individual Directors summarised under major groups, such as salary, benefits, bonuses, stock options, pension etc.:

Components of Remuneration package	Names of Directors		
	Mr. Bankey Lal Choudhary	Mr. Shyam Sundar Choudhary	Mr. Vijay Kumar Choudhary
Salary	₹ 500,000/- per month	₹ 500,000/- per month	₹ 500,000/- per month
Bonus	NIL	NIL	NIL
Perquisites	68,000	68,000	NIL
Stock Options	NIL	NIL	NIL
Pensions	NIL	NIL	NIL

b) Details of fixed components and performance linked incentives along with the Performance Criteria:

As per the remuneration approved by the shareholders, apart from the salary, no performance linked incentive is paid to any of the Director.

c) Service Contract, Notice Period and severance fees\*\*:

Sl. No.	Name of the Director	Service Contract Period	Remarks
1	Mr. Bankey Lal Choudhary - Managing Director	3 years	Present tenure valid till 31 March 2019
2	Mr. Shyam Sundar Choudhary - Whole Time Director	5 years	Present tenure valid till 31 March 2020
3	Mr. Vijay Kumar Choudhary - Whole Time Director	5 years	Present tenure valid till 31 March 2017*

\*There is an agenda at the ensuing Annual General Meeting for re-appointment of Mr. Vijay Kumar Choudhary on the same terms & remuneration

\*\* There are no notice period and severance fees.

d) Stock options, details, if any and whether issued at discount as well as the period over which accrued and over which exercisable:

The Company has not issued any stock options to its Directors.

f. Criteria of making payments to Non-Executive Directors

The criteria for making payments to Non-Executive Directors is placed on the website of the Company at

[www.himadri.com/pdf/corporate-governance/Criteria\\_of\\_making\\_payment\\_to\\_Non\\_Executive\\_Directors.pdf](http://www.himadri.com/pdf/corporate-governance/Criteria_of_making_payment_to_Non_Executive_Directors.pdf)

## 5. Stakeholders' Relationship Committee

### a) Composition, Meetings and Attendance

The Stakeholders' Relationship Committee comprise of 3 (Three) members. The Committee comprises of Mr. Santimoy Dey, as the Chairman, Mr. S.S. Choudhary and Mr. S.K. Banerjee as its members.

The Committee reviewed the status of Investors' Complaints periodically relating to transfer and transmission of shares, non-receipt of dividend, among others.

During the year, the Committee met 5 (five) times i.e. on 15 April 2016, 15 July 2016, 31 October 2016, 2 January 2017 and 27 February 2017. The details of meetings attended by each of the members are given below:

Sl. No.	Names of members	Status	No of meetings attended
1	Mr. Santimoy Dey	Chairman, Independent Non-Executive	5
2	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive	5
3	Mr. Shyam Sundar Choudhary	Member, Executive Director	5

### b) Terms of Reference

- To review the issue of Duplicate Shares.
- To review the Status of Unpaid Dividend.
- To review the pending Investors Complaint.
- To review the Reconciliation of Share Capital Audit report.
- To review the periodical Compliance with Stock Exchange(s).
- To monitor expeditious redressal Investor's Grievances.
- All other matters relating to Shares.



### c) Name and Designation of Compliance Officer

Mr. Bajrang Lal Sharma, Company Secretary has been designated as Compliance Officer in terms of Regulation 6(1) (a) of the SEBI Listing Regulations with stock exchange(s). Mr. Kamlesh Kumar Agarwal, Chief Financial Officer of the Company has been authorised under Regulation under 30(5) of the SEBI Listing Regulations for the purpose of determining materiality of an event or information for the purpose of making disclosures to stock exchanges. The shareholders may send their complaints directly to the Company Secretary, Himadri Speciality Chemical Ltd, 23A, Netaji Subhas Road, 8th Floor, Suite No 15, Kolkata - 700 001 or may email at: [investors@himadri.com](mailto:investors@himadri.com) Those members who desire to contact over telephone may do so at 91- 033- 2230 9953 / 4363.

### d) Status of Investors' Grievances

There were 4 complaints pending at the beginning of the year. During the financial year 2016-17, total 316 complaints were received from investors, and 315 complaints were resolved and the remaining 5 complaints were also resolved subsequently in the month of April 2017.

The Company regularly updates the status of Investors Complaints on "SCORES", an online portal introduced by SEBI for resolving Investors complaints. There is no complaint pending on this portal.

## 6. Share Transfer Committee

The Share Transfer Committee comprises of Mr. S. S. Choudhary, as the Chairman, and Mr. B. L. Choudhary as its members. The Committee approves transfer of shares, consolidation /sub-division of shares/ re-materialization and other related matters.

