

## REPORT ON CORPORATE GOVERNANCE



### COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the Organization. Good Corporate Governance leads to long term shareholder value and enhances interest of other stakeholders.

Authum is committed to the adoption of and adherence to the best Corporate Governance practices at all times and continuously benchmarks itself against each such practice in the industry. Authum understands and respects its fiduciary and trusteeship role and responsibility to its stakeholders and strives hard to meet their expectations. Authum believes that Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. Over the years, the governance processes and systems have therefore been strengthened at Authum. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalized. The Company's Equity shares are presently listed on two Stock Exchanges in India namely The Calcutta Stock Exchange Limited and BSE Limited.

Authum has complied in all material respects with the features of Corporate Governance Code as per revised Regulation 27 of the SEBI LODR, 2015 with the Stock Exchanges

### CODE OF CONDUCT FOR DIRECTORS AND SENIOR EXECUTIVES

A Code of Conduct as applicable to the Board of Directors and Senior Executives (Vice Presidents and above) has been approved. The said Code has also been displayed on the Company's website [www.authum.com](http://www.authum.com). The Board Members and Senior Executives have affirmed their compliance with the Code and a declaration signed by the Chairman & Managing Director (CEO in terms of Regulation 27 of SEBI LODR) is given below: It is hereby declared that the Company has obtained from all the Board Members and Senior Executives an affirmation that they have complied with the Code of Conduct for the financial year 2015-2016.

### BOARD OF DIRECTORS

The Company's Board consists of Two Non-Executive Directors and One Executive Director as on 31.03.2016. The Chairman of the Board is an Executive Director. Name and category of each director is given below

| Name of Directors | Category of Director | Board Meetings attended during 2015-2016 | No. of Directorships of other Indian companies as on 31st March, 2016 | Membership of mandatory Board Committees of other companies as on 31st March, 2016 |        | No. of Ordinary Shares held as on 31st March, 2016 |
|-------------------|----------------------|--|---|--|--------|--|
|                   |                      |  |   | Chairman   | Member |  |
| Navin Kumar Jain  | Managing Director    | 6  | 3   | None   | None   | Nil  |
| TapanSodani       | Independent Director | 6  | 1   | 1  | 2      | Nil  |
| Barkha Agarwal    | Independent Director | 4  | 5   | None   | None   | Nil  |

\* Excludes Directorships in foreign companies and companies incorporated under Section 8of the Companies Act 2013.

During the financial year 2015-2016 under review, the Board of Directors met 6 times on the following dates: May 29, 2015, June 22<sup>nd</sup>, 2015 August11, 2015, November 9, 2015, January 28<sup>th</sup>, 2016, and March 1, 2016.

### AUDIT COMMITTEE

The Company has an Audit Committee consisting of the following Directors:

| Name                 | Designation | Category                     |
|----------------------|-------------|------------------------------|
| Mr. TapanSodani      | Chairman    | Non-Executive, Independent   |
| MsBarkha Agarwal     | Member      | Non-Executive, Independent   |
| Mr. Navin Kumar Jain | Member      | Executive, Managing Director |

Four audit committee meetings were held during the year 2015-2016:May 29, 2015,August11, 2015, November 9, 2015 and January 28<sup>th</sup>, 2016. The Company Secretary Acts as the Secretary to the Audit Committee. The terms of reference of the audit committee includes the following:

- a. 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;
- b. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
- e. 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 Companies Act, 2013
- f. Changes, if any, in accounting policies and practices and reasons for the same
- g. Major accounting entries involving estimates based on the exercise of judgment by Management
- h. Significant adjustments made in the financial statements arising out of audit findings
- i. Compliance with listing and other legal requirements relating to financial statements
- j. Disclosure of any related party transactions
- k. Qualifications in the draft audit report

- l. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- m. 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;
- n. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- o. Approval or any subsequent modification of transactions of the company with related parties;
- p. Scrutiny of inter-corporate loans and investments;
- q. Valuation of undertakings or assets of the company, wherever it is necessary;
- r. Evaluation of internal financial controls and risk management systems;
- s. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- t. 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;
- u. Discussion with internal auditors of any significant findings and follow up there on;
- v. 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;
- w. 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;
- x. 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;
- y. To review the functioning of the Whistle Blower mechanism;
- z. 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;

### NOMINATION AND REMUNERATION COMMITTEE

In pursuant to rules and regulation laid down by listing agreement and companies act for listed companies it is required to formulate a nomination and remuneration committee but at present company do not pay any remuneration to any of its director but for appointment, re appointment, resignation of any higher official staffs, executive or non executive directors nomination committee has been formed which will work for nomination as well as remuneration.

The Nomination and Remuneration Committee evaluates the composition and organization of the Board and its Committees in light of requirements established by any regulatory body or any other applicable statute, rule and regulation which the Committee deems relevant, make recommendations to the Board of Directors in respect to the appointment, re-appointment and resignation of Independent, Executive and Non-Executive Directors of the Company, ensure 'fit and proper' status of the existing/proposed Directors of the Company in accordance with RBI Circular on Corporate Governance, issued from time to time, and other matters specified for Nomination and Remuneration Committee in Section 178 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and under the Listing Agreement with the Stock Exchanges.

