



## Corporate Governance Report 2016-17

In accordance with SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 the report containing the details of corporate governance systems at Satia Industries Limited is as follows

### 1. Company's Philosophy

Corporate governance is enhancing long term sustainable value for the stakeholders through ethically driven process. The Company's philosophy on Corporate Governance is to enhance the long-term economic value of the Company, sustainable return to its stakeholders i.e. the society at large by adopting best corporate practices in fair and transparent manner by aligning interest of the Company with that of its shareholders/other key stakeholders. Corporate Governance is not merely compliance and not simply creating checks and balances, it is an ongoing measure of superior delivery of Company's objects. We, at SIL, ensure that we follow the corporate governance guidelines and best practices. We consider it our responsibility to disclose timely and accurate information regarding our financial performance as well as the leadership and governance of the Company. The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors, In addition, the Company has adopted a Code of Conduct for its non-executive directors which includes Code of Conduct for Independent Directors which suitably incorporates the duties of independent directors as laid down in the Companies Act, 2013 ("Act"). These codes are available on the Company's website. The Company is in compliance with the requirements stipulated under Regulation 27 of the SEBI Listing Regulations, as applicable, with regard to corporate governance

### 2. Board of Directors

In Satia Industries Ltd, Board plays a pivotal role in ensuring that the Company runs on sound business principles and that its resources are utilized for creating sustainable growth. The Board operates within the framework of a well-defined responsibility matrix which enables it to discharge its fiduciary duties

of safeguarding the interest of the Company ensuring fairness in the decision making process, integrity and transparency in the Company's dealing with its Members and other stakeholders. With a view to have a more focused attention on various facets of business and for better accountability, the Board has constituted the following committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee. Each of these Committees has been mandated to operate within a given framework. The Board has complete access to any information with your Company. Members of the Board have complete freedom to express their views on agenda items and discussions at Board level are taken after due deliberations and full transparency. The Board provides direction and exercises appropriate control to ensure that your Company is managed in a manner that fulfills stakeholder's aspirations and societal expectations. The matters placed before the Board as required under Listing Regulations interalia includes:

- A. Annual operating plans and budgets and any updates.
- B. Capital budgets and any updates.
- C. Quarterly results for the listed entity and its operating divisions or business segments.
- D. Minutes of meetings of audit committee and other committees of the board of directors.
- E. The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- F. Show cause, demand, prosecution notices and penalty notices, which are materially important.
- G. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- H. Any material default in financial obligations to and by the listed entity or substantial nonpayment for goods sold by the listed entity.
- I. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures



- on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- J. Details of any joint venture or collaboration agreement.
- K. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- L. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- M. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- N. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- O. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

### Management Structure

Management Structure for running the business of the Company as a whole is in place with appropriate delegation of powers and responsibilities. The Chairman and Managing Director is in overall control and responsible for the day-to-day working of the Company. He gives strategic directions, lays down policy guidelines and ensures implementation of the decisions of the Board of Directors and its various Committee

### Composition of the Board of Directors

As on 31st March, 2017 the composition of the Board of Directors is given herein below:

1. An Executive Chairman-Cum-Managing Director,
2. Two whole time Directors,
3. Four independent non-executive Directors,
4. (One additional Director appointed w.e.f 12.11.2016

upto the date of next AGM)

5. One Non Executive woman Director.

The Independent Directors on the Board are experienced, competent and highly reputed persons from their respective fields. The Independent Directors take active part at the Board and Committee Meetings, which adds vision, strategic direction and value in the decision making process of the Board of Directors.

The Composition of the Board is in conformity with clause 17 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Section 149 of the Act, which requires that at least 50 percent of the Board consist of non-executive Directors and in case the Chairman is a non executive Director at least one third of the Board should comprise of independent Directors and where the listed entity does not have a regular non-executive chairperson, at least half of the Board of Directors shall comprise of independent Directors.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act

The Board monitors compliance of objectives by holding management accountable for its activities through quarterly performance reporting. Board and committee meetings are held in an atmosphere of intellectual honesty, requiring reporting of the highest standard by management and constructive debate among Board and Committee Members.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on March 31, 2017 are given herein below. Other directorships do not include directorships of private limited companies. Chairmanships / Memberships of Board Committees shall only include Audit Committee.