In accordance with Regulation 40 read with Schedule VII of the SEBI Listing Regulations, and in order to expedite the process of share transfer and the redressal of investors' grievances, the Board has delegated its powers with the Company Secretary of the Company, who periodically visits the office of the Company's Registrar and Share Transfer Agent M/s S. K. Infosolutions Pvt. Ltd and monitors the activities.

The Committee holds periodical meetings for transfer and transmission of shares and co-ordinates with Company's Registrar & Share Transfer Agent. During the financial year 2016-17, the Committee met 15 (fifteen) times.

The Company confirms that there were no share transfers lying pending as on 31 March 2017 and all request for dematerialization and re-materialization of shares as on that date were confirmed / rejected into the NSDL / CDSL system.

## 7. Finance and Management Committee

The Finance and Management Committee comprises of Mr. S. S. Choudhary and Mr. B. L. Choudhary as its members. During the financial year 2016-17, the Committee met 33 (thirty three) times.

### Terms of Reference

The terms of reference of Finance and Management Committee include the following:

- Giving authority to Employees for representing the Company at various Court of Law
- To Sign and execute documents, letters on behalf of the Company in compliance with the various rules and regulations made under the various enactments
- To sign and execute documents, letters, agreements on behalf of the Company other matters incidental to then business of the Company in ordinary course of business
- Borrow moneys (otherwise than issue of debentures) from time to time for its' projects expansion and working capital and providing security;
- Execution of documents with banks and financial institutions;
- Opening of banking accounts with banks;
- Investing the funds of the Company
- Making loans in ordinary course of business;
- All other day-to-day operations of the Company.

## 8. Corporate Social Responsibility (CSR) Committee

The Company in terms of Section 135(1) of the Act, 2013 has constituted Corporate Social Responsibility Committee Consisting following Directors as members:

- Mr. Shyam Sundar Choudhary, (Whole Time Director)
- Mr. Santimoy Dey (Independent Director)
- Mr. Sakti Kumar Banerjee (Independent Director)

### Terms of Reference

The terms of reference of Corporate Social Responsibility include the following:

- To formulate and recommend to the Board a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act, 2013;
- To recommend the amount of expenditure to be incurred on the activities referred above and
- To monitor the Corporate Social Responsibility Committee from time to time.

During the financial year 2016-17, the Committee met 1 (One) time.

## 9. Internal Complaint Committee

The Company has an Internal Complaint Committee constituted in terms of section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, which was re-constituted from time to time.

### Terms of Reference

The terms of reference of Internal Complaint Committee include the following:



- i) The Committee shall act in accordance with the provisions of the Act and Rules (including any statutory modifications, alteration or re-enactment thereon for the time being in force) made there under including the service rules, if any made applicable on the employee of the Company;
- ii) The Committee shall follow the service rules while dealing with the complaints in case the complaints is against the employee of the Company and deal with the matter keeping in view the principal of natural justice;
- iii) The Committee shall maintain all records relating to Complaints received and their redressal;
- iv) The Committee shall hold such meetings as may be required from time to time for redressal of the Complaints made under the provisions of the Act.
- v) The Committee shall ensure to maintain high degree of confidentiality with regards to the aggrieved person as well as the respondent;
- vi) The Committee shall organise such number workshops or awareness programme from time to time for educating the employees of the Company in this regard;
- vii) The Committee shall prepare an Annual Report ending 31 December each year in terms of Section 21 of the Act read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 containing the following details:
- Number of complaints of sexual harassment received in the year;
  - Number of complaints disposed off during the year;
  - Number of cases pending for more than ninety days;
  - Number of workshops or awareness programme against sexual harassment carried out;
  - Nature of action taken by the employer or District Officer

The Committee has submitted the Annual Report to the Employer and to the Board in terms of Section 21 of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. There was no complaint received by the Committee during the financial year 2016-17.

## 10. General Body meetings

### i) Details of location, time and date of the last three Annual General Meetings are given below:

Financial Year	Number of the AGM	Date	Venue	Time
2013-14	26 <sup>th</sup> AGM	24 September 2014	"Kala Kunj" 48 Shakespeare Sarani, Kolkata- 700 017	10.00 am
2014-15	27 <sup>th</sup> AGM	22 September 2015	"Kala Kunj" 48 Shakespeare Sarani, Kolkata- 700 017	10.00 am
2015-16	28 <sup>th</sup> AGM	24 September 2016	"Bharatiya Bhasha Parishad" 36A, Shakespeare Sarani, Kolkata - 700 017	10.00 am

### ii) Details of Special Resolution(s) passed during the last three years in Annual General Meetings.

26 <sup>th</sup> AGM held on 24 September 2014	1.	Holding and continuing to hold office or place of profit by Mr. Anurag Choudhary as Chief Executive Officer of the Company at a remuneration under the scale of 3,00,000- 10,000- 20,000- 20,000- 3,50,000 per month, not exceeding in aggregate of 77,30,000 with effect from 1 January 2015 in terms of Section 188(1)(f) of the Act, 2013 read with sub- rule 3(ii)(b) of Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2014;
	2.	Holding and continuing to hold office or place of profit by Mr. Tushar Choudhary as President - Operations of the Company at a remuneration under the scale of 3,00,000- 10,000- 20,000- 20,000- 3,50,000 per month, not exceeding in aggregate of 77,30,000 with effect from 1 January 2015 in terms of Section 188(1)(f) of the Act, 2013 read with sub- rule 3(ii)(b) of Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2014;