The Committee comprises Mr. Tapan Sodani – Independent & Non-Executive Director, Ms Barkha Agarwal - Independent & Non Executive Director & Mr. Navin Kumar Jain – Executive Director. Ms. Barkha Agarwal & Mr. Navin Kumar Jain act a Member whereas Mr. Tapan Sodani

acts a Chairman of the Nomination and Remuneration Committee. Mr. Aakash Kumar Surana, Company Secretary of the Company acts as the Secretary to the Nomination and Remuneration Committee. Meetings of the Nomination and Remuneration Committee of the Company. Five committee meetings were held during the year :May 29<sup>th</sup>, 2015, August 11<sup>th</sup>, 2015, November 9<sup>th</sup>, 2016, January 28<sup>th</sup>, 2016 & March 1<sup>st</sup>, 2016. The Nomination and Remuneration Committee at its said meetings discussed and approved various matters.

The Nomination and Remuneration Committee is primarily responsible to:

- i) Identify potential candidate to become Board Member.
- ii) Recommending nominee for various committees of the Board
- iii) Ensuring that appropriate procedures are in place to assess Board’s effectiveness.
- iv) Developing an annual evaluation process of the Board and its committee
- v) Formulation of criteria for evaluation of Independent Directors and the Board.
- vi) Any other matter referred to the Nomination and Remuneration Committee by the Board of Directors of the Company.

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

In compliance with Section 178 of Companies Act, 2013 and Listing Agreement, the ‘Shareholder Grievance Committee’ was renamed as “Stakeholders’ Relationship Committee”.

The Stakeholders’ Relationship Committee oversees and reviews redressal of shareholder and investor grievances, recording dematerialization & rematerialisation of shares, deal with matters relating to Authum Code of Conduct for Prohibition of Insider Trading framed in line with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and related matters. The Committee comprises Mr. Tapan Sodani – Independent & Non-Executive Director, Ms Barkha Agarwal - Independent & Non Executive Director & Mr. Navin Kumar Jain – Executive Director. Ms. Barkha Agarwal & Mr. Navin Kumar Jain act a Member whereas Mr. Tapan Sodani acts a Chairman of the Stakeholders Relationship Committee. Mr. Aakash Kumar Surana, Company Secretary of the Company acts as the Secretary to the Stakeholders Grievance Committee and is assigned with the responsibilities of overseeing investor grievances.

**DETAILS OF GENERAL BODY MEETING**

- 1. Location and Time where last three AGMs were held

| Year      | Location  | Date       | Time       |
|-----------|---|------------|------------|
| 2014-2015 | 7, Mangoe Lane, 2 <sup>nd</sup> Floor, Room No. 212, Kolkata-700001             | 30.09.2015 | 11.30 A.M. |
| 2013-2014 | 7, Mangoe Lane, 2 <sup>nd</sup> Floor, Room No. 212, Kolkata-700001             | 29.09.2014 | 11.30 A.M. |
| 2012-2013 | 18 British India Street, 3 <sup>rd</sup> Floor, Room No.302, Kolkata – 700 069. | 30.09.2013 | 10.30 A.M. |

- 2. No special resolution was put through Postal Ballot at the last AGM or during the year under review.

### DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENLTY, STICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANE OR SEBI OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS, DURING THE LAST THREE YEARS

During the last 3 (Three) years, there were no strictures or penalties imposed by either Stock Exchanges or Securities and Exchange Board of India (SEBI) or any statutory authority for non compliance of any matter related to the capital markets.

### INSIDER TRADING CODE:

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board of Directors of the Company have formulated new 'Authum Code of Conduct for Prohibition of Insider Trading' (Authum Insider Code) in the shares and securities of the Company by its Directors and Designated Employees in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The said Code is available on the Company's website [www.authum.com](http://www.authum.com). Mr. Aakash Kumar Surana, Company Secretary is the Compliance Officer for monitoring adherence to the Regulations for the preservation of price sensitive information, pre-clearance of trades and implementation of the Authum Code of Conduct for Prohibition of Insider Trading.

### INDEPENDENT DIRECTORS MEETING

In terms of Section 149 of the Companies Act, 2013 and the Listing Agreement, a separate meeting of the Independent Directors held on January 28<sup>th</sup>, 2016 without the presence of the Managing Director, or any management team. The meeting was attended by all the Independent Directors and enabled them to discuss various matters pertaining to the Company's affairs and thereafter put forth their combined views to the Board. The Meeting was held to discuss:

- a) Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- b) Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors; and
- c) Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All Independent Directors were present at the Meeting.

### WHISTLE BLOWER POLICY (VIGIL MECHANISM)

The Company has formulated a codified Whistle Blower Policy in order to encourage Directors and employees of the Company to escalate to the level of the Audit Committee any issue of concerns impacting and compromising with the interest of the Company and its stakeholders in anyway. The Company is committed to adhere to highest possible standards of ethical, moral and legal business conduct and to open communication and to provide necessary safeguards for protection of employees from reprisals or victimization, for whistle blowing in good faith. The said Policy is available on the Company's website [www.authum.com](http://www.authum.com).

The Company affirms that none of the employees have been denied access to the Audit Committee. Quarterly report with number of complaints received, if any, under the Whistle Blower Policy and their outcome is placed before the Audit Committee of the Company at quarterly intervals.

### MEANS OF COMMUNICATION

The quarterly financial results of the Company are normally published in the The Echo of India and ArthikLipi.

The quarterly financial results and half-yearly financial results of the Company are not sent to each shareholder. However, the company ensures that its financial results are sent to the concerned Stock Exchange immediately after the same have been considered and taken on record by the Board of Directors.

The Management Discussion and Analysis Report is a part of the Annual Report of the Company for the year under review.