During the financial year 2016-17, four Board Meetings were held on the following dates:-

- 1) 30-05-2016
- 2) 13-08-2016
- 3) 12-11-2016
- 4) 07.02. 2017

The Maximum time gap between any two consecutive meetings was less than One hundred and twenty days.

The Composition of Board of Directors and their attendance at the Board meetings during the year and at last Annual General Meeting of the Company as also the number of other Directorship and committee Membership/ Chairmanship as on 31.03.2017 are as follows:

Sr. No.	Name of Director	Category of Directorship	No. Board Meetings attended	Attendance Last AGM	No. of other Directorship (See note)	No. of Committee Membership	
						Member	Chairman
1.	Dr. Ajay Satia	Chairman & Managing Director	3	Yes	–	–	–
2.	Sh. R. K.Bhandari	Whole Time Director	3	Yes	–	1	–
3.	Sh. A. C. Ahuja	Independent Director	4	Yes	2	1	1
4.	Sh. S. K. Arora	Independent Director	2	No	–	1	–
5.	Sh. Dinesh Sharma	Independent Director	4	No	–	–	–
6.	Sh. I.D.Singh	Independent Director	2	No	–	1	–
7.	Smt. Bindu Satia	Non-Executive Director	2	Yes	–	–	–
8.	Sh. Chirag Satia	Executive Director	3	Yes	–	–	–
9.	Sh. J.R. Sharma*	Additional Director	2	Nil	–	–	–
10.	Sh. A. Krishna	Independent Director	1	Nil	–	–	–

□ Appointed Additional Director w.e.f 12.11.2016

□ Sh A Krishna, Independent Director retired on 30.09.2016



e) Number of Companies or committee in which the Director of the Company is a Director/Member/Chairman

Sr. No.	Name of Director	No. of Directorship in all public companies *	No. of Committee Membership in all Public Companies	
			Member**	Chairman**
1.	Dr. Ajay Satia	1	-	-
2.	Sh. R. K. Bhandari	1	1	-
3.	Sh. A. C. Ahuja	3	2	2
4.	Sh. J.R. Sharma	1	-	-
5	Sh. S.K. Arora	1	1	-
6	Sh. Dinesh Sharma	1	-	-
7	Sh. I.D.Singh	1	1	-
8	Smt.Bindu Satia	1	-	-
9	Sh Chirag Satia	1	-	-

Including Satia Industries Ltd and excluding private limited companies, foreign companies and companies under section 8 of the companies Act, 2013

\*\* Board Committee for this purpose includes Audit Committee of Public Limited Companies (Including Committees of Satia Industries Limited)

The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.

viii. During the year, one meeting of the Independent Directors was held on 07.02.2017 Independent Directors, inter-alia, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.

ix. The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.

x. The details of the familiarization programme of the Independent Directors are available on the website of the Company (<http://www.satiagroup.com/investors>).

### Board Evaluation

The Board of Directors has carried out annual evaluation of its own performance, board committee and individual director pursuant to the provisions of the Act and the corporate requirements as prescribed by SEBI listing Regulations.

The performance of the Board, committees was reevaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the effectiveness of the Board process, information and functioning.

The Performance of the individual director on the basis of the criteria such as the contribution of the Individual director to the Board and the Committee meetings. In addition, the Chairman was also evaluated on the key aspects of his role

### Board Training and Induction

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also



explained in detail the compliances required from him under the Companies Act, Regulation 25(7) of the Listing Regulations and other relevant regulations and his affirmation taken with respect to the same

#### **Board Level Committees**

The Board has constituted various Committees for smooth and efficient operation of the activities and is responsible for constituting, assigning, co-opting and fixing the terms of reference for the committees in line with the laws of land. The Chairman, quorum and the terms of reference of each committee have been approved by the Board.