26 <sup>th</sup> AGM held on 24 September 2014	3.	Holding and continuing to hold office or place of profit by Mr. Amit Choudhary as President - Projects of the Company at a remuneration under the scale of 3,00,000- 10,000- 20,000- 20,000- 3,50,000 per month, not exceeding in aggregate of 77,30,000 with effect from 1 January 2015 in terms of Section 188(1)(f) of the Act, 2013 read with sub- rule 3(ii)(b) of Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2014;
	4.	Consent of the Shareholder u/s 180(1)(a) of the Act, 2013 accorded to the Board for mortgaging, hypothecating, creation of charge etc on all or any of the Company's assets and properties for securing loans taken, upto an aggregate amount not exceeding ₹ 5000 Crores;
	5.	Consent of the Shareholder u/s 180(1)(c) of the Act, 2013 accorded to the Board for borrowing from time to time, both in Indian and foreign currencies, in various forms of lending, any sum or sums of monies as it may deem proper, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company, if any, (apart from temporary loans obtained in ordinary course of business) may exceed at any time, the aggregate of the paid up capital and free reserves, provided that the total amount to be borrowed by the Board together with monies already borrowed shall not exceed ₹ 5000 Crores;
	6.	Alteration of Articles of Association of the Company in terms of Section 14 of the Act, 2013
	7.	Consent of the Shareholder in terms of Section 188 of the Act, 2013 to the Board for entering into transaction, contracts or arrangements with the related parties (Subsidiaries): <ul style="list-style-type: none"> <li>- For AAT Global Ltd and /or Shandong Dawn Himadri Chemical Industry Limited upto ₹ 500 Crores</li> <li>- For Equal Commodeal Private Limited upto ₹ 200 Crores</li> </ul>
27 <sup>th</sup> AGM held on 22 September 2015	1.	Re-appointment of Mr. Bankey Lal Choudhary (DIN: 00173792), as Managing Director of the Company for a further period of 3 (Three) years with effect from 1 April 2016
	2.	Re-appointment of Mr. Shyam Sundar Choudhary (DIN: 00173732), as Whole Time Director of the Company for a further period of 5 (five) years with effect from 1 April 2015;
28 <sup>th</sup> AGM held on 24 September 2016	1.	Approval of Himadri Employee Stock Option Plan 2016 and Grant of Employee Stock Options to the employees of the Company thereunder;
	2.	Approval of Grant of Employee Stock Options to the employees of Subsidiary Companies of the Company under Himadri Employee Stock Option Plan 2016;

### iii) Details of Resolution passed through Postal Ballot.

During the year ended 31 March 2017, the Company has passed the following Special Business through Postal Ballot (including e-voting), conducted in accordance with the provisions of Sections 108 and 110 and other applicable provisions of the Act read together with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard 2 on General Meetings and the SEBI Listing Regulations:

**Special Resolution:** Change of name of the Company.

Notice of Postal Ballot were sent through permitted modes (email, speed post and courier) to all the members of the Company along with Postal Ballot Form and postage pre-paid self-addressed envelopes (in case of physical dispatches). The said dispatch was completed on 12 June 2016.

Mr. Bankey Lal Choudhary, Managing Director and Mr. Bajrang Lal Sharma, Company Secretary of the Company, were authorised by the Board and were responsible for conducting the entire postal ballot and e-voting process under the provisions of the Act read together with the rules made thereunder and in terms of the Listing Regulations.

The Board had appointed Mr. Arun Kumar Khandelia, Company Secretary in Practice as the Scrutinizer, for scrutinizing the Postal Ballot process in a fair and transparent manner. On the basis of the Report of the Scrutinizer, Mr. B. L. Choudhary, Managing Director, declared the results of the Postal Ballot on 15 July 2016. The details of the Voting are as follows:

Particulars	No of Votes						Percentage (%)
	E Voting		Postal Ballot Form		Total		
	No.	Votes	No.	Votes	No.	Votes	
Assent	69	205622733	124	981921	193	206604654	99.99
Dissent	4	2243	3	3500	7	5743	0.01
Total	73	205624976	127	985421	200	206610397	100.00
Abstain/Invalid	-	-	65	130861	65	130861	-

On the basis of the above results, the Resolution was deemed to be passed with requisite majority on 14 July 2016 (i.e. last date for receipt of Postal Ballot Forms) as per Clause 16.6.3 of Secretarial Standard- 2.

- iv) **No Special Resolution at present is proposed to be passed through Postal Ballot. Therefore, the procedure for Postal Ballot is not applicable.**

## 11. Means of Communication

- a. **Quarterly/Annual Financial Results:** The unaudited quarterly financial results are announced within 45 days from the end of each quarter and the audited annual results are announced within 60 days from the end of the last quarter. These financial results, after being taken on record by the Audit Committee and Board of Directors, are communicated to the Stock Exchanges where the shares of the Company are listed. Any news, updates, or vital/useful information to shareholders are being intimated to Stock Exchange(s) and are being displayed on the Company's website: [www.himadri.com](http://www.himadri.com)
- b. **Newspapers:** During the financial year 2016-17, financial results (Quarterly & Annual) were published in newspapers viz. The Financial Express, Economic Times, Business Standard in English (all editions), Jansatta (Hindi) and Arthik Lipi/ Ei Samay (Vernacular) in the format prescribed under Annexure XI of the SEBI Listing Regulations with the Stock Exchanges where the shares of the Company are listed.
- c. **Website:** The financial results are also posted on the Company's Website at [www.himadri.com](http://www.himadri.com). The Company's website provides information about its business and the section on "Investor Relations" serves to inform and service the Shareholders allowing them to access information at their convenience.
- d. **Annual Report:** Annual Report is circulated to all the members within the required time frame, physically through post and via e-mail, wherever the e-mail ID is available in accordance with the "Green Initiative Circular" issued by MCA. The shareholders have been provided e-voting option for the resolutions passed at the general meeting to vote as per their convenience.
- e. **E-mail ID of the Registrar & Share Transfer Agent:** All the share related requests/queries/ correspondence, if any, are to be forwarded by the investors to the Registrar and Transfer Agent of the Company, M/s S. K. Infosolutions Pvt. Ltd 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006 and/ or e-mail them to [skcdilip@gmail.com](mailto:skcdilip@gmail.com)
- f. **Designated E-mail ID for Complaints/ Redressal:** In compliance with Regulation 46(2) of SEBI Listing Regulations entered into with the Stock Exchange(s), the Company has designated an e-mail ID [investors@himadri.com](mailto:investors@himadri.com) exclusively for the purpose of registering complaints/ grievances by investors. Investors whose requests/ queries/correspondence remain unresolved can send their complaints/ grievances to the above referred e-mail ID and the same would be attended to promptly by the Company.
- g. **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web-based application designed by NSE for Corporates. Any Corporate Action, *inter alia*, the Shareholding Pattern, Corporate Governance Report, Financial Results, disclosures with respect to Board Meeting or any other Corporate Action Announcements are filed electronically on NEAPS.
- h. **BSE Corporate Compliance & Listing Centre:** The Listing Centre is a web-based application designed by BSE for Corporates. Any Corporate Action, *inter alia*, the Shareholding Pattern, Corporate Governance Report, Financial Results, and other intimations are filed electronically on BSE's Listing Centre.
- i. **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web-based complaints redressal system through SCORES. The Action Taken Reports are uploaded online by the Company for any complaints received on SCORES platform, thereby making it convenient for the investors to view their status online.
- j. **News releases/Investor Updates and Investor presentations:** The Company usually uploads a general presentation, press release, earning release periodically about the Company and its business on the website for the benefit of all the stakeholders. However, during the year the Company has not made any specific presentation to any Institutional Investor.

## 12. General Shareholder Information

### Annual General Meeting (AGM) and Book Closure Dates

The day, Date, Time and Venue of the 29th Annual General Meeting and Book Closure Dates in relation thereto have been indicated in the Notice Convening the AGM, which forms part of the Annual report.



### Financial Year

The financial year of the Company is from 1<sup>st</sup> April to 31<sup>st</sup> March every year.

### Tentative Schedule for the Meetings for the financial year 2017-18

Financial Year	2017-18
Board meetings for approval of quarterly results	
- Quarter ended 30 June 2017	Within 2 <sup>nd</sup> Week of August 2017
- Quarter ended 30 September 2017	Within 2 <sup>nd</sup> week of November 2017
- Quarter ended 31 December 2017	Within 2 <sup>nd</sup> week of February 2018
- Audited Financial Results for the year ended 31 March 2018	Within 60 days from the end of the financial year
Annual General Meeting for the financial year 2017-18	In accordance with Section 96 of the Act, 2013
Posting of Annual Report	21 (clear) days before the meeting
Posting of Dividend Warrants	Within 30days from the date of AGM
Receipt of Proxy Forms	Atleast 48hrs before the meeting

### Dividend payment date

The Company will remit the dividend within a period of 30days from the date of declaration and the required funds will be transferred to the Dividend Account within 5 days from the date of the Annual General Meeting.