#### **AUDIT COMMITTEE**

The Audit Committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act

#### **Audit Committee and Attendance at its meeting is given hereunder:-**

The Audit Committee reviews the matters falling in its terms of reference and addresses larger issues and examines those facts that could be of vital concerns to the Company. The terms of reference of the Audit Committee constituted by the Board in terms of Section 177 of the Companies Act, 2013 and \ the Corporate Governance Code as prescribed under Listing Regulations, which broadly includes matters pertaining to adequacy of internal control systems, review of financial reporting process, discussion of financial results, interaction with auditors, appointment and remuneration of auditors, adequacy of disclosures and other relevant matters

#### **The role of the audit committee shall include the following:**

- (1) Ensure that the financial statement is correct, sufficient and credible;
- (2) Recommendation for appointment and terms of appointment of auditors.
- (3) 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) Changes if any, in accounting policies and practices and reasons for the same;
  - (b) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (c) Significant adjustments made in the financial statements arising out of audit findings;
  - (d) Compliance with listing and other legal requirements relating to financial statements;
  - (e) disclosure of any related party transactions;
  - (f) modified opinion(s) in the draft audit report;
- (4) reviewing with the management, the quarterly financial statements before submission to the board for approval;
  - (5) 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 utilization of proceeds of a public or rights issue and making appropriate recommendations to the board to take up steps in this matter;
  - (6) reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
  - (7) approval of transactions of the listed entity with related parties;
  - (8) scrutiny of inter-corporate loans and investments;
  - (9) evaluation of internal financial controls and risk management systems;
  - (10) reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - (11) 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;
- (12) discussion with internal auditors of any significant findings and follow up there on;
- (13) 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;
- (14) 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;
- (15) to review the functioning of the whistle blower mechanism;
- (16) approval of appointment of chief financial officer after assessing the qualifications, experience and background etc. of the candidate;
- (17) Carrying out any other function as is mentioned in the terms of reference of the audit committee

The audit committee shall mandatorily review the following information

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;

- (4) internal audit reports relating to internal control weaknesses;
- (5) the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee.

**The Audit Committee as on March 31, 2017 comprised of four Directors**

**Following Directors were the members of the Audit Committee:-**

1. Sh. A.C.Ahuja, Chairman Independent Non Executive Director
2. Sh. S.K.Arora, Independent Non Executive Director
3. Sh Inderdev Singh Independent Non Executive Director
4. Sh. R. K.Bhandari. Joint Managing Director

All these Directors possess knowledge of Corporate Finance/Accounts/ Company Law/Industry. Sh Ashok Kumar Khurana Chief Finance Officer regularly attends the meetings and Sh Rakesh Kumar Dhuria , Company Secretary acts as Secretary of the Committee. The Statutory Auditors of the Company attend the meetings as Special Invitees. All the Members on the Audit Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

During the year under review, four (4) Meetings of Audit Committee were held on 30.05.2016, 13.08.2016, 12.11.2016 and 07.02.2017 composition of Audit Committee attendance of the members at the Committee Meetings during the year are as under:-

Sr. No.	Name of Member	Status in Committee	Directorship	No. of Meetings attended
1.	Sh. A. C. Ahuja	Chairman	Independent Director	4
2.	Sh. R. K. Bhandari	Member	Whole Time Director	3
3.	Sh S. K. Arora **	Member	Independent Director	2
4.	Sh Inder Dev Singh ***	Member	Independent Director	2
5.	Sh Dinesh Sharma	Co-opted member	Independent Director	2



**Nomination and Remuneration Committee****Term of Reference:**

The nomination and remuneration committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.