### Listing of Securities on stock exchange(s)

Equity Shares: The Company's shares are presently listed on the following stock exchange(s):

Sl. No.	Stock exchange	Listing code
1	BSE Limited P. J. Towers, Dalal Street, Fort Mumbai- 400 001	500184
2	National Stock Exchange of India Ltd "Exchange Plaza" Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051	HSCL

The Company has remitted the listing fee to the Stock Exchanges.

**Non-Convertible Debentures:** The Non-Convertible Debentures (NCDs) issued by the Company on private placement basis aggregating to ₹ 250 Crores are listed at BSE Limited. The details are given hereunder

Sl. No.	Details of NCD	Stock Exchange	Listing Code	ISIN Number
1	9.60% Secured, Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each aggregating to ₹ 100 Crores issued on Private placement basis to ICICI Bank Limited	BSE Limited	946770	INE019C07015
2	10.00 % Secured, Redeemable Non-Convertible Debentures of ₹ 400/- each aggregating to ₹ 100 Crores issued on Private placement basis to LIC of India	BSE Limited	946887	INE019C07023
3	12.50% Secured, Redeemable Non-Convertible Debentures of ₹ 10,00,00/- each aggregating to ₹ 50 Crores issued on Private placement basis to LIC of India	BSE Limited	949610	INE019C07031

The Company has been regular in making payment of interest on these debentures. The Company has remitted the listing fee to the Stock Exchange(s).

### Market price data

Monthly high / low market price of the shares during the financial year 2016-17 at the BSE Limited and at National Stock Exchange of India Ltd were as under: -

Month	BSE		NSE	
	Amount in ₹		Amount in ₹	
	High	Low	High	Low
Apr-16	19.55	15.20	19.50	15.35
May-16	21.50	17.70	21.45	17.60
Jun-16	34.90	19.40	34.45	19.20
Jul-16	38.00	31.50	38.00	31.55
Aug-16	41.40	32.00	41.40	31.80
Sep-16	41.90	32.85	41.80	32.80
Oct-16	47.80	40.00	47.80	39.80
Nov-16	47.60	32.80	47.70	32.65
Dec-16	37.85	32.70	37.90	32.85
Jan-17	44.20	33.35	44.15	33.25
Feb-17	49.40	40.40	48.95	40.25
Mar-17	45.45	42.05	45.25	42.25

**Stock Performance in comparison to broad-based indices**

Financial Year	BSE SENSEX		NSE CNX NIFTY	
	Change in Himadri Share Price	Change in SENSEX	Change in Himadri Share Price	Change in Nifty
2016-17	+177.67%	+16.88%	+177.78%	+18.55%

**Registrar and Share Transfer Agent**

The Company has engaged the services of M/s S. K. Infosolutions Pvt. Ltd of 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006, a SEBI registered Registrar as its Share Transfer Agent for processing the transfer, subdivisions, consolidation, splitting of securities among others. Since the shares are compulsorily required to be traded in dematerialized form, shareholders are requested to get their physical shareholdings converted into DEMAT form through their depository.

All the queries related with shares may be forwarded directly to the Company's Registrar. The Company has made necessary arrangements with Depositories viz NSDL/CDSL for dematerialization of shares. M/s S. K. Infosolutions Pvt. Ltd was appointed as common agency to act as transfer agent for both physical and demat shares.

Shareholders are requested to surrender the old share certificates having Face Value of ₹ 10/- each to the Registrar and Share Transfer Agent for cancellation and exchange of new certificates of face Value of ₹ 1/- each pursuant to stock split approved by the shareholders at the Annual General Meeting held on 28 September 2010, for which the Record Date was fixed on 9 November 2010.

**Share Transfer System**

The Company ensures that all transfers are duly affected within the prescribed period. The Board has constituted a Share Transfer Committee for approval of the transfers, which meets on regular intervals. Share Transfer, Duplicate issue of shares and all other investors' related activities are attended and processed at the office of the Registrar and Share Transfer Agent, M/s S. K. Infosolutions Pvt. Ltd, Kolkata.

Pursuant to Regulation 40(9) of the SEBI Listing Regulations, certificate on half-yearly basis is filed with the stock exchange(s) for due compliance of share transfer formalities by the Company.

**Nomination facilities**

Section 72 of the Act, 2013 read with Rule 19(1) of Companies (Share Capital and Debentures) Rules, 2014, provides for the facility of nomination to shares and debentures. This facility is mainly useful in case of those holders who hold their shares in single name. Investors are advised to avail of this facility, especially those holding shares in single name to avoid any complication in the process of transmission, in case of death of the holders.

In case the shares are held in physical mode, the nomination form may be obtained from the Registrar & Share Transfer Agent. In case of shares held in Demat form, such nomination is to be conveyed to the DP as per the formats prescribed by them.

**Dividend remittance**

Dividend on equity shares as recommended by the Board for the year ended 31 March 2017, when declared at the ensuing annual general meeting will be paid:

- in respect of shares held in electronic form, to those persons whose names appear as beneficial owners in the statement (s) furnished by the Depositories as on the close of the market day prior to start of book closure and
- in respect of shares held in physical form, to those Shareholders whose names appear on the Company's register of members after giving effect to all valid share transfers in physical form lodged with the Company before the start of date of book closure.

Members may please note that the dividend warrants shall be payable at par at the designated branches of the bank for an initial period of three months. The members are therefore advised to encash dividend warrants within the initial validity period of three months. After expiry of initial validity period, bank draft will be issued against cancellation of warrants upon request of the shareholders, if any.

**Electronic Clearing Service - ECS**

Members desirous of receiving dividend by direct electronic deposits of dividend vide ECS in their account may authorise the Company with their mandate. Members are requested to provide necessary details of their bank account to Company's Registrar and Share Transfer Agent, M/s S. K Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006, Ph No: 91-033- 22196797/ 4815.

**Bank details in case of physical Shareholdings**

With a view to provide protection against fraudulent encashment of dividend warrants, members are requested to provide, if not provided earlier, their bank account number, bank account type, names and address of bank branches, with their folio number to Company's Registrar and Share Transfer Agent, M/s S. K Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006, to enable them to print the same on dividend warrants. This is a mandatory requirement in terms of SEBI circular No. D&CC/ FITTC / CIR-04/ 2001 dated 13 November 2001.

**Unclaimed / Unpaid Dividend**

The amount of unclaimed dividend are lying credit in separate bank accounts. Members may please note that pursuant to Section 205C of the Companies Act, 1956 the amount lying in credit of any unpaid dividend account if remained un-claimed for 7 years from the date they became due for payment shall be transferred to the Investor Education and Protection Fund. As on 31 March 2017, the following amounts are unclaimed and lying credit in separate bank accounts with various banks.



Financial Year	Date of declaration	Amount Unpaid/ unclaimed as on 31.03.2017	Due date for transfer to Investor Education and Protection Fund	Banker's name in which the unpaid amount is lying
2009-10	28 September 2010	493,898.00	3 November 2017	State Bank of India
2010-11	28 September 2011	487,233.10	3 November 2018	State Bank of India
2011-12	29 September 2012	513,458.20	4 November 2019	State Bank of India
2012-13	23 September 2013	546,293.70	29 October 2020	State Bank of India
2013-14	24 September 2014	531,518.60	30 October 2021	State Bank of India
2015-16	24 September 2016	339,797.80	30 October 2023	State Bank of India

Therefore, members who have so far not encashed their dividend warrants or have not received the dividend warrants may write to the Company or its' Share Transfer Agents for issue of duplicate dividend warrants / drafts.

#### Distribution of Shareholding and Shareholding Pattern as on 31 March 2017

##### Distribution of Shareholding as on 31 March 2017

No. of shares	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
Up to 500	10324	45.35	20,82,220	0.50
501 - 1000	6199	27.23	58,82,423	1.41
1001 - 2000	2882	12.66	50,91,419	1.22
2001 - 3000	1158	5.09	29,69,900	0.71
3001 - 4000	366	1.61	13,92,804	0.33
4001 - 5000	510	2.24	24,83,814	0.59
5001 - 10000	568	2.50	45,41,394	1.09
10001 - 50000	540	2.37	1,23,93,519	2.96
50001 - 100000	96	0.42	70,45,261	1.68
100000 and above	121	0.53	37,45,25,113	89.51
<b>Total</b>	<b>22764</b>	<b>100.00</b>	<b>41,84,07,867</b>	<b>100.00</b>

##### Shareholding pattern as on 31 March 2017

	Category of shareholders	Number of shareholders	Number of shares	% of holding
<b>(A)</b>	<b>Promoter Group</b>			
(a)	Directors & relatives	8	1,27,28,600	3.04
(b)	Bodies corporate	4	19,20,86,607	45.91
	<b>Sub- total (A)</b>	<b>12</b>	<b>20,48,15,207</b>	<b>48.95</b>
<b>(B)</b>	<b>Non-promoters</b>			
(a)	Mutual funds / UTI	1	3,000	0.00
(b)	Financial institutions	2	3,03,739	0.07
(c)	Foreign Company	1	10,31,78,860	24.66
(d)	Bodies corporate	535	3,67,32,682	8.78
(e)	Individuals	22,037	7,23,22,816	17.29
(f)	NRI(s)	171	9,60,375	0.23
(g)	Nationalised Bank	5	91,188	0.02
	<b>Sub Total (B)</b>	<b>22752</b>	<b>21,35,92,660</b>	<b>51.05</b>
	<b>Total (A) + (B)</b>	<b>22764</b>	<b>41,84,07,867</b>	<b>100.00</b>

##### Dematerialization of shares and liquidity

The shares of the Company are under compulsory demat list of SEBI and it has joined as a member of the Depository services with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as an Issuer Company for dematerialization of its' shares. Shareholders can get their shares dematerialized with either NSDL or CDSL.