The term of reference of this committee are wide enough covering the matter specified under the SEBI Listing Regulations and the Companies Act, 2013

Composition of the Remuneration Committee & attendance of the members at the Committee Meetings during the year ended 31.03.2017 are as follows:-

Sr. No.	Name of Member	Status in Committee	Directorship	No. of Meetings attended
1.	Sh A. C. Ahuja	Chairman	Independent Director	1
2.	Sh Inder Dev Singh ***	Member	Independent Director	0
3.	Sh Dinesh Sharma	Member	Independent Director	1
4.	Sh A. Krishna	Member	Independent Director	0

Sh A.Krishna \* :- Retired with effect From 30.09.2016

**REMUNERATION OF DIRECTORS****NOMINATION AND REMUNERATION POLICY**

Nomination and Remuneration policy of the Company is designed to attract, motivates and retain manpower in competitive market. The main provision of this policy is given in the Board's Report.

Managing Director and Whole Time Directors are appointed as per agreement and are being paid remuneration as approved by the Board and the shareholders. Sitting fees are paid to the Directors for attending the meetings of the Board of Directors/ Committees thereof. The detail of remuneration paid to directors during the period ended March 31, 2017 is as under:-

Sr. No.	Name of Director	Sitting Fee (Rs.)	Salary	P.F	Others	Total (Rs.)
1	Dr Ajay Satia	–	14400000	0	829043	15229043
2	Sh R.K.Bhandari	–	3270000	21600	80894	4092494
3	Sh A.C.Ahuja	80000	–	–	–	80000
4	Sh J.R.Sharma	–	-	–	-	-
5	Sh S.K.Arora	30000	–	–	–	30000
6	Sh Dinesh Sharma	65000	–	–	–	65000
7	Sh I.D.Singh	30000	–	–	–	30000
8	Smt Bindu Satia	–	–	–	–	–
9	Sh Chirag Satia	–	18000000	21600	3500	18025100
10	Sh A Krishna*	10000	-	-	-	10000

□ Sh A Krishna retired w.e.f 30.09.2017



## Corporate Social Responsibility

### (CSR) Committee

As required under Section 135 of the Companies Act, 2013 the Company has formed a CSR Committee.

Name of the Member	Designation
Sh A.C.Ahuja	Chairman
Sh R.K.Bhandari	Member
Sh J.R.Sharma	Member

All the members of CSR Committee were present at the meeting held on 07<sup>th</sup> February, 2017 under the chairmanship of Sh A.C. Ahuja, Independent Director

### INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on 07<sup>th</sup> February, 2017 inter alia to :

- 1 Review the performance of Non independent Directors and the Board of Directors as a Whole:
- 2 Review the performance of the Chairman of the Company, taking into accounts the views of the Executive and Non Executive Directors.
- 3 Review the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### **Business Risk Management Committee**

The company has formed a business risk evaluation/

management committee consisting of the following members

- 1) Sh R.K.Bhandari, Whole Time Director (Chairman)
- 2) Sh J.R.Sharma Additional Director – (Member)
- 3) Sh A.K.Khurana CFO-(Member)

Business Risk Evaluation and Management is an ongoing process within the Organization. The company has a risk management framework to identify, monitor and minimize risks as also identify business opportunities. The objectives and scope of the Risk Management Committee broadly comprise of

1. Oversight of risk management performed by the executive management:
2. Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines.
3. Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle:
4. Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.
5. Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, potential impact analysis and mitigation plan

### **General Body Meetings**

The last three Annual General Meetings were held as under:-

S. No.	Financial year	Date	Time	Location	No of Special Resolution Passed
1	2015-16	30.09.2016	10.00AM	At Regd. Office; Muktsar-Malout Road, Vill.Rupana Distt. Muktsar	Two
2	2014-15	30.09.2015	10.00AM	At Regd. Office; Muktsar-Malout Road, Vill.Rupana Distt. Muktsar	Four
3	2013-14	30.09.2014	10.00AM	At Regd.Office; Muktsar-Malout Road, Vill.Rupana Distt. Muktsar	One