Pursuant to stock split approved by the shareholders at the Annual General Meeting held on 28<sup>th</sup> September 2010, each equity shares of face value of ₹ 10/- each has been sub-divided into ten equity shares of Re 1/- each and the depositories allotted the following new ISIN number to the Company:

NSDL - INE 019C01026	CDSL - INE 019C01026
----------------------	----------------------

As on 31 March 2017, out of the 41,84,07,867 equity shares of the Company 41,04,12,612 shares were held in Electronic form representing 98.09 % to the total paid up share capital, whereas balance of 79,95,255 shares were held in physical form representing 1.91% to the total paid up share capital of the Company.

#### Foreign Exchange Risk and Hedging activities

In terms of the SEBI Listing Regulations, the Management Discussion and Analysis Report forms part of the Annual Report. Disclosures relating to risks including commodity price risk, foreign exchange risk, etc., have been adequately covered under the Management Discussion and Analysis Report.

#### Locations of Plants

Sr. No.	Location of Plant
1	Liluah Unit (Howrah), 58, N.S. Road, Liluah, Howrah - 711 204 (W. B.)
2	Liluah Unit (Howrah), 27-B, Gadadhar Bhatt Road, Liluah, Howrah- 711 204 (W.B.)
3	Mahistikry, P.S.- Haripal, District- Hooghly (W.B.)
4	Visakhapatnam Unit, Plot No. 67, 68 & 69, Ancillary Industrial Estate, Vill: Pedagantyada, PIN- 530 013 (A. P.)
5	Korba Unit-Vill- Jhagrah, Rajgamar Colliery, Korba- 495683 (Chhattisgarh)
6	Vapi Unit-G.I.D.C., Phase I, Vapi, Gujarat
7	Sambalpur Unit -Kenghati. P.O Jayantpur, Sambalpur -768112
8	Wind Mills Division: a. Vill- Amkhel: Taluka- Sakri, District- Dhule, Maharashtra b. Vill- Titane, Taluka- Sakri, District- Dhule, Maharashtra
9	Falta (SEZ unit) J.L. No 1, Dag No: 49,50,51, Sector- II, Vill- Simulberia, P.O.- Falta, Dist- 24 Pgs (South) West Bengal -743504
10	China Unit, Longkou, Shandong, China.

#### Address for correspondence

All communication may be sent to Mr. Bajrang Lal Sharma, Company Secretary and Compliance Officer at the following address:

Himadri Speciality Chemical Ltd  
23A, Netaji Subhas Road, 8th Floor, Suite no 15  
Kolkata - 700 001  
Phone number: (033) 2230 9953/ 2230 4363  
Fax No 91-33-2230-9051,  
e-mail: [investors@himadri.com](mailto:investors@himadri.com)

All shares related queries may be sent to the Company's Registrar and Share Transfer Agent, M/s S. K. Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006. Ph No: 91-033- 22196797/ 4815.

#### 13. Subsidiary Companies

The Company has an unlisted non-material wholly owned Indian subsidiary Company, Equal Commodeal Private Limited ('ECPL'). The Company also has further two subsidiary Company 1) AAT Global Limited in Hongkong in which the Company holds 100% equity through its wholly owned Indian Subsidiary, 2) Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL") in China, in which the Company holds 94% equity through its wholly owned subsidiary Company, AAT Global Limited.

The Board of Directors of the Company regularly reviews the minutes of the Board Meetings, financial statements, in particular investments made and significant transactions and arrangements (if any) entered into by the unlisted subsidiary companies. The Audit Committee reviews the financial statements, in particular, the investments made by the unlisted Subsidiary Company. The Company has duly formulated a policy for determining 'material' subsidiaries. The main objective of the policy is to ensure governance of material subsidiary companies.

The web link for Policy for determining Material Subsidiaries is placed on the website of the Company is [www.himadri.com/pdf/corporate-governance/Code-Policies/Policy\\_for\\_determining\\_Material\\_Subsiary.pdf](http://www.himadri.com/pdf/corporate-governance/Code-Policies/Policy_for_determining_Material_Subsiary.pdf)

#### 14. Other Disclosures

- i. **Materially significant related party transactions (i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc.) that may have potential conflict with the interests of the Company at large;**

The Company has not entered into any materially significant related party transaction during the year with any of the related parties which may have potential conflict with the interest of the Company.

The related party transactions constitute contracts or arrangements, made by the Company from time to time, with Companies in which Directors are interested. The Audit Committee reviews periodically the significant related party transactions and the Committee provided omnibus approval for related party transaction which are in ordinary course of business (repetitive in nature) and are on Arm's Length basis. All transactions covered under the related party transactions are regularly ratified and / or approved by the Board. There were no material transactions during the financial year 2016-17 that were prejudicial to the Company's interest.

There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management and their subsidiaries or relatives that may have potential conflict with Company's interest at a large.

Related party transactions as per requirements of Indian Accounting Standard (Ind AS 24) "Related Party



Disclosures" are disclosed in the Notes to the Financial Statements of the Company for the year ended 31 March 2017.

**ii. Reconciliation of Share Capital Audit Report;**

A qualified Practising Company Secretary has carried out exercise of Reconciliation of Share Capital to the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital as on the close of the financial year 2016-17. The Reconciliation of Share Capital confirms that the total issued / paid up capital was in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**iii. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets, during the last three years;**

The Company has complied with the requirements of the stock exchange(s)/ SEBI and statutory authorities on all matters related to capital markets. There were no instances of non-compliance on any matter relating to the capital market during the last three years. There were no penalties or strictures imposed on the Company by the stock exchange(s), SEBI or any statutory authority in any matter related to capital markets.

**iv. Details of establishment of Vigil Mechanism, Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee;**

The Company has adopted a Vigil Mechanism and Whistle Blower Policy and the same is uploaded on the website of the Company. Mr. Bajrang Lal Sharma, Company Secretary is appointed as Vigilance Officer by the Board for this purpose. The whistle blowers may also lodge their complaints/concern with the Chairman of the Audit Committee, whose contact details are provided in the Whistle Blower Policy of the Company. The Policy also offers appropriate protection to the whistle blowers from victimization, harassment or disciplinary proceedings.

**v. Mandatory and non-mandatory requirements;**

The Company has complied with the mandatory requirements and has adopted a few non-mandatory requirements as specified under Regulations of SEBI Listing Regulations, which are reviewed by the management from time to time.

**vi. Details of compliance with non mandatory (discretionary) requirements;**

The Company has complied with the following non mandatory (discretionary) requirements as specified in Part E of Schedule II of SEBI Listing Regulations:

**a. Shareholders' Rights**

The Company's financial results are published in the newspapers and also posted on its own website ([www.himadri.com](http://www.himadri.com)). Hence, the Financial Results deemed to be sent to the shareholders. However, the Company furnishes the financial results on receipt of request from the shareholders.

The Company had sent Annual Reports for 2016 together with Notice of the Annual General Meeting in electronic mode to those shareholders whose e-mail address were registered with the Company's RTA or the Depositories for this purpose. For other shareholders, who had not registered their email ids, the complete Annual Report for 2016 in physical form was sent at their registered address.

**b. Audit Qualification**

The Company, at present, does not have any audit qualification pertaining to the financial statements.

**c. Reporting of Internal Auditor**

The Company's Internal Auditor reports directly to the Audit Committee.

**vii. Proceeds from Public Issues, right issue, preferential issues, etc.;**

The Company has not raised any money through an issue of Securities by means of Public issue, Rights Issue, Preferential Issue, etc. during the financial year ended 31 March 2017.

**viii. Web link where policy on determining 'material' subsidiaries is disclosed;**

The Company has formulated a policy pursuant to provisions of Chapter IV of SEBI Listing Regulations to determine material subsidiaries. The policy is posted on the website of the Company and the weblink for the same is: [www.himadri.com/pdf/corporate-governance/Code-Policies/Policy\\_for\\_determining\\_Material\\_Subsiary.pdf](http://www.himadri.com/pdf/corporate-governance/Code-Policies/Policy_for_determining_Material_Subsiary.pdf)

**ix. Web link where policy on dealing with related party transactions;**

The Company has duly formulated a Policy on dealing with Related Party transactions. The Company recognizes that certain transactions present a heightened risk of conflicts of interest or the perception thereof and therefore has adopted this Policy to ensure that all Related Party Transactions with Related Parties shall be subject to this policy and approval or ratification in accordance with Applicable Law. This Policy contains the policies and procedures governing the review, determination of materiality, approval and reporting of such Related Party Transactions. The link for the same as placed on the website of the Company is [www.himadri.com/pdf/corporate-governance/Code-Policies/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.himadri.com/pdf/corporate-governance/Code-Policies/Policy_on_Related_Party_Transactions.pdf)

**x. Disclosure of commodity price risks and commodity hedging activities.**

Disclosure of commodity price risks and commodity hedging activities has been adequately covered under the Management Discussion and Analysis Report.

**xi. Disclosure of the Compliance of the Corporate Governance.**

The Company is in compliance with the Corporate Governance requirements as specified in Regulation 17 to 27 except Regulation 21 as the same is not applicable to the Company and the Company is also in compliance with the requirements of dissemination of the information of as required in terms of Regulation 46 (2) of the SEBI Listing Regulations.

For and on behalf of the Board

Sd/-

**B. L. Choudhary**  
Managing Director  
(DIN: 00173792)

Sd/-

**S.S. Choudhary**  
Executive Director  
(DIN: 00173732)

Place: Kolkata

Dated: 9 May 2017